TOWN OF
SAN ANSELMO
EST. 1907

In the Council Chambers and via Zoom at 525 San Anselmo Avenue, San Anselmo, CA 94960

Town Council

Agenda

Tuesday, April 22, 2025 **6:00 PM**

Meeting held In-Person and via Zoom:

https://us02web.zoom.us/j/89324490714

Or Telephone: +1 669 900 6833 | Webinar ID: 893 2449 0714

How to Submit Comments Before the Meeting: Members of the public are encouraged to submit email correspondence to towncouncil@townofsananselmo.org or eComments on the Agendas and Meeting page before the meeting begins.

How to Participate During the Meeting: Members of the public will have the option to speak during the meeting through the Zoom application by using their phone or an electronic device.

For PC, Mac, or smart phone, Use Raise hand function when public comment for an item is requested. It is a button that is located at the top or bottom of your screen, based on your electronic device.

For landline phones, raise hand to be recognized with *9

Please be advised those participating in the meeting remotely via Zoom do so at their own risk. The Town Council regular meeting will not be cancelled if any technical problems occur during the meeting.

1. **A. 6:00 PM Call to Order in the Council Chambers at Town Hall and via Zoom at 525 San Anselmo Avenue, San Anselmo, California 94960**

   B. Mayor Kullaway announces that item B.1 will be discussed in Closed Session

   B.1 CONFERENCE WITH LABOR NEGOTIATORS (Gov. Code § 3540) Agency designated representatives: Christopher Boucher, David Donery and Jeff Zuba
   Employee organization: SEIU 1021

C. PUBLIC COMMENT on Closed Session Items

D. Council Adjourns to Closed Session

7:00 PM The Town Council Reconvenes at Town Hall in the Council Chambers and via Zoom at 525 San Anselmo Avenue, San Anselmo California 94960.

Optional Pledge of Allegiance: The Mayor or a designated Council member will recite the Pledge of Allegiance for members of the Council and the public who wish to join in the recitation.

Open time for public expression.

The public is welcome to address the Council at this time on matters not on the agenda that are within the jurisdiction of the Council. Please be advised that pursuant to Government Code Section 54954.2, Council is not permitted to discuss or take action on any matter not on the agenda unless it determines that an emergency exists, or that there is a need to take immediate action which arose following posting of the agenda. Comments may be no longer than three minutes and should be respectful to the community.

Council requests for future agenda items.

Council committee liaison reports, questions and comments to staff; staff miscellaneous items.

Special Presentation- There are No Special Presentations.

1. Consent Agenda:

The opportunity for public comment on consent agenda items will occur prior to Council discussion of the consent agenda. The Council may approve the entire consent agenda with one action. In the alternative, items on the consent agenda may be removed by any Council or staff member, for separate discussion and vote.

1.1 Approve the Draft Minutes of the Regular meetings of March 25, 2025, and April 8, 2025
Staff Report (DOC)
Attachment 1- Draft Minutes of the March 25, 2025 Regular Town Council Meeting (DOC)
Attachment 2- Draft Minutes of the April 8, 2025 Regular Town Council Meeting (DOC)

1.2 Receive and File the 2024 Traffic and Crime Statistics Report
Staff Report (DOC)
Attachment 1 - 2023 CMPA Statistics (PDF)
Attachment 2 - 2024 CMPA Statistics (PDF)

1.3 Adopt a Resolution in Recognition of National Small Business Week and San Anselmo's Small Businesses and Proclaiming the Month of May as Small Business Month. The project is exempt from the California Environmental Quality Act (CEQA), under the "common sense" exemption, because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. (Cal. Code Regs. tit. 14, § 15061).
Staff Report (PDF)
Attachment 1- Resolution (PDF)

1.4 Receive and File the Financial Report on Recreation Fund ending March 31, 2025
Staff Report (PDF)
Attachment 1 - March 2025 Budget Report (PDF)
Attachment 2 - March 2025 Recreation Capital Outlay (PDF)

1.5 Receive and File Revenue and Expenditure Reports, March 2025
Staff Report (DOCX)
Attachment 1 Budget Comparison Report by Subcategory, March 2025 (PDF)
Attachment 2 Budget Comparison Report by Department, March 2025 (PDF)

1.6 Adopt a Resolution Establishing a Rotation Process for Town Council Committee Assignments
Staff Report (DOC)
Attachment 1- Draft Resolution (DOC)

1.7 Adopt a Resolution Endorsing the Ross Valley School District Parcel Tax Measure E
Staff Report (DOC)
Attachment 1- Draft Resolution (DOC)
Public Comment- Lebeau (PDF)
Public Comment- Hood (PDF)

2. Public Hearing:

In general, the following procedural order applies to public hearing items:
•Staff Presentation
•Town Council Questions
•PUBLIC COMMENT – limited to 3 minutes/person
•Town Council discussion/action

2.1 Public Hearing and Adoption of an Ordinance Designating Fire Hazard Severity Zones in Local Responsibility Area. Adoption of the proposed ordinance is not subject to California Environmental Quality Act (CEQA) pursuant to following sections of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3: (1) Section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment); and (2) Section 15060(c)(3) (the activity is not a project as defined in Section 15378) because the ordinance has no potential for resulting in any significant physical change to the environment, either directly or indirectly.
Staff Report (DOC)
Attachment 1- Proposed Ordinance (DOC)
Attachment 2- Exhibit A (DOC)

2.2 Public Hearing and Adoption of a Resolution Vacating a Portion of the Public Right-of-Way Adjacent to 11 Sunnyside Drive in San Anselmo. The proposed Resolution is categorically exempt from the California Environmental Quality Act (CEQA) under CEQA Guidelines section 15305, as the proposed right-of-way abandonment consists of a minor alteration in land use limitations, which does not result in any changes in land use or density.
Staff Report (PDF)
Attachment 1 - Resolution (PDF)
Exhibit A - Legal Description (PDF)

Exhibit B - Site Map (PDF)
Attachment 2 - Application Letter for Abandonment (PDF)

3. Council Business Items:

In general, the following procedural order applies to items of business:
•Presentation
•Town Council questions
•PUBLIC COMMENT – limited to 3 minutes/person
•Town Council discussion/action

3.1 Adopt a Resolution approving the 2025-2026 Senate Bill 1 (SB1) Gas Tax Funding Project List. Adoption of the proposed resolution is categorically exempt from the requirement for the preparation of environmental documents under the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301 because the resolution allocates a portion of the funds for a paving project that will not create additional automobile lanes nor result in an expansion of use. (14 Cal. Code Regs. § 15301(c)).
Staff Report (DOC)
Attachment 1 - Resolution (DOC)

3.2 Approve the 2025 Street Resurfacing Project and Authorize Staff to Advertise for Construction Bids. The Town finds this project to be categorically exempt from the requirement for the preparation of environmental documents under the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301
Staff Report (DOC)
Attachment 1 - 2025 Paving Map (PDF)

3.3 Town Hall Resilience Hub Battery Energy Storage System (BESS) review and update to Resilience Hub Project.
Staff Report

3.4 Adopt Resolutions Establishing Job Description and Pay Range for Community Development Director and Principal Planner. The Council's discussion of this item is not a "project" under the California Environmental Quality Act, as it does not involve an activity that may cause a direct or reasonably foreseeable indirect physical change in the environment. (Cal. Pub. Res. Code § 21065).
Staff Report (DOC)
Attachment 1 Resolution Establishing Job Description and Pay Range for the Community Development Director (PDF)
Exhibit A Community Development Director job description (PDF)
Attachemnt 2 Resolution Establishing Job Description and Pay Range for the Principal Planner (PDF)
Exhibit B Principal Planner Job Description (PDF)

3.5 Receive an Overview Report of the Town Depositories, Investment Accounts, and Investment Practices and Provide Direction to Staff. The Council's discussion of this item is not a "project" under the California Environmental Quality Act, as it does not involve an activity that may cause a direct or reasonably foreseeable indirect physical change in the environment. (Cal. Pub. Res. Code § 21065).

Staff Report (DOCX)
Attachment 1 2024-2025 Town of San Anselmo Investment Policy (PDF)
Attachment 2 Local Agency Investment Guidelines (PDF)

3.6 Receive the FY2025- 2027 Draft Work Plan Priorities Report and Provide Feedback to Staff. Receiving this draft work plan priorities report is not a "project" under the California Environmental Quality Act, because it does not involve an activity which has the potential to cause a direct or reasonably foreseeable indirect physical change in the environment. (Cal. Pub. Res. Code § 21065).
Staff Report (PDF)
Attachment 1- Work Plan Priorities by Department (DOC)
Attachment 2- Work Plan Priorities by Category (DOC)
Attachment 3- October 2024 Update of FY2023-25 Work Plan (DOC)
PowerPoint Presentation (PPT)

Adjourn

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Town Staff at email savila@townofsananselmo.org. Notification at least 48 hours prior to the meeting will enable the Town to make reasonable accommodation to help insure accessibility to this meeting.

Any writings or documents provided to a majority of the Town Council regarding any item on this agenda after the distribution of the original packet will be made available for public inspection at the public counter at Town Hall located at 525 San Anselmo Avenue.

Notice is hereby given that Council may discuss and/or take action on any or all of the items listed on this agenda. If any of these matters above are challenged in court, you may be limited to raising only those issues you or someone else raised at any public hearing described on this agenda, or in written correspondence delivered at, or prior to, this Council meeting. Judicial review of an administrative decision of the Town Council must be filed with the Court not later than the 90th day following the date of the Council's decision (Code of Civil Procedure Section 1094.6) Any item not under discussion before 10:00 p.m. may be continued to the next regular meeting. Next regular meeting is May 13th 2025.

Administration Department
Town Hall
525 San Anselmo Avenue
San Anselmo, CA 94960
(415) 258-4691

Town Council
Tarrell Kullaway, Mayor
Steve Burdo, Vice Mayor
Eileen Burke, Councilmember
Chantel Walker, Councilmember
Yoav Schlesinger, Councilmember

Staff
David Donery, Town Manager
Linda Kenton, Assistant Town Manager / Town Librarian
Jeff Zuba, Finance and Admin Services Director

Megan Holt Acevedo, Town Attorney
Serge Avila, Town Clerk
Heidi Scoble, Planning Director
Sean Condry, Public Works Director
Mattie O'Grady, Community Services Director
Mike Norton, Chief of Police
Dan Mahoney, Fire Chief

DECLARATION OF POSTING

This Notice is posted in accordance with Government Code §54954.2(a) or §54956. Members of the public can view electronic agendas and staff reports by accessing the Town of San Anselmo website. Under penalty of perjury, this Agenda was posted to the public at least 72 hours prior to the meeting.

STAFF REPORT

TOWN OF SAN ANSELMO Item #: 1.1

MEETING DATE: April 22, 2025

AGENDA TITLE: Approval of the Draft Minutes of the Regular Town Council Meeting of the March 25, 2025 and April 8, 2025

FROM: Serge Avila, Town Clerk

RECOMMENDATION: For Council to consider the approval of the Draft Minutes of the Regular Town Council meeting of March 25, 2025 and April 8, 2025

ATTACHMENT:

Attachment 1- March 25, 2025, Draft Minutes
Attachment 2- April 8, 2025, Draft Minutes

San Anselmo Draft Council Minutes
Regular Meeting
Town Council Chambers and via Zoom
Tuesday, March 25, 2025

Call to Order: Optional Pledge of Allegiance

COUNCILMEMBERS PRESENT:

Steve Burdo (Vice Mayor)
Eileen Burke
Yoav Schlesinger
Chantel Walker

STAFF MEMBERS PRESENT:

Dave Donery, Town Manager
Megan Acevedo, Town Attorney
Serge Avila, Town Clerk
Heidi Scoble, Planning Director
Sean Condry, Public Works Director
Jerry Healy, Public Works Manager
Scott Schneider, Assistant Public Works Director
Marc Matundan, Engineer

Open Time for Public Expression

Mr. Ross Asselstine, San Anselmo Avenue, discussed flood control issues and the proposal to remove Building Bridge Two.

Mr. Steve Emery stated the softball infields at Memorial Park need to be watered down before they are dragged- this avoids the problem with blowing dust.

Mr. Guy Meyers stated the issue regarding the Redwood trees at Creek Park should be on a Council agenda. April 12th is the "50th and a Half Year" Anniversary of Creek Park. He discussed the loss of local control.

A resident discussed the ban on Super 73 e-bikes and e-motorcycles but noted they are still being ridden by students. He asked the Council to talk to the Police Department about enforcing the law.

Mr. Todd Greenberg was concerned about a conflict of interest in terms of "pay to play". Certain Councilmembers have received donations from various Fire entities.

Benedetto stated the Chamber of Commerce had a great meeting today and he thanked those who attended. Police presence is an issue for the merchants.

Ms. Rachel Feibush, Ms. Emily Elder, Ms. Patty Wagner, and Carla, Benjamin, and Ollie (5th grade students at Brookside School) supported Measure E.

A resident spoke in opposition to Measure E from a commercial business point of view.

Council requests for future agenda items; Committee liaison reports; questions and comments to staff; miscellaneous items

Councilmember Burke reported she met with Ross Valley Fire Department (RVFD) Chief Mahoney on March 12 to receive an update on department activities; she is working with the Greenfield Avenue neighborhood in becoming a Fire Wise community; met with the local Fire Wise Coordinator; attended the Ross Valley Fire Board meeting; watched the Ross Town Council meeting on Zoom regarding the closure of the Ross Fire Station; attended this morning's meeting of the merchants; would like to agendize AB1778 regarding age requirements for riding Class 2 e-bikes. Town Manager Donery stated this issue would come to the Council in the spring.

Councilmember Schlesinger reported it was National Waffle Day; attended the Chamber of Commerce meeting; the Marin Wildfire Prevention Authority (MWPA) meeting.

Councilmember Walker reported she attended the Chamber of Commerce meeting; encouraged everyone to attend the Sip n' Stroll; had a discussion with MWPA Executive Officer Mark Brown; met with RVFD Chief Mahoney; attended the Fire Board meeting.

Vice Mayor Burdo reported he attended the Fire Board meeting; the Joint Executive Powers Authority (Yellow Bus JEPA) meeting; the Flashlight Egg Hunt is scheduled for April 18th and the Spring Egg Hunt for the younger kids is scheduled for April 19th.

At 7:42 PM Mayor Kullaway arrived at the meeting.

Town Manager Donery reported staff is planning to hold a meeting with the Chamber of Commerce on a quarterly basis to discuss issues important to the merchants and improve communication.

Special Presentation- none

1. Consent Agenda

1.1 Approval of the Draft Minutes of the Regular Meeting of Tuesday, February 25, 2025

1.2 Approval of the Agreement for Town Attorney Services with Acevedo & Longfellow LLP

1.3 Receive and File the Revenue and Expenditure Reports, February 2025

1.4 Accept Update on the 2024 General Plan Annual Progress Report and the 2024 Housing Element Annual Progress Report and Authorize Staff to Send the Report to the State Governor's Office of Planning and Research (OPR) and State Housing and Community Development Department (HCD)

1.5 Consider Reappointing Three Incumbents to the Infrastructure & Fiscal Monitoring Committee

1.6 Adopted Resolution No. 2025-4571 Proclaiming April 2025 as Fair Housing Month

Mayor Kullaway opened the meeting to public comments

Mr. Todd Greenberg referred to item #1.2 and had some questions about the legal services agreement and the prior budgeted vs. actual legal expenses.

Mr. Ross Asselstine referred to item #1.5 and supported any of the candidates.

Mayor Kullaway closed the meeting to public comments.

Councilmember Burke had a question about item #1.2.

M/s, Burke/Burdo, Motion to approve Consent Calendar items #1.1 through #1.6.
AYES: Burke, Schlesinger, Walker, Vice Mayor Burdo, Mayor Kullaway

Council Business Items

2.1 Consider the Approval of the Isabel Cook Community Center (ICC) Preschool and Breezeway Reroofing Project

Public Works Engineer Matundan presented the staff report and a PowerPoint presentation. Staff answered a question from the Council regarding the timeline and possible impacts to summer programs.

Mayor Kullaway opened the meeting to public comments

There were no comments.

Mayor Kullaway closed the meeting to public comments.

The Council thanked the Public Works Department staff for the great work.

M/s, Burke/Burdo, Motion to approve the Isabel Cook Community Center (ICC) Preschool and Breezeway Reroofing Project, authorize staff to advertise for construction bids, authorize the Town Manager to award the contract to the select bidder, and find the project exempt from CEQA.
AYES: Burke, Schlesinger, Walker, Vice Mayor Burdo, Mayor Kullaway

2.2 Consider the Approval of the Robson-Harrington House Exterior Repairs and Paint Project

Public Works Engineer Matundan and Public Works Manager Healy presented the staff report and a PowerPoint presentation. Staff answered a question from the Council regarding the proposed trim colors.

Mayor Kullaway opened the meeting to public comments

There were no comments.

Mayor Kullaway closed the meeting to public comments.

Vice Mayor Burdo stated this is a good use of Measure J Funds.

M/s, Burke/Burdo, Motion to approve the Robson-Harrington House Exterior Repairs and Paint Project, authorize staff to advertise for construction bids, authorize the Town Manager to award the contract to the select bidder, and find the project exempt from CEQA.
AYES: Burke, Schlesinger, Walker, Vice Mayor Burdo, Mayor Kullaway

2.2 For the Council to Review and Discuss Town Council Committee Assignments

Town Manager Donery presented the staff report. Staff answered questions from the Council regarding the Town budget; the budgets of the multi-jurisdictional committees; the Council

representatives of the multi-jurisdictional committees; representation of these multi-jurisdictional committees in the past; the alternate resolution proposed by Councilmember Schlesinger; if the Council has representation on the Ross Valley School Board.

Mayor Kullaway opened the meeting to public comments

Mr. Ross Asselstine was concerned about the direction of the current Council and urged them to be gracious and respectful.

Mr. Philip Chigos recommended an equitable distribution of roles and responsibilities.

Ms. Ann Politzer would like to see an equitable process for selecting committee members. The Council needs to uphold the basis of representative public service.

Ms. Katie Hogan stated the Council should comply with Resolution #3043 and Councilmember Burdo should step down.

Mr. Guy Meyer supported Councilmember Burke's proposal for the rotation of committee assignments.

Ms. Anna Franzoia spoke in opposition to favoritism, outside influences, and exclusion related to the Council committee assignments.

Mr. Jeff Kroot stated Councilmembers are a part of a "team or a family". Cooperation is important and the Council works for the community.

Mr. Steve DeMartini stated he was worried that the democratic process could be corrupted. He supported Resolution #3043.

Mr. Todd Greenberg stated this vote is very important and he got Biblical by citing the Golden Rule. He opposed exclusion.

Ms. Roseann dalBello was concerned about the perception of collusion and possible Brown Act violations.

Bob was concerned about the lack of respect and civility and asked the Council to "lighten up". This issue could be solved with grace.

Mr. Paul Chignell, former Mayor of San Anselmo, stated he was the catalyst for Resolution #3043 and asked the Council to adhere to its spirit and work something out.

Mr. Steve Emery supported appointing Councilmember Burke to the Fire Board.

Ms. Ellen Caldwell, Laurel Avenue, asked the Council to work together. She supported Councilmember Burke's appointment to the Fire Board.

Mr. Ford Greene, former Mayor of San Anselmo, discussed authoritarianism and arrogance. Councilmember Burke deserves the seat on the Fire Board.

Mr. Kevin Curtis asked the Council to not approve either of the two Councilmembers proposed resolutions. He had an alternate suggestion.

Ms. Carol Page stated Resolution #3043 is sound but does not go far enough. She opposed the exclusion of a sitting Councilmember because it disenfranchises voters. She supported the

appointment of Councilmember Burke to the Fire Board.

Mayor Kullaway closed the meeting to public comments.

Councilmember Walker stated they are at a point to make change and she would like to create a new process. Rotation makes sense if it applies to all the committees. She could live with a subcommittee that looked at all 26 committees. She was in favor of longer time frames.

Councilmember Schlesinger discussed the intent of the alternative proposal. He was in favor of repealing Resolution #3043; not replacing it with the current process; was open to discussing the specifics; did not think there was value in "throwing up all the pieces to see where they land" at this point in time. He was open to the idea that the process should apply to all committees. An advisory group should choose the assignments.

Councilmember Burke discussed some fundamental issues. Her proposal would solve the possibility of exclusion and give some ability for Councilmembers to select what they want. It shares the load. She was in favor of implementing Resolution #3043 unless it is replaced with a rotation system; three years makes sense; she would agree to implementation in January of 2026 as a compromise; the process should apply to all committees.

At 9:26 PM The Council took a 5-minute break.

The Council reconvened in the Council Chambers at 9:31 PM.

Vice Mayor Burdo stated he would abstain from ruling on Resolution #3043; perhaps a new process is needed; the process should apply to all of the committees; he is in favor of a rotation requirement even though it does not solve the problem of exclusion; he would go with two years; this should come into effect in January of 2026.

Mayor Kullaway was in favor of repealing Resolution #3043; they should not continue as is; the process should apply to all committees; two years seems too few; favors the "exclusion" when someone is the chair of a committee; this should start in January; was in favor of seniority and the number of votes received by a Councilmember.

Town Attorney Acevedo summarized the Council's preferences.

Town Manager Donery stated staff would bring back the resolution to the Council at the next meeting on the Consent Calendar.

M/s, Walker/Burke, Motion to adjourn the meeting at 10:39 p.m.
AYES: Burke, Schlesinger, Walker, Vice Mayor Burdo, Mayor Kullaway

Respectfully submitted,

Toni DeFrancis,
Recording Secretary

San Anselmo Draft Council Minutes
Regular Meeting
Town Council Chambers and via Zoom
Tuesday, April 8, 2025

Call to Order: Optional Pledge of Allegiance

COUNCILMEMBERS PRESENT: Terrell Kullaway (Mayor)
Steve Burdo (Vice Mayor)
Eileen Burke
Yoav Schlesinger
Chantel Walker

STAFF MEMBERS PRESENT: Linda Kenton, Assistant Town Manager
Megan Acevedo, Town Attorney
Serge Avila, Town Clerk
Heidi Scoble, Planning Director
Dan Mahoney, Ross Valley Fire Chief
Rob Bastianon, Senior Fire Inspector
Bridget Wipfler, Climate Action Coordinator
Christine O'Rourke, Marin Climate and Energy Partnership

Open Time for Public Expression

Ms. Rachel Ludwick and Ms. Alicia Celise spoke in support of Measure E.

Ms. Tiffany McGelroy, member of the Racial Equity Committee, thanked the Council for its continuing commitment to the committee and invited everyone to the meetings.

Council requests for future agenda items; Committee liaison reports; questions and comments to staff; miscellaneous items

Councilmember Burke reported she attended the showing of a documentary at the Homestead Valley Community Center called "Small is Beautiful"; checked out the Sleepy Hollow Fire Station rebuild; attended the General Plan Advisory Committee (GPAC) meeting at Robson Harrington; the first Chamber Mixer since Covid; met with Supervisor Lucan about the issues facing San Anselmo.

Councilmember Walker reported she attended the Ross Valley Fire Board meeting; the MCCMC meeting; participated in a priority setting meeting focused on housing; North Bay Fair Housing will hold a Virtual Conference on April 23rd from 9:00 a.m. to 3:00 p.m.

Councilmember Schlesinger reported it was National Baby Massage Day; attended the Chamber of Commerce Mixer.

Vice Mayor Burdo reported he attended the Transportation Authority of Marin (TAM) meeting; San Anselmo was approved for $1.09 million under the Pathways to Schools application process; the Flashlight Egg Hunt is scheduled for April 18th and the Egg Hunt for younger kids is scheduled for April 19th; Sip and Stroll will occur on May 10th; attended the "Hands Off" Rally at the Civic Center.

Mayor Kullaway reported there would be an EV and Ebike show on May 10th at the Red Hill Shopping Center; would like to place on a future agenda the following item- Council endorsement of Measure E; the Council agreed to agendize this item on the Consent Calendar.

Public Works Engineer Ferrer gave an update on the Town Hall Resilience Hub Project.

Special Presentations- none

1. Consent Agenda

1.1 Approval of the Draft Minutes of the Regular Meeting of Tuesday, March 11, 2025

1.2 Consider the Approval of the Farm Stand Proposal from Jim Baum

1.3 Review and Approve the Memorial Park Partnership Mural

1.4 Approve a Proclamation Declaring National Library Week in San Anselmo, April 6-12, 2025

1.5 Receive a Report of Checks Issued for the Month of March 2025

Mayor Kullaway opened the meeting to public comments

Ms. Suzanne Lindelli supported item #1.2.

Mayor Kullaway closed the meeting to public comments.

Vice Mayor Burdo stated he would like to pull item #1.4.

Councilmember Burke stated she would like to pull item #1.2.

M/s, Burdo/Burke, Motion to approve Consent Calendar items #1.1. #1.3, #1.5.
AYES: Burke, Schlesinger, Walker, Vice Mayor Burdo, Mayor Kullaway

1.2 Consider the Approval of the Farm Stand Proposal from Jim Baum

Councilmember Burke discussed the history of the Farm Stand and thought a five-year contract was too long. She supported a three-year contract.

Vice Mayor Burdo stated there has not been any competition. He supported a five year contract.

M/s, Burdo/Walker, Motion to approve Consent Calendar items #1.2.
AYES: Burke, Schlesinger, Walker, Vice Mayor Burdo, Mayor Kullaway

1.4 Approve a Proclamation Declaring National Library Week in San Anselmo, April 6-12, 2025

Vice Mayor Burdo stated the Library is a great community resource. It has amazing programs and an amazing staff!

Councilmember Walker stated access to information is very important.

M/s, Burdo/Walker, Motion to approve Consent Calendar items #1.4.
AYES: Burke, Schlesinger, Walker, Vice Mayor Burdo, Mayor Kullaway

Council Business Items

2.1 Receive and File Presentation from the Mosquito Vector Control

Mr. Peter Bonkrude, District Manager for the Mosquito Vector Control, presented a PowerPoint presentation. Mr. Bondkude and staff answered questions from the Council regarding what individuals can do to assist in vector control; if there has been any damage to the ecosystem due to selective reduction; the use of chemicals for rodent control.

Mayor Kullaway opened the meeting to public comments

Josh asked if the district has thought about introducing reptiles to help control the spread of Lyme disease.

Mayor Kullaway closed the meeting to public comments.

The Council thanked Mr. Bonkrude for his presentation.

2.2 Adopt a Resolution Accepting the Marin Electrification Roadmap

Climate Action Coordinator Wipfler and Ms. Christine O'Rourke, Marin County Sustainability Coordinator, presented a report and a PowerPoint presentation. They answered questions from the Council regarding number two of the recommended actions; if realtors have been involved in this conversation; who is training the individuals who will do the audits prior to home sales.

Mayor Kullaway opened the meeting to public comments

Mr. Michael Cameron, Chair of the Climate Action Commission, stated the roadmap is a good aspirational document that could use some "marinating". He urged the Council to adopt the resolution.

Ms. Suzanne Saunders supported the resolution.

A resident supported the resolution and suggested getting contractors on board.

Mayor Kullaway closed the meeting to public comments.

M/s, Burdo/Burke, Motion to adopt Resolution No. 2025-4572 Accepting the Marin Electrification Roadmap.
AYES: Burke, Schlesinger, Walker, Vice Mayor Burdo, Mayor Kullaway

2.3 Introduction of Ordinance Designating Fire Hazard Severity Zones in Local Responsibility Area

Ross Valley Fire Chief Mahoney and Fire Inspector Bastianon presented the staff report and a PowerPoint presentation. Staff answered questions from the Council regarding the designation of "moderate fire risk" vs. the WUI; if fuel loads are a factor in the designations; factors that insurance companies look at when assessing risk; if homeowners will get notified about the zone they are in.

Mayor Kullaway opened the meeting to public comments

A resident had a question.

Mayor Kullaway closed the meeting to public comments.

M/s, Burdo/Walker, Motion to read by Title Only and Introduce an Ordinance of the Town Council of the Town of San Anselmo to Designate Fire Hazard Severity Zones in Local Responsibility Area.
AYES: Burke, Schlesinger, Walker, Vice Mayor Burdo, Mayor Kullaway

2.4 Review and Consideration of Undergrounding Requirements for Substantial Remodels

Planning Director Scoble presented the staff report and a PowerPoint presentation. Staff answered questions from the Council regarding whether there are different requirements in areas that are prone to flooding; hardship provisions; if the Council, in 2013, had a sense of the impacts of this requirement; how much the Town receives in Rule 20 Work Credits; how in-lieu fees would help the Town to meet its goals; how to add more objective hardship criteria without re-inventing the wheel; the number of substantial remodels compared to new builds; how the Municipal Code addresses remodels.

Mayor Kullaway opened the meeting to public comments.

A resident stated he would enjoy seeing utilities underground but was concerned about how regulations create costs. This is an easy one to let go.

Mayor Kullaway closed the meeting to public comments.

Councilmember Burdo stated PG&E should do the undergrounding.

Councilmember Burke stated construction is very expensive and she would require this for new builds in subdivisions only.

Councilmember Schlesinger stated he would need more information about the “new builds” including demographics. This seems like a harsh penalty for anyone who wants to improve their home.

Mayor Kullaway stated she would like to see this repealed in all instances, including developers.

Councilmember Walker stated she would like to see more specific hardship criteria. It makes sense for new builds.

M/s, Burdo/Burke, Motion to adjourn the meeting at 9:12 p.m.
AYES: Burke, Schlesinger, Walker, Vice Mayor Burdo, Mayor Kullaway

Respectfully submitted,

Toni DeFrancis,
Recording Secretary

STAFF REPORT

TOWN OF SAN ANSELMO Item #: 1.2

MEETING DATE: April 22, 2025

AGENDA TITLE: 2024 Traffic and Crime Statistics Report

FROM: Michael A. Norton, Chie of Police
Central Marin Police Authority

RECOMMENDATION: Receive Report.

SUMMARY

2024 Traffic and Crime Statistics Report

BACKGROUND

Each year the Central Marin Police Authority prepares and presents an Annual Crime and Traffic Statistics Report. This staff report will summarize pertinent areas of the 2024 Annual Crime and Traffic Statistics report (Attachment #2) as it compares to the 2023 Annual Crime and Traffic Statistics Report (Attachment #1).

DISCUSSION/ANALYSIS

2024 Annual Crime and Traffic Statistics Report (Attachment #2)

1. Calls for Service Analysis (page 2)
    a. The number of calls for service in San Anselmo decreased from 10,093 (2023) to 9,353 (2024).

2. Reports Taken Analysis (page 3)
    a. The number of reports taken in San Anselmo decreased from 715 (2023) to 634 (2024).

3. Traffic Stops (page 8)
    a. The number of traffic stops occurring in San Anselmo decreased from 1,274 (2023) to 978 (2024). This is mainly attributable to the ongoing severe staffing issues CMPA is facing, including having our Traffic Division being pulled into Patrol for the entirety of 2024.

4. Traffic Citations (page 9)
    a. Moving citations issued in San Anselmo decreased from 366 (2023) to 259 (2024). This is mainly attributable to the ongoing severe staffing issues CMPA is facing, including having our Traffic Division being pulled into Patrol for the entirety of 2024.

5. Parking Citations (page 10)
    a. Parking Citations in San Anselmo decreased 3,021 (2023) to 2,497 (2024). Most of this is attributable to temporary vacancies of the Community Service Officer position in 2024.

6. Traffic Collisions (pages 11-12)
    a. Traffic Collisions in San Anselmo increased from 206 (2023) to 209 (2024).

ALTERNATIVES
N/A

FISCAL IMPACT
None.

GENERAL PLAN CONSISTENCY
None.

CEQA AND CLIMATE ACTION PLAN CONSISTENCY
This activity is not defined as a project under CEQA (Section 15378 CEQA Guidelines).

ATTACHMENTS
Attachment 1- 2023 Crime and Traffic Statistics Report
Attachment 2- 2024 Crime and Traffic Statistics Report

Central Marin Police Authority

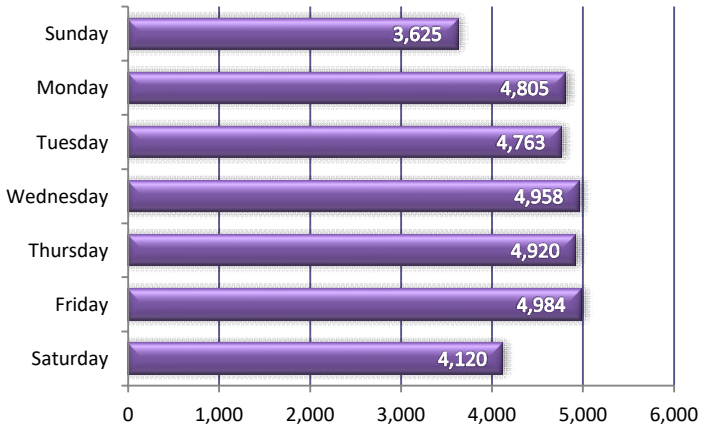
2023 Crime & Traffic Statistics Report

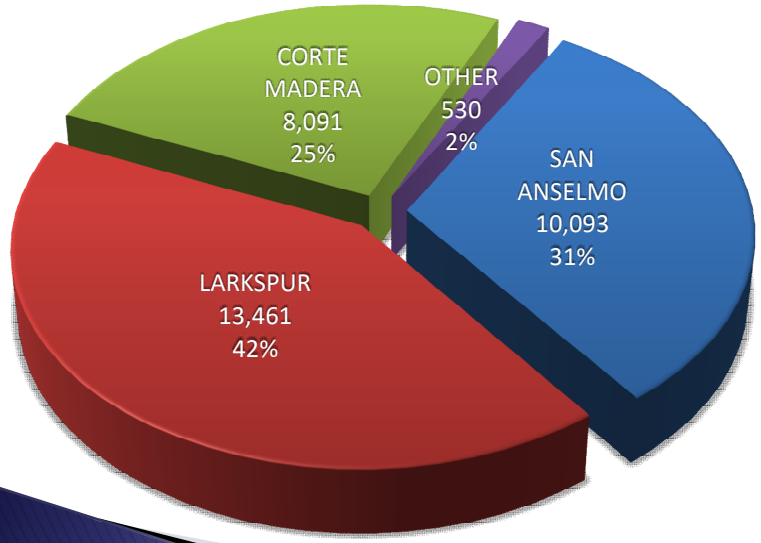
Calls for Service
Traffic Stops
Reports Taken
Moving & Parking Citations
Traffic Collisions

January 1, 2023 – December 31, 2023

Calls for Service Analysis

Day of Week





AVERAGES

12 months | 52 weeks | 365 days | 8760 hours

32,175 calls in 2023 (**-2%** from 2022)

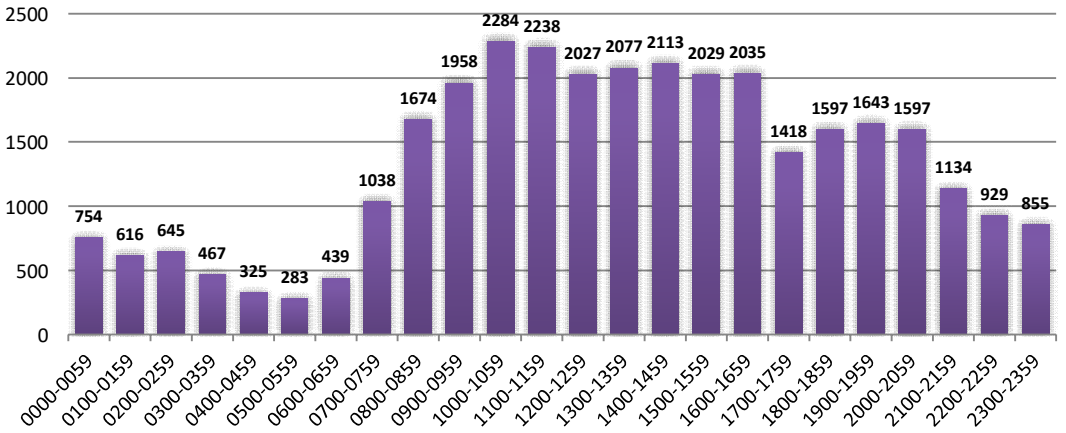
2,726 calls per month

629 calls per week

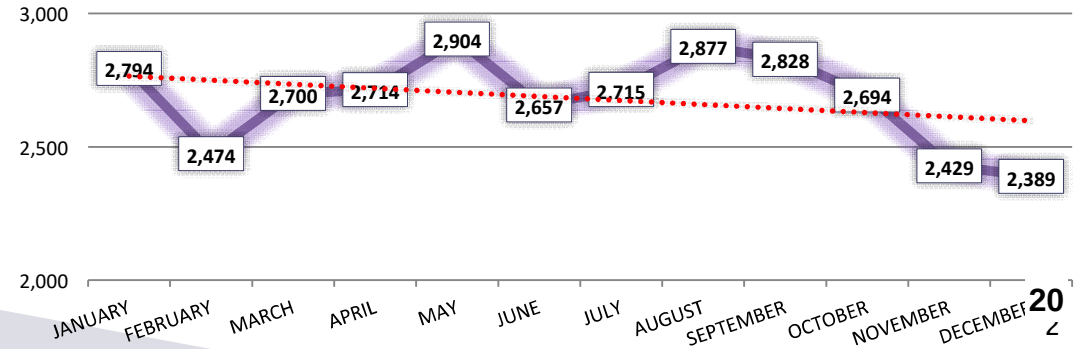
4 calls per hour

90 calls per day

Time of Day



Calls per Month



Calls for Service Stats

1/1/23-12/31/23

32,175 CFS

Top 10 CFS Locations (Excluding Police Facilities)*				
Place	**Address**	**TOWN**	**Count**	**% of Total**
The Village at Corte Madera	All Addresses	Corte Madera	929	2.9%
Corte Madera Town Center	All Addresses	Corte Madera	799	2.5%
Bon Air Center	All Addresses	Larkspur	566	1.8%
Redwood High School	395 Doherty Dr	Larkspur	433	1.3%
Cal Park Hill / Tunnel	1100 Larkspur Landing Cir	Larkspur	403	1.3%
Red Hill Shopping Center	All Addresses	San Anselmo	388	1.2%
ESFD Blvd & Larkspur Landing Cir	E SFD Blvd & Larkspur Landing Cir	Larkspur	346	1.1%
Marin Country Mart	All Addresses	Larkspur	307	1.0%
Skylark Apartments	10-28 Skylark Dr	Larkspur	296	0.9%
Aegis Corte Madera	5555 Paradise Dr	Corte Madera	263	0.8%
	Top 10 CFS Subtotal		**4,730**	**14.7%**
	Total CFS		**32,175**	**100%**

*Includes only calls with a listed address.

Top 10 CFS Types - Make up 54% of All CFS		
Type	**Count**	**% of Total**
Traffic Stop	4,637	14.4%
Assist Medical Agency	2,607	8.1%
Wireless No Duress	2,299	7.1%
Citizen Assist	2,207	6.9%
Audible Alarm	1,232	3.8%
Assist Fire	1,210	3.8%
911 Hang Up	919	2.9%
Parking Violation/Problem	883	2.7%
Advice to Citizen	773	2.4%
Welfare Check	676	2.1%
Total	**17,443**	**54.2%**

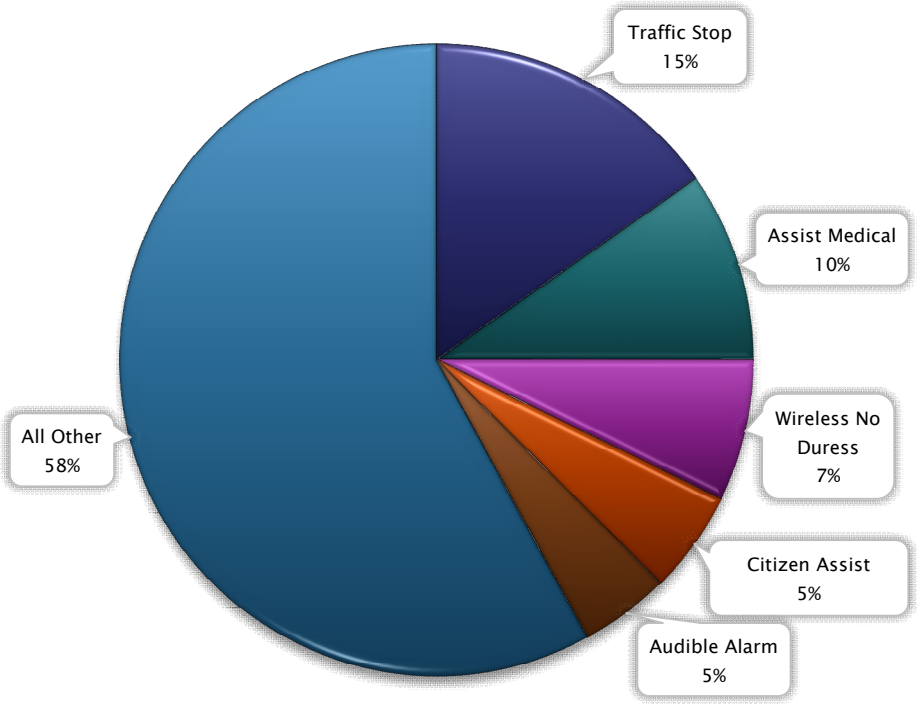
Top Calls for Service: CORTE MADERA

8,091 total CFS
(-5% from 2022)

Top 5 CFS make up...

42% of all CFS in CM

Top 5 CFS	
Traffic Stop	1,233
Assist Medical	791
Wireless No Duress	586
Citizen Assist	425
Audible Alarm	371



TOP TIMES OF CALLS FOR SERVICE			
Hour of Day	**4:00 PM**	582	7.2%
Day of Week	**Monday**	1,228	15.2%
Month	**August**	733	9.1%

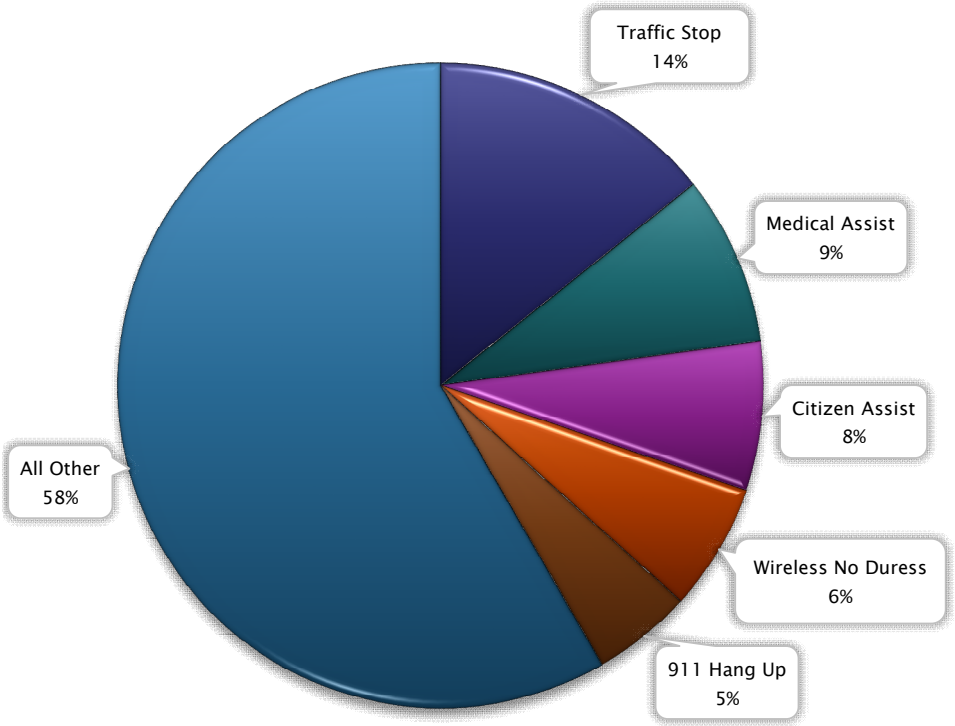
Top Calls for Service: LARKSPUR

13,461 total CFS
(**-2%** from 2022)

Top 5 CFS make up…

42% of all CFS in LKS

Top 5 CFS	
Traffic Stop	1,923
Medical Assist	1,147
Citizen Assist	1,009
Wireless No Duress	861
911 Hang Up	669



TOP TIMES OF CALLS FOR SERVICE			
Hour of Day	**10:00 AM**	983	7.3%
Day of Week	**Wednesday**	2,100	15.6%
Month	**May**	1,244	9.2%

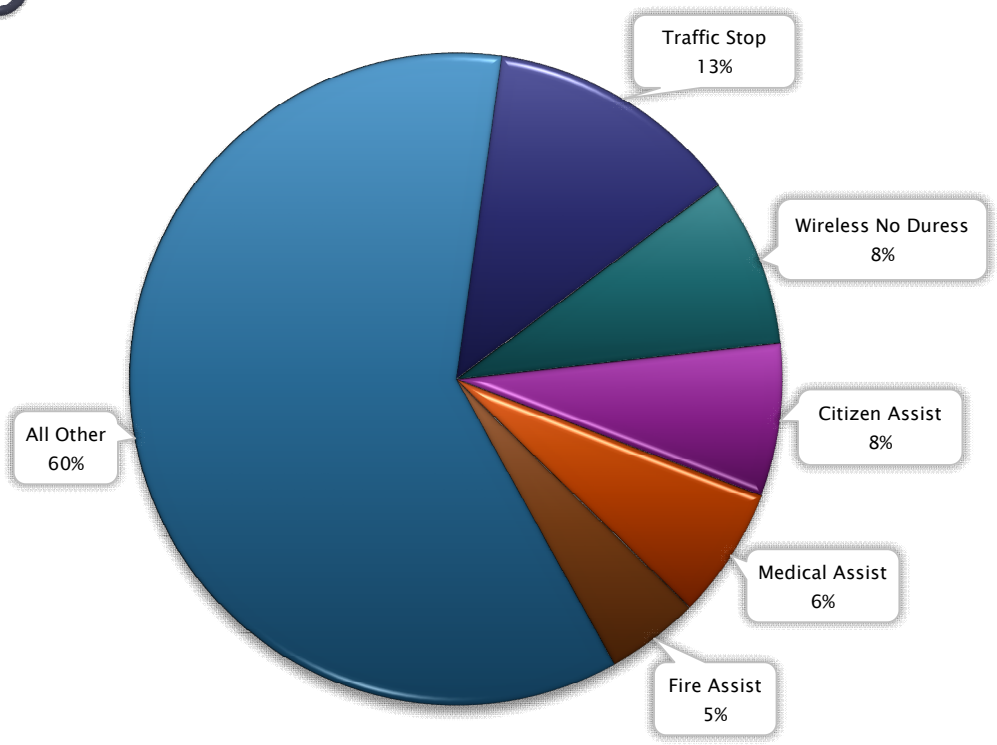
Top Calls for Service: SAN ANSELMO

10,093 total CFS
(**-4%** from 2022)

Top 5 CFS make up…

40% of all CFS in SA

Top 5 CFS	
Traffic Stop	1,274
Wireless No Duress	848
Citizen Assist	765
Medical Assist	658
Fire Assist	465



TOP TIMES OF CALLS FOR SERVICE			
Hour of Day	**10:00 AM**	722	7.2%
Day of Week	**Friday**	1,633	16.2%
Month	**August**	948	9.4%

Calls for Service Stats: Traffic Stops

4,637 traffic stops (−15% from 2022) • Traffic Stops make up **14%** of all CFS

Top 10 Locations- Make up 21% of All TSTOPS CFS			
Location	**Town**	**Count**	**% of Total TSTOPS**
ESFD Blvd & Larkspur Landing Cir	Larkspur	274	5.9%
Redwood High School	Larkspur	158	3.4%
San Quentin West Gate	Larkspur	92	2.0%
90 Madera Blvd	Corte Madera	84	1.8%
Wornum Dr & Redwood Hwy	Corte Madera	66	1.4%
Corte Madera Town Center	Corte Madera	65	1.4%
Magnolia Ave & Creekside Dr	Larkspur	63	1.4%
Center Blvd & Madrone Ave	San Anselmo	60	1.3%
Madera Blvd & Monona Dr	Corte Madera	60	1.3%
Greenfield Ave & Sequoia Dr	San Anselmo	55	1.2%
	TOTAL	**977**	**21.1%**

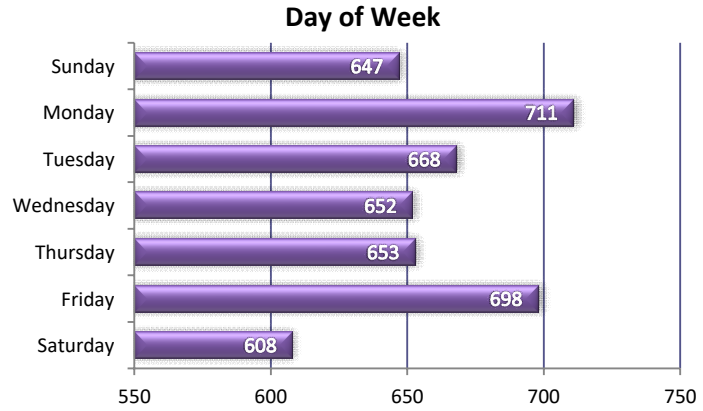
Calls for Service Analysis: Traffic Stops

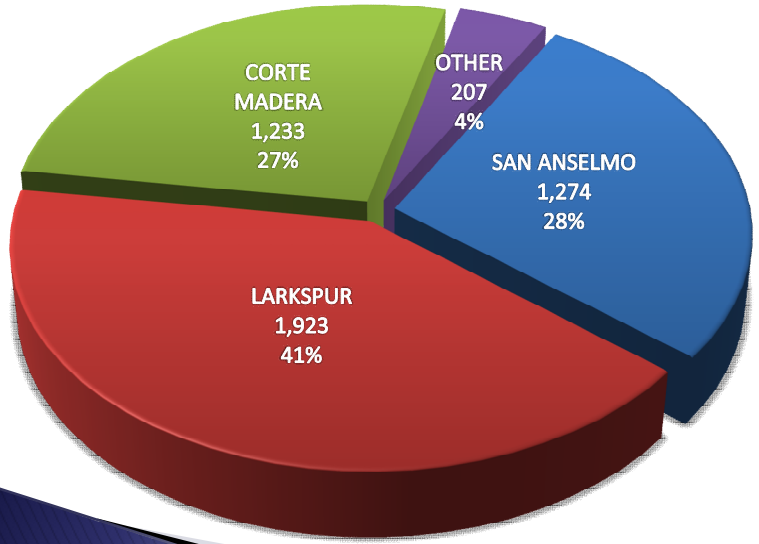
AVERAGES

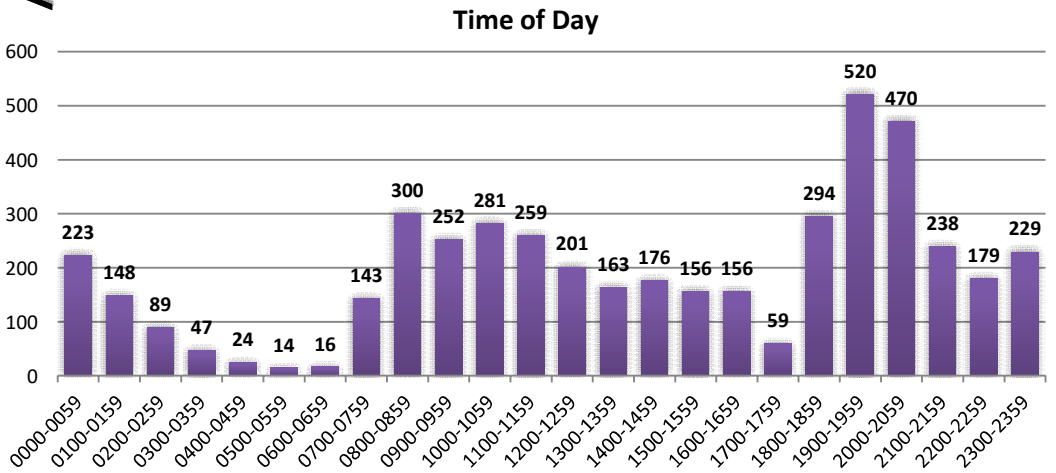
12 months | 52 weeks | 365 days | 8760 hours

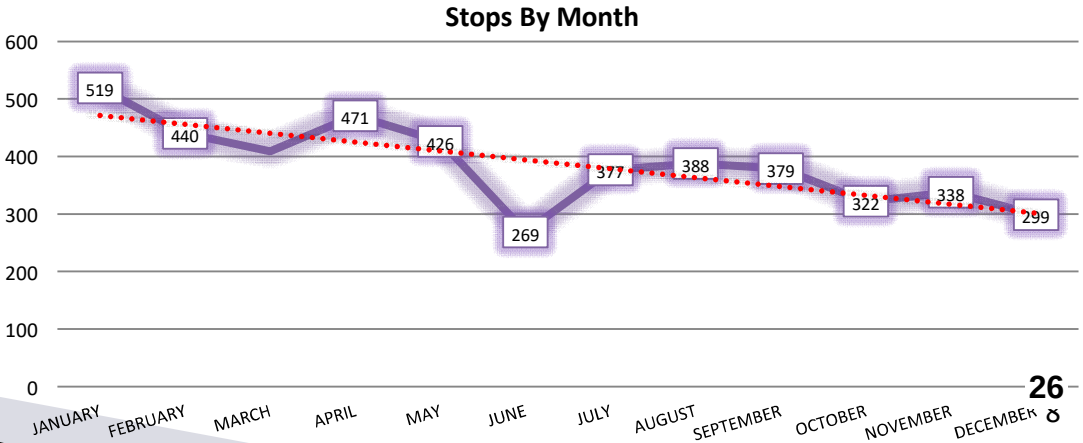
4,637 stops in 2021 (-15% from 2022)

386 stops per month









Traffic Stops: CORTE MADERA

1,233 Traffic Stops in CM
(+2% from 2022)

27% of all Traffic Stops

TOP 5 LOCATIONS

90 Madera Blvd	84
Wornum Dr / Redwood Hwy	66
Corte Madera Town Center	65
Madera Blvd / Monona Dr	60
Tamalpais Dr / Madera Blvd	46
Total	321

TOP TIMES FOR TSTOPS

Hour of Day	**7:00 PM**	120	9.7%
Day of Week	**Monday**	189	15.3%
Month	**January**	145	11.8%

Traffic Stops: LARKSPUR

1,923 Traffic Stops in LKS
(**-3%** from 2022)

41% of all Traffic Stops

TOP 5 LOCATIONS

East Sir Francis Drake Blvd & Larkspur Landing Circle	274
Redwood High School	158
San Quentin West Gate	92
Magnolia Ave / Creekside Dr	63
Magnolia Ave & Doherty Dr	50
Total	**637**

TOP TIMES FOR TSTOPS

Hour of Day	**7:00 PM**	209	17.0%
Day of Week	**Monday**	313	25.4%
Month	**April**	212	17.2%

Traffic Stops: SAN ANSELMO

1,274 Traffic Stops in SAN
(**-34%** from 2022)

28% of all Traffic Stops

TOP 5 LOCATIONS

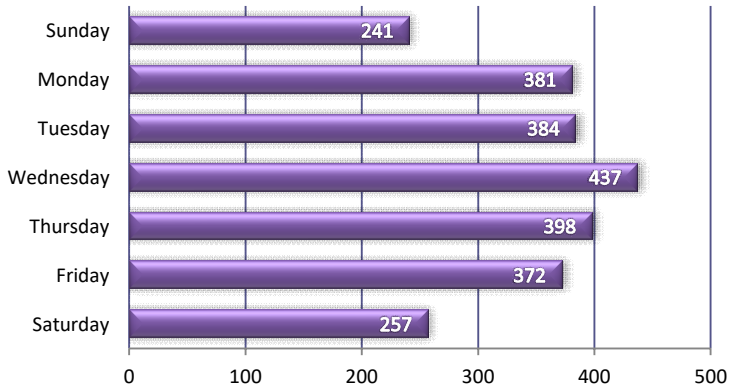
Center Blvd / Madrone Ave	60
699 Red Hill Ave	54
Sir Francis Drake / Bank St	53
Red Hill Shopping Center	48
Archie Williams High School	44
Total	**259**

TOP TIMES FOR TSTOPS

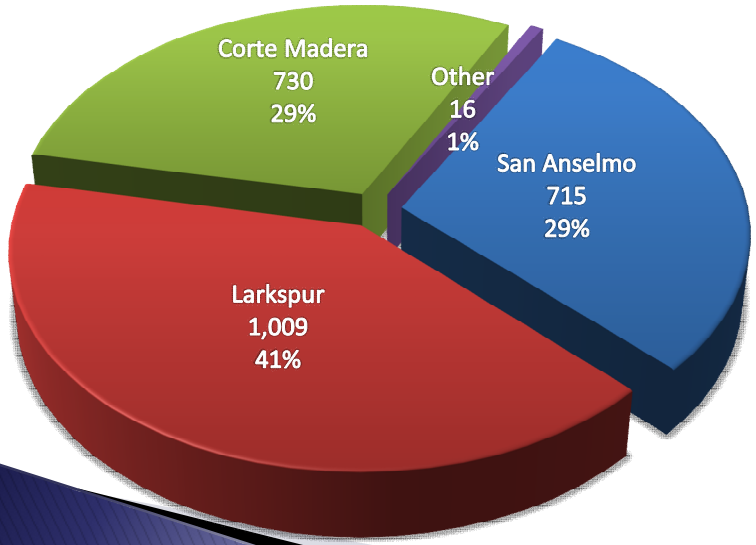
Hour of Day	**8:00 PM**	161	12.6%
Day of Week	**Friday**	208	16.3%
Month	**January**	152	11.9%

Reports Analysis

Day of Week Reported



Reports by City



AVERAGES

12 months | 52 weeks | 365 days | 8760 hours

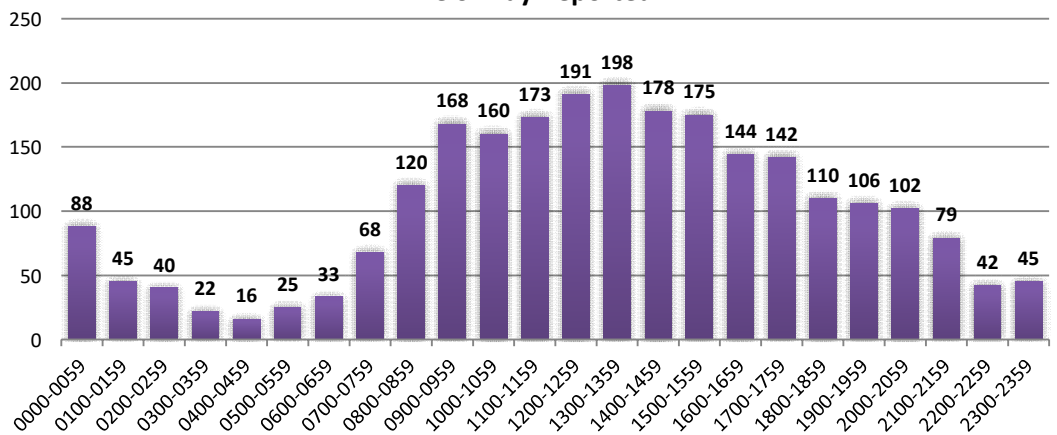
2,470 reports taken in 2023 (+0.3% from 2022)

206 reports taken per month

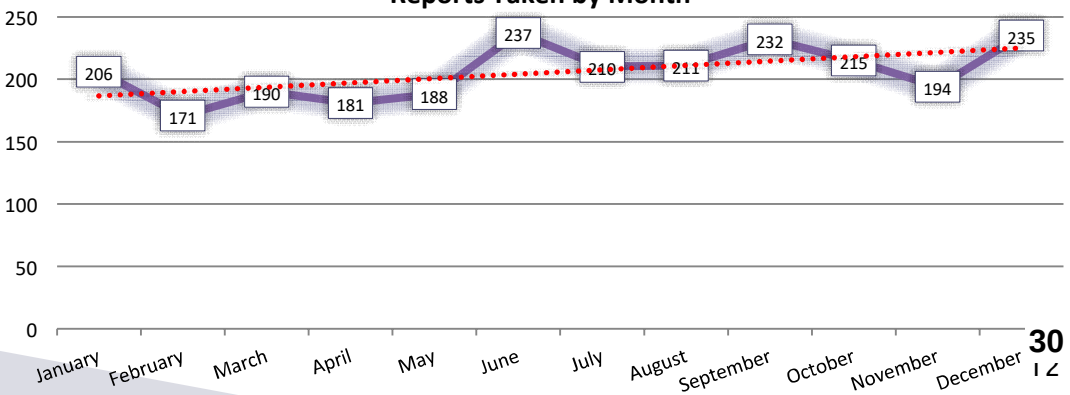
48 reports taken per week

7 reports taken per day

Time of Day Reported



Reports Taken by Month



Reports Stats

1/1/23-12/31/23

2,470 REPORTS TAKEN

(+0.3% from 2022)

Top 10 REPORTS Locations*- Make up 18% of All Reports			
Place	**Address / City**	**Count**	**% of Total**
Corte Madera Town Center	All Addresses / Corte Madera	107	4.3%
The Village at Corte Madera	All Addresses / Corte Madera	102	4.1%
Bon Air Center	All Addresses / Larkspur	60	2.4%
Redwood High School	395 Doherty Drive / Larkspur	36	1.5%
Archie Williams High School	1327 Sir Francis Drake Blvd / San Anselmo	29	1.2%
Red Hill Shopping Center	All Addresses / San Anselmo	25	1.0%
Ferry Terminal	101 E SFD / Larkspur	24	1.0%
Marin Country Mart	All Addresses / Larkspur	21	0.9%
Cost Plus Plaza	All Addresses / Larkspur	18	0.7%
Lucky Shopping Center	All Addresses / Larkspur	17	07.%
	Top 10 REPORTS Subtotal	**439**	**17.8%**
	Total REPORTS	**2,470**	**100%**

*Police Department addresses were excluded

Reports: UCR to NIBRS

1/1/23-12/31/23

2,470 REPORTS TAKEN

In March of 2022, the Central Marin Police Authority transitioned from the FBI's Summary Reporting System – commonly referred to as UCR – to the federally mandated National Incident-Based Reporting System (NIBRS). NIBRS captures additional details on each incident, to include the separate offenses within the same incident, on offenses, victims, offenders, and locations of specified crime types. Due to the transition occurring in March 2022, a comparison to 2023 would not be accurate.

For additional information, please refer to the following website:

https://www.fbi.gov/how-we-can-help-you/more-fbi-services-and-information/ucr/nibrs

Reports: Group A Offenses

1/1/23-12/31/23

2,470 REPORTS TAKEN

OFFENSE DESCRIPTION	CRIME AGAINST	2023 COUNT
ARSON	PROPERTY	4
ASSAULT OFFENSES	PERSON	142
BRIBERY	PROPERTY	0
BURGALRY / BREAKING & ENTERING	PROPERTY	57
COUNTERFEITING / FORGERY	PROPERTY	17
DESTRUCTION / DAMAGE / VANDALISM OF PROPERTY	PROPERTY	108
DRUG / NARCOTIC OFFENSES	SOCIETY	70
EMBEZZLEMENT	PROPERTY	8
EXTORTION / BLACKMAIL	PROPERTY	4
FRAUD OFFENSES	PROPERTY	117
GAMBLING OFFENSES	SOCIETY	0
HOMICIDE OFFENSES	PERSON	0
KIDNAPPING / ABDUCTION	PERSON	9
LARCENY / THEFT OFFENSES	PROPERTY	536
MOTOR VEHICLE THEFT	PROPERTY	49
PORNOGRAPHY / OBSCENE MATERIAL	SOCIETY	7
PROSTITUTION OFFENSES	SOCIETY	0
ROBBERY	PROPERTY	11
SEX OFFENSES, FORCIBLE	PERSON	32
SEX OFFENSES, NONFORCIBLE	PERSON	1
STOLEN PROPERTY OFFENSES	PROPERTY	24
WEAPON LAW VIOLATIONS	SOCIETY	15

Reports: Group B Offenses

1/1/23-12/31/23

2,470 REPORTS TAKEN

OFFENSE DESCRIPTION	CRIME AGAINST	2023 COUNT
BAD CHECKS	PROPERTY	0
CURFEW / LOITERING / VAGRANCY VIOLATIONS	SOCIETY	9
DISORDERLY CONDUCT	SOCIETY	89
DRIVING UNDER THE INFLUENCE	SOCIETY	49
DRUNKENNESS	SOCIETY	0
FAMILY OFFENSES, NONVIOLENT	SOCIETY	8
LIQUOR LAW VIOLATIONS	SOCIETY	0
PEEPING TOM	SOCIETY	0
RUNAWAY	NOT A CRIME	0
TRESPASS OF REAL PROPERTY	SOCIETY	29
ALL OTHER OFFENSES	PERSON, PROPERTY, OR SOCIETY	210

Reports Taken: Top Offenses CORTE MADERA

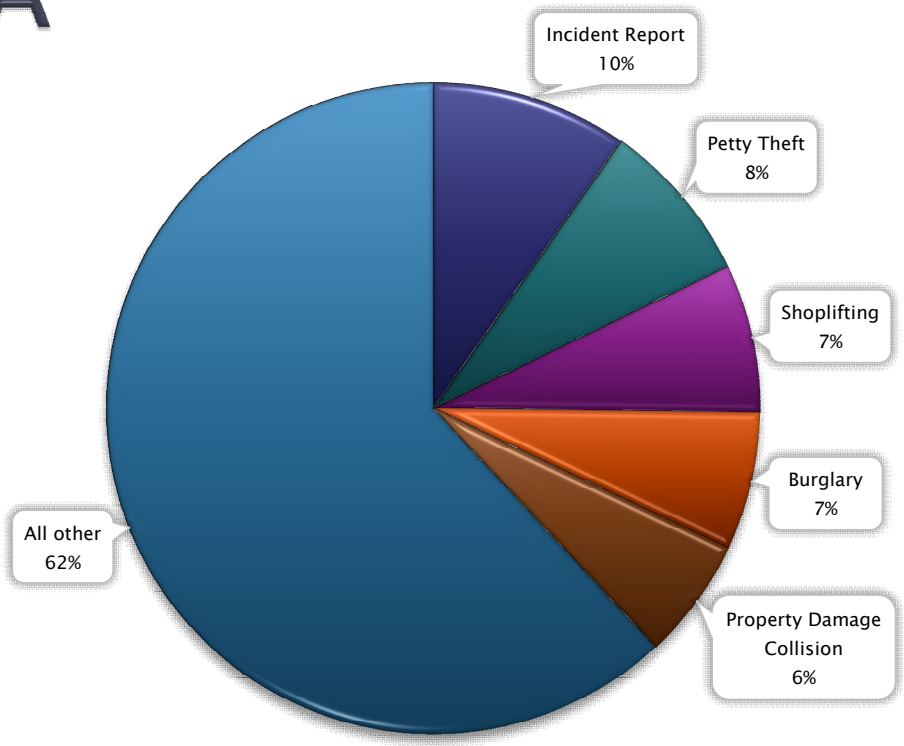
730 Reports Taken
(**-5%** from 2022)

29% of all reports taken

TOP 5 *OFFENSES

Incident Report	71
Petty Theft	59
Shoplifting	54
Burglary	50
Property Damage Collision	44
TOTAL	**278**

MAKE UP **29%** OF REPORTS IN CORTE MADERA



TOP TIMES WHEN EVENTS ARE REPORTED

Hour of Day	**1:00 PM**	65	8.9%
Day of Week	**Monday**	124	17.0%
Month	**June**	86	11.8%

*Only Offense Code 1 is counted.

Reports Taken: Top Offenses LARKSPUR

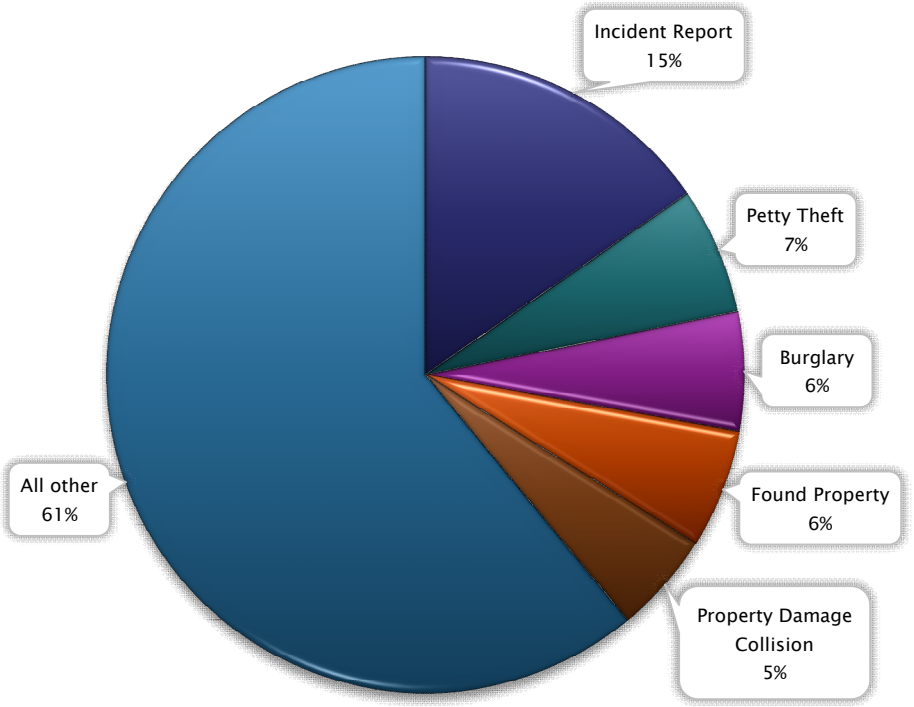
1,009 Reports Taken
(+0.4% from 2022)

41% of all reports taken

TOP 5 *OFFENSES

Incident Report	155
Petty Theft	65
Burglary	61
Found Property	61
Property Damage Collision	52
TOTAL	**394**

MAKE UP **39%** OF REPORTS IN LARKSPUR



TOP TIMES WHEN EVENTS ARE REPORTED

Hour of Day	**12:00 PM**	86	8.5%
Day of Week	**Wednesday**	190	18.8%
Month	**September**	95	9.4%

*Only Offense Code 1 is counted.

Reports Taken: Top Offenses SAN ANSELMO

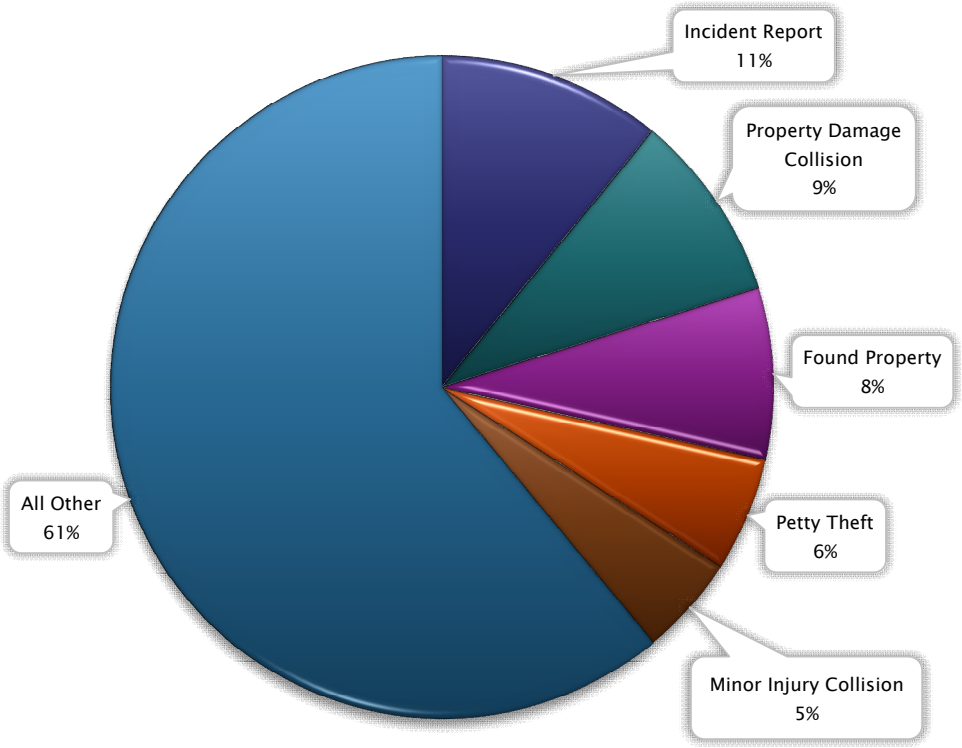
715 Reports Taken
(+4% from 2022)

29% of all reports taken

TOP 5 *OFFENSES

Incident Report	78
Property Damage Collision	66
Found Property	60
Petty Theft	40
Minor Injury Collision	35
TOTAL	**279**

MAKE UP **39%** OF REPORTS IN SAN ANSELMO



TOP TIMES WHEN EVENTS ARE REPORTED

Hour of Day	**12:00 PM**	59	8.3%
Day of Week	**Thursday**	121	16.9%
Month	**September**	73	10.2%

*Only Offense Code 1 is counted.

Moving & Parking Citations

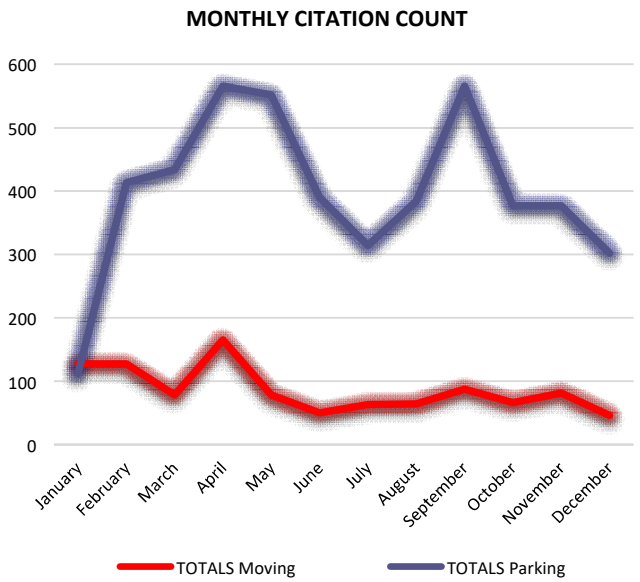
MONTH	CORTE MADERA		LARKSPUR		SAN ANSELMO		TOTALS	
	Moving	Parking	Moving	Parking	Moving	Parking	Moving	Parking
JANUARY	39	31	41	41	47	40	127	112
FEBRUARY	32	23	36	126	59	264	127	413
MARCH	28	24	24	157	26	253	78	434
APRIL	40	21	56	134	69	411	165	566
MAY	25	43	25	142	28	367	78	552
JUNE	20	41	15	77	15	272	50	390
JULY	23	42	24	121	16	151	63	314
AUGUST	21	26	22	130	21	228	64	384
SEPTEMBER	31	50	33	133	23	383	87	566
OCTOBER	17	52	23	65	26	260	66	377
NOVEMBER	32	39	32	100	17	238	81	377
DECEMBER	8	46	19	102	19	154	46	302
TOTAL	**316**	**438**	**350**	**1,328**	**366**	**3,021**	**1,032**	**4,787**

1,032 moving citations

4,787 parking citations

5,819 M&P Citations

(+13% from 2022)



Calls for Service Analysis: Traffic Collisions

1/1/23-12/31/23

617 COLLISIONS

1.9% of all CFS

AVERAGES

12 months | 52 weeks | 365 days | 8760 hours

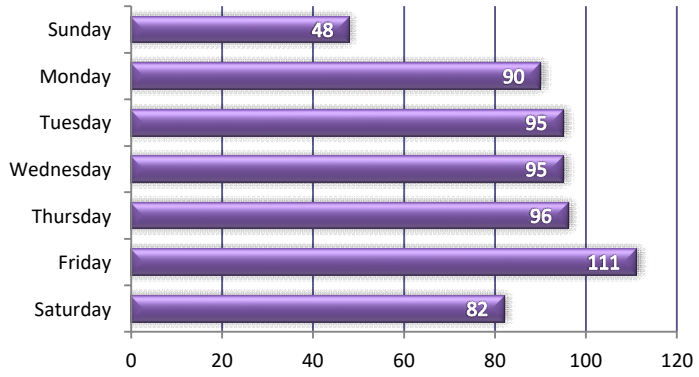
617 collisions in 2022 (+4% from 2022)

51 collisions per month

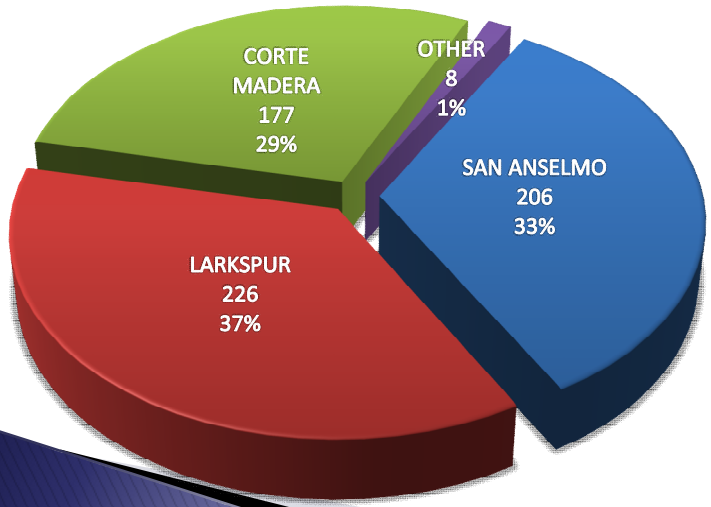
12 collisions per week

2 collision per day

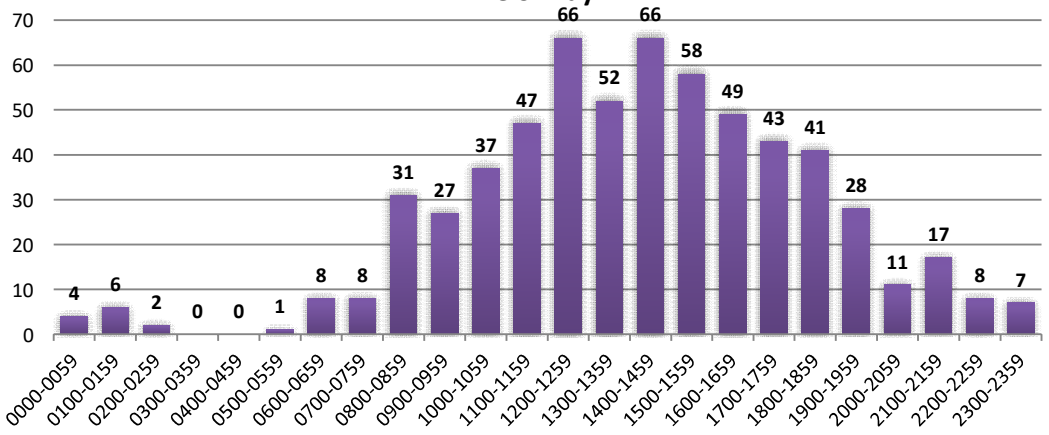
Day of Week



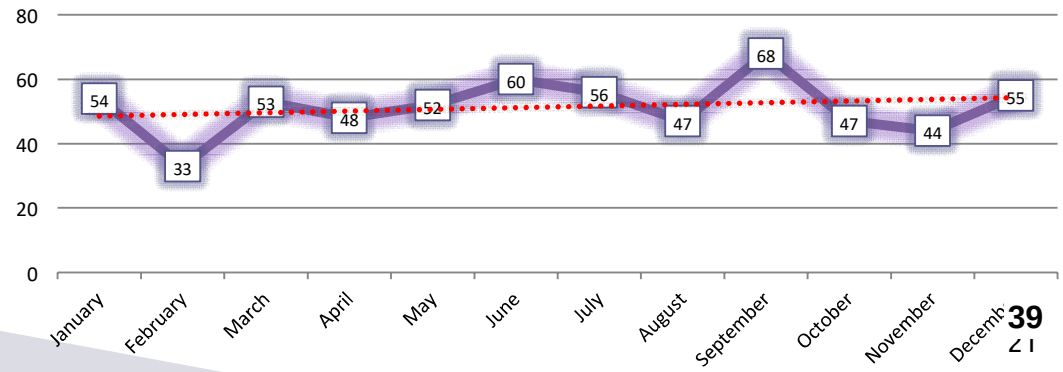
Reports by City



Time of Day



Calls per Month



Calls for Service Stats: Traffic Collisions

Top 10 Locations- Make up 19% of All TRAFFIC COLLISIONS		
Location	Count	% of Total T/C
Corte Madera Town Center	31	5.0%
Bon Air Center	16	2.6%
E Sir Francis Drake Blvd & Larkspur Landing Cir	15	2.4%
The Village at Corte Madera	14	2.3%
Red Hill Shopping Center	10	1.6%
Larkspur Ferry Terminal	8	1.3%
Marin Country Mart	7	1.1%
Sir Francis Drake Blvd & Butterfield Rd	7	1.1%
699 Red Hill Ave	6	1.0%
Tamalpais Dr & Madera Blvd	6	1.0%
TOTAL	120	19.4%

617 traffic collisions
(+4% from 2022)

Traffic Collisions make up **1.9%** of all CFS

Traffic Collisions		
Type	Count	% of Total T/C
Accident: Major Injury	9	1.5%
Accident: Minor Injury	82	13.3%
Accident: No Injury	326	52.8%
Accident: Private Property / No Injury	41	6.6%
Hit & Run: Felony	5	0.8%
Hit & Run: Property Damage Only	154	25.0%
Total	617	100%

Traffic Collisions in CORTE MADERA

177 Traffic Collisions
(**-9%** from 2022)

29% of all Traffic Collisions

TOP 6 LOCATIONS

Corte Madera Town Center	31	17.5%
The Village at Corte Madera	14	7.9%
Tamalpais Dr & Madera Blvd	6	3.4%
10 Fifer Ave	4	2.3%
5627 Paradise Dr	4	2.3%
780 Tamalpais Dr	4	2.3%
TOTAL	**63**	**35.6%**

36% of all traffic collisions in Corte Madera occurred at the above 6 locations.

Traffic Collisions		
Type	**Count**	**% of Total T/C**
Accident: Major Injury	2	1.1%
Accident: Minor Injury	26	14.7%
Accident: No Injury	83	46.9%
Accident: Private Property / No Injury	16	9.0%
Hit & Run: Property Damage Only	50	28.2%
Total	**177**	**100%**

TOP TIMES FOR TRAFFIC COLLISION REPORTS

Hour of Day	**2:00 PM**	24	13.6%
Day of Week	**Friday**	32	18.1%
Month	**October**	19	10.7%

Traffic Collisions in LARKSPUR

226 Traffic Collisions
(+15% from 2022)

37% of all Traffic Collisions

TOP 4 LOCATIONS

Bon Air Center	16	7.1%
E Sir Francis Drake Blvd & Larkspur Landing Circle	15	6.6%
Larkspur Ferry Terminal	8	3.5%
Marin Country Mart	7	3.1%
TOTAL	**46**	**20.4%**

20% of all traffic collisions in Larkspur occurred at the above 4 locations.

Traffic Collisions		
Type	**Count**	**% of Total T/C**
Accident: Major Injury	2	1.1%
Accident: Minor Injury	26	14.7%
Accident: No Injury	83	46.9%
Accident: Private Property / No Injury	16	9.0%
Hit & Run: Property Damage Only	50	28.2%
Total	**177**	**100%**

TOP TIMES FOR TRAFFIC COLLISION REPORTS

Hour of Day	**12:00 PM**	26	11.5%
Day of Week	**Friday**	40	17.7%
Month	**September**	27	11.9%

Traffic Collisions in SAN ANSELMO

206 Traffic Collisions
(+6% from 2022)

33% of all Traffic Collisions

TOP 3 LOCATIONS

Red Hill Shopping Center	10	4.9%
Sir Francis Drake Blvd & Butterfield Rd	7	3.4%
699 Red Hill Ave	6	2.9%
TOTAL	**23**	**11.2%**

3% of all traffic collisions in San Anselmo occurred at the above 3 locations.

Traffic Collisions		
Type	**Count**	**% of Total T/C**
Accident: Major Injury	3	1.5%
Accident: Minor Injury	29	14.1%
Accident: No Injury	121	58.7%
Accident: Private Property / No Injury	7	3.4%
Hit & Run: Felony	3	1.5%
Hit & Run: Property Damage Only	43	20.9%
Total	**206**	**100%**

TOP TIMES FOR TRAFFIC COLLISION REPORTS

Hour of Day	**12:00 PM**	26	12.6%
Day of Week	**Friday**	37	18.0%
Month	**July & September**	37/ea	18.0%/ea

Threshold Analysis: 2018-2023

	2021	2022	2023	% Change from Previous Year	5-Year Average (2018-2022)	2023: % Change from Average	Normal Range
Calls for Service	34,019	33,333	**32,175**	-3%	38,301	-16%	32,977 – 43,625
Traffic Stops	4,976	5,425	**4,637**	-15%	4,680	-1%	3,578 – 5,781
Reports Taken	2,645	2,463	**2,470**	0.3%	2,676	-8%	2,416 – 2,935
Moving & Parking Traffic Citations	5,505	5,165	**5,819**	13%	6,404	-9%	4,166 – 8,641
Traffic Collisions	494	591	**617**	4%	623	-1%	492 – 753

Central Marin Police Authority

2024 Crime & Traffic Statistics Report

Calls for Service
Traffic Stops
Reports Taken
Moving & Parking Citations
Traffic Collisions

January 1, 2024 – December 31, 2024

Calls for Service

	2022	2023	2024
Corte Madera	8,561	8,091	7,365
Larkspur	13,702	13,461	12,910
San Anselmo	10,487	10,093	9,353
Assist Other Agencies	583	530	777
TOTAL	33,333	32,175	30,405

Reports Taken

	2022	2023	2024
Corte Madera	769	730	721
Larkspur	1,005	1,009	926
San Anselmo	685	715	634
TOTAL	2,463	2,470	2,284

Group A Offenses

Offense	Reported in 2024	Reported in 2023
Murder	0	0
Negligent Manslaughter	0	0
Justifiable Homicide	0	0
Non-consensual Sex Offenses:		
Rape	8	13
Sodomy	0	1
Sexual Assault with Object	1	1
Fondling	9	18
Aggravated Assault	23	43

Group A Offenses (cont.)

Offense	Reported in 2024	Reported in 2023
Simple Assault	95	94
Intimidation	27	24
Kidnapping/Abduction	7	9
Consensual Sex Offenses		
Incest	0	0
Statutory Rape	2	0
Human Trafficking, Commercial Sex Acts	0	0
Human Trafficking, Involuntary Servitude	0	0
Robbery	12	10

Group A Offenses (cont.)

Offense	Reported in 2024	Reported in 2023
Burglary/Breaking and Entering	50	57
Larceny/Theft Offenses	546	536
Motor Vehicle Theft	42	49
Arson	6	4
Destruction of Property	76	107
Counterfeiting/Forgery	30	17
Fraud Offense	139	116
Embezzlement	12	8
Extortion/Blackmail	1	4

Group A Offenses (cont.)

Offense	Reported in 2024	Reported in 2023
Bribery	0	0
Stolen Property Offenses	17	19
Drug/Narcotic Offenses	47	58
Drug Equipment Violations	51	32
Gambling Offenses	0	0
Pornography/Obscene Material	1	6
Prostitution	0	0
Weapons Law Violations	19	15
Animal Cruelty	0	1

Traffic Stops

	2022	2023	2024
Corte Madera	1,253	1,233	854
Larkspur	1,980	1,923	1,162
San Anselmo	1,922	1,274	978
Outside Jurisdiction	270	207	430
TOTAL	5,425	4,637	3,424

Traffic Citations

	2022	2023	2024
Corte Madera	496	316	209
Larkspur	607	350	384
San Anselmo	772	366	259
TOTAL	1,875	1,032	852

Parking Citations

	2022	2023	2024
Corte Madera	397	438	410
Larkspur	499	1,328	1,371
San Anselmo	2,394	3,021	2,497
TOTAL	3,290	4,787	4,287

Traffic Collisions

	2022	2023	2024
Corte Madera	194	177	206
Larkspur	196	226	220
San Anselmo	194	206	209
Assist Other Agencies	7	8	10
TOTAL	591	617	645

Traffic Collisions (cont.)

	2022	2023	2024
Injury	94	91	117
Non-Injury	319	367	358
Hit and Run	178	159	170
TOTAL	591	617	645

Threshold Analysis: 2022-2024

	2022	2023	2024	% Change from Previous Year	2-Year Average (2022-2023)	2024: % Change from Average
Calls for Service	33,333	32,175	30,405	-5.50%	32,754	-7.17%
Reports Taken	2,463	2,470	2,284	-8.14%	2,467	-8.01%
Traffic Stops	5,425	4,637	3,424	-35.43%	5,031	-46.93%
Traffic Citations	1,875	1,032	852	-21.13%	1,454	-70.66%
Parking Citations	3,290	4,787	4,287	-11.66%	4,039	6.14%
Traffic Collisions	591	617	645	4.54%	604	6.79%

STAFF REPORT

TOWN OF SAN ANSELMO ITEM No. 1.3

MEETING DATE: April 22, 2025

AGENDA TITLE: Adopt a Resolution in Recognition of National Small Business Week and San Anselmo's Small Businesses and Proclaiming the Month of May as Small Business Month

FROM: Heidi Scoble, Planning Director
Kelley Warner, Community Engagement Coordinator

RECOMMENDATION: Adopt the attached Resolution to recognition of National Small Business Week and San Anselmo's Small Businesses and to proclaim the month of May as Small Business Month.

BACKGROUND & DISCUSSION

For more than 60 years, the U.S. Small Business Administration has celebrated National Small Business Week to recognize the essential contributions of entrepreneurs and small business owners nationwide. This year, National Small Business Week will take place from May 4 through May 10.

In 2022 and 2023, the Town Council adopted Resolution No. 4483 and Resolution No. 2024-4536, respectively to formally recognize and proclaim both Small Business Week and the month of May as Small Business Month. These proclamations highlight the vital role that small businesses play in job creation, innovation, and fostering community and economic development.

For the third consecutive year, staff recommends that the Town Council continue this recognition by proclaiming May 4 through May 10, 2025, as National Small Business Week and the month of May 2025 as Small Business Month in San Anselmo (see **Attachment 1**). This initiative aims to raise awareness and emphasize the importance of supporting local businesses.

To promote the celebration and encourage residents to shop locally, Town staff, working in collaboration with the Economic Development Committee, has created a branded Small Business Month design. With sponsorship from Redwood Credit Union and the Chamber of Commerce, recyclable canvas shopping bags featuring the design have been produced and will be distributed by local merchants to customers throughout May. In addition,



Small Business Month 2025 Posters to be Distributed to all Businesses in Town

promotional posters will be distributed to businesses for display in their windows in support of Small Business Month.

FISCAL IMPACT
N/A

GENERAL PLAN CONSISTENCY
The attached Resolution is consistent with the General Plan Land Use Goal C.1, preserving San Anselmo's small town character and pace of life and Land Use Goal C.2, supporting the economic viability of San Anselmo's commercial core.

CEQA AND CLIMATE ACTION PLAN CONSISTENCY
The proposed project is exempt from the California Environmental Quality Act (CEQA), under the "common sense" exemption, because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. (Cal. Code Regs. tit. 14, § 15061).

This item also is consistent with the Town's Climate Action Plan relative to the economy by supporting small businesses, which facilitates small business financial sustainability and retention.

ATTACHMENT

Attachment 1 – Resolution

RESOLUTION NO. XXXX

RESOLUTION OF THE SAN ANSELMO TOWN COUNCIL IN RECOGNITION OF NATIONAL SMALL BUSINESS WEEK AND SAN ANSELMO'S SMALL BUSINESSES AND PROCLAIMING THE MONTH OF MAY AS SMALL BUSINESS MONTH

WHEREAS, the U.S. Small Business Administration has designated the week of May 4 through May 10, 2025, as National Small Business Week, in recognition of the critical contributions of America's entrepreneurs and small business owners, and

WHEREAS, the Town of San Anselmo has taken this step further recognizing and celebrating the Town's entrepreneurs and small business owners by designating the entire month of May as San Anselmo Small Business Month; and

WHEREAS, Local small businesses support our community in the way of wages, taxes, donations to local schools and charities and are the backbone of California's and San Anselmo's economy; and

WHEREAS, Throughout the years, the Town has seen the issuance of business licenses from home occupations, brick and mortar store fronts, restaurants and services increase annually; and

WHEREAS, Studies have consistently shown that supporting the growth of existing small businesses provide the majority of economic growth in the community and that entrepreneurs and small businesses stimulate job creation, develop crucial innovation and promote the diversification of local economies; and

WHEREAS, Small business are critical drivers of economic growth and mobility-creating jobs, building wealth, innovation, and enlivening main streets across our neighborhoods; and

WHEREAS, The Town of San Anselmo supports our local businesses that create jobs, boost our local economy and preserve our community; and

NOW, THEREFORE, BE IT PROCLAIMED that the Town Council of the Town of San Anselmo hereby recognize San Anselmo's small businesses and proclaim May 4 through May 10, 2025, as National Small Business Week, and May 2025 as "Small Business Month".

RESOLUTION PASSED AND ADOPTED, at the regular meeting of the San Anselmo Town Council on the 22nd day of a April 2025, by the following vote:

AYES: Councilmember:
NOES: Councilmember:
ABSENT: Councilmember:
ABSTAIN: Councilmember:

_____
TARRELL KULLAWAY, MAYOR

ATTEST:

_____
SERGE AVILA
TOWN CLERK

STAFF REPORT

TOWN OF SAN ANSELMO

Item #: 1.4

MEETING DATE: 4/22/25

AGENDA TITLE: Financial Report on Recreation Fund

FROM: Mattie O'Grady – Director of Community Services

RECOMMENDATION: That the Town Council review the Recreation Fund revenue and expenditure report for the period ending March 31, 2025.

BACKGROUND

The Recreation Department offers a wide variety of fee-based programs throughout the fiscal year including sports programs and leagues, youth and adult classes, and childcare and camps. Additional revenue is generated through facility rentals and administrative fees.

DISCUSSION/ANALYSIS

As of March 31, 2025, 75% of the fiscal year has elapsed and the Recreation Fund is listed at 95% of projected revenues and 70% of projected expenditures.

You will also find attached the capital outlay budget for the department, in addition to the Recreation Fund revenue and expenditure report.

For future historical comparison purposes, staff has developed the following table:

FY	Revenue			Expenditures			Rev Over/(Under) Exp	
	Budget	Actual	%	Budget	Actual	%	$$	%
2024-25	**2,210,355**	**2,104,671**	**95%**	**2,210,355**	**1,543,412**	**70%**	**561,259**	**25%**
2023-24	1,984,971	1,919,416	97%	2,284,971	1,506,104	66%	413,312	21%
2022-23	1,875,414	1,906,138	102%	1,848,926	1,309,682	71%	596,457	32%
2021-22	1,348,625	1,908,595	142%	1,507,369	1,211,017	80%	697,578	52%
2020-21	1,408,125	957,660	68%	1,550,947	857,385	55%	100,274	7%
2019-20	1,627,269	1,603,491	99%	1,676,763	1,270,916	76%	332,575	20%
2018-19	1,510,604	1,586,775	105%	1,591,144	1,047,174	66%	539,601	36%
2017-18	1,514,000	1,402,029	93%	1,644,385	1,037,903	63%	364,126	24%
2016-17	1,384,325	1,401,167	101%	1,500,570	1,023,908	68%	377,259	27.3%
2015-16	1,246,689	1,250,450	100%	1,356,689	1,068,959	79%	181,492	14.6%

Attachment 1 - Revenue & Expenditure Report FY 2024-25: Recreation Fund as of 3/31/2025.
Attachment 2 – Capital Outlay Report FY 2024-25 as of 3/31/25

Town of San Anselmo

Budget Report
Group Summary
For Fiscal: 2024-2025 Period Ending: 03/31/2025

SubCategory	Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Remaining
Department: 00 - UNDESIGNATED						
670 - TRANSFERS OUT	33,899.00	33,899.00	0.00	33,899.00	0.00	0.00%
Department: 00 - UNDESIGNATED Total:	**33,899.00**	**33,899.00**	**0.00**	**33,899.00**	**0.00**	**0.00%**
Department: 61 - SPORTS						
480 - FEES FOR SERVICES	568,375.00	568,375.00	150,664.00	686,748.57	118,373.57	20.83%
600 - SALARIES AND WAGES	30,000.00	30,000.00	0.00	17,277.00	12,723.00	42.41%
602 - EMPLOYEE BENEFITS	2,295.00	2,295.00	0.00	1,321.72	973.28	42.41%
611 - OUTSIDE SERVICES	222,650.00	222,650.00	42,200.35	182,041.21	40,608.79	18.24%
629 - MISCELLANEOUS	54,500.00	54,500.00	137.46	34,406.45	20,093.55	36.87%
Department: 61 - SPORTS Surplus (Deficit):	**258,930.00**	**258,930.00**	**108,326.19**	**451,702.19**	**192,772.19**	**-74.45%**
Department: 62 - CULTURE						
480 - FEES FOR SERVICES	177,860.00	177,860.00	51,417.00	177,376.50	-483.50	0.27%
611 - OUTSIDE SERVICES	124,300.00	124,300.00	5,741.45	84,739.89	39,560.11	31.83%
629 - MISCELLANEOUS	3,500.00	3,500.00	0.00	279.72	3,220.28	92.01%
Department: 62 - CULTURE Surplus (Deficit):	**50,060.00**	**50,060.00**	**45,675.55**	**92,356.89**	**42,296.89**	**-84.49%**
Department: 63 - CHILD CARE						
480 - FEES FOR SERVICES	1,408,120.00	1,408,120.00	136,137.25	1,186,786.39	-221,333.61	15.72%
600 - SALARIES AND WAGES	521,439.76	521,439.76	34,992.27	411,054.86	110,384.90	21.17%
601 - RETIREMENT	28,941.04	28,941.04	2,478.24	21,359.23	7,581.81	26.20%
602 - EMPLOYEE BENEFITS	117,494.32	117,494.32	8,716.51	82,256.94	35,237.38	29.99%
611 - OUTSIDE SERVICES	426,200.00	426,200.00	54,224.85	263,521.66	162,678.34	38.17%
622 - DEPARTMENT SUPPLIES	4,500.00	4,500.00	0.00	1,136.30	3,363.70	74.75%
629 - MISCELLANEOUS	37,600.00	37,600.00	74.00	25,892.70	11,707.30	31.14%
Department: 63 - CHILD CARE Surplus (Deficit):	**271,944.88**	**271,944.88**	**35,651.38**	**381,564.70**	**109,619.82**	**-40.31%**
Department: 64 - EVENTS AND OTHER						
480 - FEES FOR SERVICES	29,000.00	29,000.00	3,643.00	38,088.00	9,088.00	31.34%
611 - OUTSIDE SERVICES	15,000.00	15,000.00	0.00	1,110.26	13,889.74	92.60%
629 - MISCELLANEOUS	0.00	0.00	0.00	29.99	-29.99	0.00%
Department: 64 - EVENTS AND OTHER Surplus (Deficit):	**14,000.00**	**14,000.00**	**3,643.00**	**36,947.75**	**22,947.75**	**-163.91%**
Department: 65 - PROGRAM ADMINISTRATION						
480 - FEES FOR SERVICES	27,000.00	27,000.00	2,263.00	15,672.00	-11,328.00	41.96%
600 - SALARIES AND WAGES	320,106.91	320,106.91	16,523.82	200,449.32	119,657.59	37.38%
601 - RETIREMENT	34,948.82	34,948.82	1,632.08	20,069.62	14,879.20	42.57%
602 - EMPLOYEE BENEFITS	62,562.69	62,562.69	4,017.22	54,803.79	7,758.90	12.40%
610 - TRAINING	8,000.00	8,000.00	-1,250.00	2,114.13	5,885.87	73.57%
611 - OUTSIDE SERVICES	114,500.00	114,500.00	108.50	55,336.71	59,163.29	51.67%
613 - PUBLICATION / DUES	1,200.00	1,200.00	0.00	386.21	813.79	67.82%
614 - MAINTENANCE	900.00	900.00	0.00	0.00	900.00	100.00%
615 - BUILDING MAINTENANCE	200.00	200.00	0.00	150.00	50.00	25.00%
617 - UTILITIES	13,000.00	13,000.00	0.00	9,668.65	3,331.35	25.63%
618 - HIRING	800.00	800.00	0.00	5,694.64	-4,894.64	-611.83%
619 - MISCELLANEOUS	817.46	817.46	0.00	1,836.48	-1,019.02	-124.66%
620 - OFFICE SUPPLIES	25,000.00	25,000.00	50.00	29,891.29	-4,891.29	-19.57%
622 - DEPARTMENT SUPPLIES	6,000.00	6,000.00	0.00	2,684.59	3,315.41	55.26%
Department: 65 - PROGRAM ADMINISTRATION Surplus (Deficit):	**-561,035.88**	**-561,035.88**	**-18,818.62**	**-367,413.43**	**193,622.45**	**34.51%**
Report Surplus (Deficit):	**0.00**	**0.00**	**174,477.50**	**561,259.10**	**561,259.10**	**0.00%**

Fund Summary

Fund	Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Variance Favorable (Unfavorable)
21 - RECREATION	0.00	0.00	174,477.50	561,259.10	561,259.10
Report Surplus (Deficit):	**0.00**	**0.00**	**174,477.50**	**561,259.10**	**561,259.10**

Town of San Anselmo

Budget Report
Account Summary
For Fiscal: 2024-2025 Period Ending: 03/31/2025

		Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Remaining
Fund: 21 - RECREATION							
Expense							
SubCategory: 631 - CAPITAL OUTLAY - CONSTRUCTION							
21.65.63100	CAPITAL OUTLAY - CONSTRUCTION	450,000.00	450,000.00	0.00	201,852.58	248,147.42	55.14 %
SubCategory: 631 - CAPITAL OUTLAY - CONSTRUCTION Total:		**450,000.00**	**450,000.00**	**0.00**	**201,852.58**	**248,147.42**	**55.14%**
Expense Total:		**450,000.00**	**450,000.00**	**0.00**	**201,852.58**	**248,147.42**	**55.14%**
Fund: 21 - RECREATION Total:		**450,000.00**	**450,000.00**	**0.00**	**201,852.58**	**248,147.42**	**55.14%**
Report Total:		**450,000.00**	**450,000.00**	**0.00**	**201,852.58**	**248,147.42**	**55.14%**

Group Summary

SubCategory	Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Remaining
Fund: 21 - RECREATION						
Expense						
631 - CAPITAL OUTLAY - CONSTRUCTION	450,000.00	450,000.00	0.00	201,852.58	248,147.42	55.14%
Expense Total:	**450,000.00**	**450,000.00**	**0.00**	**201,852.58**	**248,147.42**	**55.14%**
Fund: 21 - RECREATION Total:	**450,000.00**	**450,000.00**	**0.00**	**201,852.58**	**248,147.42**	**55.14%**
Report Total:	**450,000.00**	**450,000.00**	**0.00**	**201,852.58**	**248,147.42**	**55.14%**

Fund Summary

Fund		Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Remaining
21 - RECREATION		450,000.00	450,000.00	0.00	201,852.58	248,147.42	55.14%
	Report Total:	**450,000.00**	**450,000.00**	**0.00**	**201,852.58**	**248,147.42**	**55.14%**

STAFF REPORT

TOWN OF SAN ANSELMO Item #:1.5

MEETING DATE: April 22, 2025

AGENDA TITLE: Revenue and Expenditure Reports, March 2025

FROM: Jeff Zuba, Finance & Admin Services Director

RECOMMENDATION: That Town Council consider approving the monthly year-to-date Revenue and Expenditure Reports and corresponding activity for the period ending through March 31, 2025.

SUMMARY

Every reporting period end, the Town of San Anselmo presents to the Town Council its operations as shown on the Revenue and Expenditure reports for discussion and approval.

BACKGROUND

The Revenue and Expenditure reports are year-to-date summaries of revenues and expenditures from the Town's financial system ('Tyler Incode') for both the current as well as the prior corresponding fiscal year. These reports include the General Fund's operations given most of the Town-level operational activities are processed through the General Fund either directly or indirectly. This approval is to be obtained once a month within the fiscal year.

DISCUSSION/ANALYSIS

The revenue and expenditure data through March 31, 2025, is a compilation of all operating activity that is year-to-date for the current and prior fiscal year. These reports are sourced directly from the Town's financial system, of which a corresponding analysis has been performed identifying the key trends the Town Council should take note of.

Revenues

Overall, through the March 2025 reporting period, the town's general fund revenue increased its base relative to the prior year by $0.314M. A majority of the Town's revenue is collected at specific times.

Category	MAR YTD FY25	MAR YTD FY24	$ Change	% Change
Property Tax	9,339,177.04	9,213,021.62	126,155.42	1.37%
Sales Tax	855,021.48	904,514.30	(49,492.82)	-5.47%
Property Transfer Tax	77,538.00	63,495.55	14,042.45	22.12%
Franchise Taxes	506,604.11	497,026.80	9,577.31	1.93%
Licenses & Permits	1,028,515.81	900,675.61	127,840.20	14.19%
Fines	52,784.01	80,761.01	(27,977.00)	-34.64%
Cash & Investment Interest	86,335.97	(8,933.27)	95,269.24	-1066.45%
Intergovernmental	195,975.52	257,234.56	(61,259.04)	-23.81%
Other Fees	305,614.53	241,859.65	63,754.88	26.36%
Transfers In	288,408.01	272,002.61	16,405.40	6.03%
Total	12,735,974.48	12,421,658.44	314,316.04	2.53%

As shown above, the Town's overall revenue base increased by $0.314M as its

- The Town receives property tax disbursements from the County of Marin in December (55%), April (40%), and June (5%). Property Tax revenue increased by $0.126M. The Town is expecting a 3.0% increase in property taxes in fiscal year 2024-2025. The 2022-2023 excess Education Revenue Augmentation Fund (ERAF) payment to the Town is offsetting that increase in Property Tax revenue. The payment is usually received in August however it was received in October 2023. That is outside of 60 days of year-end, so it was not recorded back into 2022-23 but rather recorded as revenue in 2023-24.
- The Town receives disbursements monthly from the State for Sales Tax. The collections for the fiscal year 2024-25 will begin in September. Revenues from Sales Tax decreased by $0.050M compared to the previous period individuals adjusting their dining habits as menu prices climbed, purchases of non-essential merchandise; and general consumer goods slumped, and a weaker return from grocers.
- Revenue from Licenses & Permits increased by $0.127M compared to the previous period, due to construction activity in the Town and the timing of business license collections.
- Intergovernmental revenue decreased by $0.061M compared to the previous period due to receiving a $0.160M grant in fiscal year 2023-2024 from the Department of Housing and Community Development SB2 Grant for Objective Design & Development Standards, ADU Work, and Inclusionary Study. In the current fiscal year, the Town received a $0.065M grant for work on the Housing Element. The change is reduced by the timing of collections for Prop 172 sales from Marin County compared to the prior period.

As far as the other revenue streams, these changes either decreased or remained flat year-over-year resulting in an immaterial change.

Expenditures

Overall, through the March 2025 reporting period end, the Town's General Fund expenditures have increased by $0.415M compared to the prior year. This is primarily from increases in retirement, outside services, and debt service. All other activity is either flat year-over-year or nets correspondingly to an immaterial change—all of which are within management's expectations.

Category	MAR YTD FY25	MAR YTD FY24	$ Change	% Change
Compensation	3,325,178.43	3,082,027.19	243,151.24	7.89%
Retirement	326,112.59	218,189.68	107,922.91	49.46%
Training	43,690.25	31,975.88	11,714.37	36.64%
Outside Services	1,750,242.10	2,166,825.93	(416,583.83)	-19.23%
Outside Services - Public Safety	8,228,628.08	7,682,336.28	546,291.80	7.11%
Maintenance	85,530.67	200,247.97	(114,717.30)	-57.29%
Utilities	14,827.62	10,899.47	3,928.15	36.04%
Supplies	154,908.33	184,712.22	(29,803.89)	-16.14%
Debt Service - Pension Bond	638,811.71	585,985.33	52,826.38	9.01%
Other Expenditure	157,760.76	130,815.38	26,945.38	20.60%
Internal Service Charge	1,265,858.85	1,187,531.22	78,327.63	6.60%
Transfers Out	605,000.00	699,500.00	(94,500.00)	0.00%
Total	16,596,549.39	16,181,046.55	415,502.84	2.57%

As shown above, the Town's expenditures base overall increased by $0.415M, which is driven by compensation, retirement, outside services – public safety, and debt service:

- Compensation (Salaries & Wages and Benefits) increased by $0.243M compared to the prior fiscal year primarily due to the 3.0% cost of living adjustment effective July 1, 2024, step adjustments, staffed positions, and health insurance premiums.
- Retirement increased by $0.108M compared to the prior period due to the Town's CalPERS unfunded liability payment, cost of living, step adjustments, and fully staffed positions.
- Outside Services decreased by $0.416M compared to the previous period due to the Memorial Park Parking Lot Project being completed in fiscal year 23-24 and a portion being funded from the General Fund.
- Outside Services – Public Safety increased by $0.546M compared to the previous fiscal year due to payments for Public Safety JPA's, Central Marin Police Authority, and Ross Valley Fire Department.
- Maintenance decreased by $0.114M compared to the previous period due to maintenance at the fire stations due to the replacement of the garage door, fixing a water leak, and restroom update. In addition, there was additional work on medians in the prior year due to the removal of brush and weeds.
- Debt Service increased by $0.052M compared to the previous fiscal year due to the repayment of the 2021 Pension Obligation Bonds. The bond payments are due in August and February.
- Internal Service Fund Charge increased by $0.078M compared to the previous period due to increased payments to the Internal Service Funds for Building Maintenance, Vehicle Replacement, and Information Technology.
- Transfers Out decreased by $0.095M compared to the previous fiscal year due to the Town, not budgeting transfers to the Special Events ($0.029M), Downtown Revitalization Fund ($0.015M), and Vehicle Replacement Fund ($0.100M) offset by including a transfer to the Parks Capital Improvement Fund ($0.050M).

As far as the other expenditure streams, these changes either slightly changed or remained flat year-over-year resulting in an immaterial change. All other changes are

taken together overall and are immaterial for further discussion and are expected given the Town's operations.

FISCAL IMPACT
None

GENERAL PLAN CONSISTENCY
Not applicable

CEQA AND CLIMATE ACTION PLAN CONSISTENCY

The Council's discussion and approval of this report is not a "project" under the California Environmental Quality Act, because it does not involve an activity which has the potential to cause a direct or reasonably foreseeable indirect physical change in the environment. (Cal. Pub. Res. Code § 21065).

ATTACHMENTS
Attachment #1: Budget Comparison Report by Subcategory, March 2025
Attachment #2: Budget Comparison Report by Department, March 2025

Town of San Anselmo
2024-2025 Rev & Exp Report
as of 03/31/2025

	2023-2024 Revised Budget	2023-2024 Audited Actuals	2023-2024 YTD Actuals	% of Audited Actuals	2024-2025 Adopted Budget	2024-2025 Revised Budget	2024-2025 YTD Actuals	% of Actual / Budget
Fund: 01 - GENERAL FUND								
Revenue								
400 - PROPERTY TAX GENERAL	9,609,527.00	9,721,536.77	5,468,998.41	56.26%	10,030,351.00	10,030,351.00	5,621,539.54	56.05%
401 - PENSION	2,756,290.00	2,920,096.50	1,646,238.22	56.38%	3,020,000.00	3,020,000.00	1,736,642.38	57.50%
402 - PROPERTY TAX OTHER	4,097,971.00	4,029,898.65	2,161,280.54	53.63%	3,998,058.00	3,998,058.00	2,058,533.12	51.49%
410 - OTHER TAXES	1,503,000.00	1,542,571.04	904,514.30	58.64%	1,559,106.00	1,530,000.00	855,021.48	55.88%
411 - FRANCHISE TAXES	848,000.00	933,022.37	497,026.80	53.27%	936,500.00	936,500.00	506,604.11	54.10%
420 - BUSINESS LICENSE	290,000.00	277,534.46	208,384.63	75.08%	290,000.00	290,000.00	248,514.81	85.69%
421 - PARKING	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00%
422 - CONSTRUCTION	1,141,000.00	1,047,323.09	692,290.98	66.10%	1,016,000.00	1,091,000.00	780,001.00	71.49%
430 - VEHICLE CODE	10,000.00	4,354.86	2,474.84	56.83%	15,000.00	15,000.00	6,321.65	42.14%
431 - LIBRARY	1,250.00	2,512.30	2,234.53	88.94%	1,500.00	1,500.00	1,850.08	123.34%
432 - PARKING	115,000.00	109,148.12	76,051.64	69.68%	117,990.00	117,990.00	44,612.28	37.81%
440 - USE OF MONEY AND PROPERTY	100,000.00	453,141.00	-8,933.27	-1.97%	100,000.00	100,000.00	86,335.97	86.34%
450 - STATE REVENUE	297,500.00	313,861.71	257,234.56	81.96%	170,500.00	235,500.00	195,975.52	83.22%
460 - FEDERAL REVENUE	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00%
470 - LOCAL AGENCY REVENUE	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00%
480 - FEES FOR SERVICES	178,250.00	174,960.06	112,369.24	64.23%	198,500.00	198,500.00	154,015.93	77.59%
490 - MISCELLANEOUS REVENUE	102,772.00	179,796.79	129,490.41	72.02%	115,555.00	115,555.00	151,598.60	131.19%
519 - TRANSFERS IN	384,030.00	386,731.87	272,002.61	70.33%	403,318.00	403,318.00	288,408.01	71.51%
520 - SOURCE OF PROCEEDS	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00%
Total Revenue:	**21,434,590.00**	**22,096,489.59**	**12,421,658.44**	**56.22%**	**21,972,378.00**	**22,083,272.00**	**12,735,974.48**	**57.67%**
Expense								
600 - SALARIES AND WAGES	3,336,127.00	3,286,881.51	2,435,489.76	74.10%	3,552,174.00	3,552,174.00	2,632,550.88	74.11%
601 - RETIREMENT	561,590.00	293,531.19	218,189.68	74.33%	428,706.00	428,706.00	326,112.59	76.07%
602 - EMPLOYEE BENEFITS	890,116.00	737,406.43	579,617.69	78.60%	872,566.00	872,566.00	628,151.88	71.99%
604 - RETIREE BENEFITS	164,779.00	164,779.00	66,919.74	40.61%	180,796.00	180,796.00	64,475.67	35.66%
610 - TRAINING	55,750.00	38,490.19	31,975.88	83.08%	68,750.00	68,750.00	43,690.25	63.55%
611 - OUTSIDE SERVICES	3,283,506.00	2,493,908.52	2,166,825.93	86.88%	2,659,465.00	2,734,465.00	1,750,242.10	64.01%
612 - OUTSIDE SERVICES - POLICE (CMPA) & FIRE (RVFD)	10,223,358.00	10,243,115.04	7,682,336.28	75.00%	10,974,172.00	10,974,172.00	8,228,628.08	74.98%
613 - PUBLICATION / DUES	25,272.00	17,472.68	16,303.98	93.31%	27,522.00	27,522.00	14,971.70	54.40%
614 - MAINTENANCE	119,135.00	102,103.92	85,013.11	83.26%	123,485.00	123,485.00	54,310.26	43.98%
615 - BUILDING MAINTENANCE	50,000.00	146,978.67	98,930.88	67.31%	60,000.00	60,000.00	16,248.71	27.08%
616 - VEHICLE MAINTENANCE	2,000.00	25,231.23	10,899.47	43.20%	16,050.00	16,050.00	14,827.62	92.38%
617 - UTILITIES	0.00	100,123.67	67,678.63	67.60%	0.00	0.00	69,699.28	0.00%
618 - HIRING	1,000.00	3,168.83	2,387.83	75.35%	1,000.00	1,000.00	12,687.10	1,268.71%
619 - MISCELLANEOUS	50,000.00	50,285.97	11,125.00	22.12%	25,000.00	25,000.00	3,287.64	13.15%
620 - OFFICE SUPPLIES	0.00	21,326.13	17,448.33	81.82%	32,754.00	32,754.00	27,603.09	84.27%
622 - DEPARTMENT SUPPLIES	202,450.00	195,567.55	156,138.89	79.84%	133,197.00	133,197.00	124,017.60	93.11%
623 - BOOKS / MAGAZINES / VIDEOS	27,500.00	38,714.81	25,486.70	65.83%	29,000.00	29,000.00	19,149.18	66.03%
628 - Internal Service Charge	1,333,375.00	1,333,374.96	1,187,531.22	89.06%	1,437,812.00	1,437,812.00	1,265,858.85	88.04%
629 - MISCELLANEOUS	38,500.00	45,520.30	34,918.85	76.71%	105,500.00	105,500.00	43,484.46	41.22%
630 - EQUIPMENT	500.00	0.00	343.37	0.00%	500.00	500.00	12,740.74	2,548.15%
631 - CAPITAL OUTLAY - CONSTRUCTION	0.00	381,015.63	0.00	0.00%	0.00	0.00	0.00	0.00%
640 - PRINCIPAL	410,000.00	410,000.00	410,000.00	100.00%	465,000.00	465,000.00	465,000.00	100.00%
641 - INTEREST	176,067.00	175,985.33	175,985.33	100.00%	173,929.00	173,929.00	173,811.71	99.93%
670 - TRANSFERS OUT	2,464,500.00	2,464,895.72	699,500.00	28.38%	605,000.00	640,000.00	605,000.00	94.53%
Total Expense:	**23,415,525.00**	**22,769,877.28**	**16,181,046.55**	**71.06%**	**21,972,378.00**	**22,082,378.00**	**16,596,549.39**	**75.16%**
Total Fund: 01 - GENERAL FUND:	**-1,980,935.00**	**-673,387.69**	**-3,759,388.11**		**0.00**	**894.00**	**-3,860,574.91**	
Report Total:	**-1,980,935.00**	**-673,387.69**	**-3,759,388.11**		**0.00**	**894.00**	**-3,860,574.91**	

Town of San Anselmo 2024-2025 Rev & Exp Report as of 03/31/2025 Fund: 01 - GENERAL FUND Expense	2023-2024 Revised Budget	2023-2024 Audited Actuals	2023-2024 YTD Actuals	% of Audited Actuals	2024-2025 Adopted Budget	2024-2025 Revised Budget	2024-2025 YTD Actuals	% of Actual / Budget
00 - UNDESIGNATED	2,464,500.00	2,464,895.72	699,500.00	28.38%	605,000.00	640,000.00	605,000.00	94.53%
11 - TOWN COUNCIL	63,255.00	54,954.93	25,077.49	45.63%	71,446.00	71,446.00	59,551.09	83.35%
12 - ADMINISTRATION	1,565,944.00	1,556,055.62	1,159,854.01	74.54%	1,669,529.00	1,669,529.00	1,196,418.77	71.66%
16 - LEGAL SERVICES	425,000.00	259,765.00	186,678.00	71.86%	330,000.00	330,000.00	123,152.50	37.32%
18 - PLANNING	1,050,401.00	1,005,737.96	659,878.80	65.61%	1,169,800.00	1,169,800.00	779,831.53	66.66%
19 - Building & Inspections	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00%
21 - NON-DEPARTMENTAL*	2,120,808.00	1,775,454.55	1,519,768.99	85.60%	1,488,431.00	1,488,431.00	1,301,972.69	87.47%
30 - POLICE	5,184,636.00	5,204,393.04	3,903,294.78	75.00%	5,474,469.00	5,474,469.00	4,108,301.75	75.04%
32 - ROSS VALLEY FIRE SERVICE	5,088,722.00	5,090,465.78	3,809,315.35	74.83%	5,559,703.00	5,559,703.00	4,131,822.90	74.32%
40 - DEBT SERVICE	587,567.00	587,285.33	587,285.33	100.00%	640,429.00	640,429.00	640,111.71	99.95%
41 - ENGINEERING AND INSPECTION	1,809,804.00	1,660,231.03	1,218,245.38	73.38%	1,699,695.00	1,774,695.00	1,266,138.06	71.34%
42 - STREETS	1,185,909.00	1,220,177.31	972,105.99	79.67%	1,278,642.00	1,278,642.00	895,839.66	70.06%
71 - LIBRARY	847,839.00	868,149.87	665,118.66	76.61%	899,716.00	899,716.00	698,145.50	77.60%
81 - PARKS	694,458.00	725,266.27	551,977.29	76.11%	768,688.00	768,688.00	543,847.98	70.75%
82 - RECREATION/GENERAL FUND	326,682.00	297,044.87	222,946.48	75.05%	316,830.00	316,830.00	246,415.25	77.78%
Total Expense:	**23,415,525.00**	**22,769,877.28**	**16,181,046.55**	**71.06%**	**21,972,378.00**	**22,082,378.00**	**16,596,549.39**	**75.16%**
Total Fund: 01 - GENERAL FUND:	**23,415,525.00**	**22,769,877.28**	**16,181,046.55**	**71.06%**	**21,972,378.00**	**22,082,378.00**	**16,596,549.39**	**75.16%**
Report Total:	**23,415,525.00**	**22,769,877.28**	**16,181,046.55**	**71.06%**	**21,972,378.00**	**22,082,378.00**	**16,596,549.39**	**75.16%**

* This budget program represents services, participation in joint powers authorities (JPA's) such as Animal Control or Marin Emergency Radio Authority, and other expenditures that represent the Town's interest and are not attributable to a single department or program.

STAFF REPORT

TOWN OF SAN ANSELMO Item #: 1.6

MEETING DATE: April 22, 2025

AGENDA TITLE: Town Council Committee Assignments

FROM: Dave Donery, Town Manager
Megan Acevedo, Town Attorney

RECOMMENDATION: Adopt the proposed Resolution Repealing Resolution No. 3043 and Establishing a Rotation Process for Town Council Assignments to Local and Regional Boards and Committees (Attachment 1).

BACKGROUND

At its March 25, 2025 meeting, the Town Council continued a discussion from its March 11, 2025 meeting related to Town Council assignments to local and regional Boards and Committees (collectively, "Committees"). Staff provided two proposals for the Council's consideration in its discussion: a Committee rotation resolution proposed by Councilmember Eileen Burke and an alternative proposal from Councilmember Yoav Schlesinger. With these reference points for their discussion, the Council developed the parameters of a Committee assignment process that will apply to all Committees. That process, which is reflected in the attached proposed resolution (Attachment 1), will replace the informal appointment process used for most Committees and Resolution No. 3043, which established a unique appointment process for the Ross Valley Fire Department's Board of Directors.

DISCUSSION

The proposed Resolution is primarily based on the Councilmember Burke's proposed rotation resolution with modifications reached through Council consensus. The Committee assignment process will take place annually, beginning in January 2026. Each year, staff will provide the Council with a ranking of the seniority of Council members based on their time in office. Where two members have served the same amount of time, seniority is given to the member who received the higher percentage of votes in the most recent election. The first round of Committee assignment selection is based on seniority, with the most senior member choosing first and the least senior Councilmember choosing fifth (1-5). In the second round, the least senior member chooses first and the most senior member chooses last among the Committee and

alternate positions (5-1). Committee assignments will alternate in this manner (1-5, 5-1, etc.) until all assignments and alternate positions are selected.

The proposed Resolution includes Committee assignment term limits of three years, with two exceptions. First, if no other member wishes to serve on the Committee, the current member may continue to serve. Second, if a Councilmember is serving as an officer on the Committee or playing an integral role in labor negotiations or another process, the majority of the Council may vote to allow them to remain on the Committee for one additional year. A Council member who has served on a Committee for three or more years must remain off of that Committee for at least two years before selecting it again. Staff also added a provision to the Resolution specifying that Committee vacancies will be filled by majority vote.

FISCAL IMPACT

Adopting a formal Council selection process for Committee assignments will not have an impact on the budget.

CEQA AND CLIMATE ACTION PLAN CONSISTENCY

Adopting a Committee assignment process does not constitute a “project” within the meaning of Public Resources Code section 21065, because there is no potential that it will cause a reasonably foreseeable direct or indirect physical change in the environment.

ATTACHMENTS

Attachment 1 – Proposed Resolution

TOWN OF SAN ANSELMO
RESOLUTION NO. _____

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF SAN ANSELMO REPEALING RESOLUTION NO. 3043 AND ESTABLISHING A ROTATION PROCESS FOR TOWN COUNCIL ASSIGNMENTS TO LOCAL AND REGIONAL BOARDS AND COMMITTEES

WHEREAS, the members of the Town Council of the Town of San Anselmo ("Town") are assigned to various boards and committees that serve regional and Town-specific purposes (collectively, "Committees"); and

WHEREAS, the Town Council has historically utilized an informal assignment process for these Committees; and

WHEREAS, in 1987 the Town Council adopted Resolution No. 3043 which carved out assignments to the Ross Valley Fire District Board of Directors as an exception to this informal process; and

WHEREAS, at its meeting of March 25, 2025, the Town Council discussed and reached consensus on a formal process for rotating Council members' assignments for all Committees and the Council requested that staff memorialize the process in a resolution; and

WHEREAS, the Committee assignment rotation process is intended to benefit the Town by ensuring both a depth and breadth of experience among Council members, to reward seniority on the Council, and to provide an equal opportunity for all Council members to serve on the various Committees.

NOW, THEREFORE, the Town Council of the Town of San Anselmo does hereby resolve as follows:

SECTION 1. Incorporation of Recitals and Environmental Review.

1. The Town Council hereby finds and determines that the above recitals are true and correct and are incorporated herein as findings of the Council in support of this Resolution.
2. The Council further finds that establishing a process by which Town Council members serve on Committees is not a "project" under the California Environmental Quality Act ("CEQA") because it does not involve an activity which has the potential to cause a direct or reasonably foreseeable indirect physical change in the environment. (Cal. Pub. Res. Code § 21065).

SECTION 2. Repeal of Resolution No. 3043.

1. The Town Council hereby repeals Resolution No. 3043 in its entirety.

SECTION 3. Rotation Process for Town Council Committee Assignments.

1. Council Member Seniority. Prior to the Council meeting at which the process for annual Committee assignments will be carried out, Town staff will determine the order of Council member seniority based on continuous number of years in office.
    a. If Town Council members were first elected in the same election or have served for the same period of time, the member with a higher percentage of votes in

the most recent election will be designated the senior member for purposes of seniority.

2. Committee Assignment Selection Process. For the first round of Committee assignments, Town Council members will select the Committees they desire based on seniority. The Council member with the most seniority will get first choice with the second most senior Council member choosing second, etc. (1-5), until the round is complete. The second round will be carried out in reverse order, with the least senior member of the Council choosing first and the second least senior member choosing second, etc. (5-1), until the round is complete. Committee assignments will proceed in this manner (1-5, 5-1, etc.) until all assignments and alternate positions are selected.
    a. Committee Assignment Term Limits. A Council member may not select the same Committee for more than three consecutive years unless:
        i. No other member wishes to serve on the Committee; or
        ii. With a majority vote of the Council, the Council may allow a member to extend their Committee assignment for a maximum of one additional year if either of the following circumstances exist:
            1. The Council member has been appointed as an officer (e.g., President, Vice President, Chair, Vice Chair) of the Committee.
            2. The Council member has an integral role in labor negotiations or another complex process on the Committee.
    b. After leaving a Committee that they have served on for three or more consecutive years, a Council member must remain off the Committee for at least two years before selecting the Committee again.
3. Committee Assignment Vacancy. If a Council member vacates a Committee assignment during the year, the Council will appoint, by majority vote of the Council, a new member to fill the vacant seat for the balance of the one-year term.
    a. Council members who are appointed and assume the Committee assignment of a vacant seat at any time mid-year shall not have the assumed assignment count toward their three consecutive years.
4. The first annual Committee assignment process will take place at a Council meeting in January 2026 and terms limits will be based on Committee assignments beginning in 2023.

The foregoing Resolution was adopted at the regular meeting of the San Anselmo Town Council held on April 22, 2025, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Tarrell Kullaway, Mayor

ATTEST:

Serge Avila, Town Clerk

STAFF REPORT

TOWN OF SAN ANSELMO Item #: 1.7

MEETING DATE: April 22, 2025

AGENDA TITLE: Consider Adopting Resolution Endorsing Ross Valley School District Parcel Tax Measure E

FROM: Town Staff

RECOMMENDATION: Adopt Resolution endorsing the Ross Valley School District parcel tax ballot measure, Measure E. (Attachment 1.)

BACKGROUND AND DISCUSSION

At its April 8, 2025 Town Council meeting, the Council directed staff to return with a proposed Resolution supporting the Ross Valley School District parcel tax ballot measure, Measure E. (Attachment 1.)

The Ross Valley School District ("RVSD") encompasses all the public elementary schools in the Ross Valley Area including White Hill Middle School. These award-winning schools draw families to the community and are a valuable public resource.

Unfortunately, per-pupil funding and teacher salaries in the RVSD are among the lowest in Marin County. Because state and federal educational funding is inadequate and unstable, the RVSD has historically relied on local funding for its core programs and teacher salaries. The Towns of San Anselmo and Fairfax have a long history of supporting their public schools through voter-approved parcel taxes.

On January 29, 2025, RVSD adopted a resolution for approval of an education parcel tax to be placed on the May 6, 2025 special election ballot ("Measure E"). Approval of Measure E would place an RVSD parcel tax for $0.52 per building square foot and $95 per unimproved parcel, providing approximately $7.8 million dollars annually for 9 years, which monies would go directly toward educational purposes including attracting and retaining qualified teachers, protecting core academic programs, and maintaining manageable class sizes. Funding from Measure E would not be available for school district administrative salaries, but would only fund educational programs and teacher salaries.

Additionally, Measure E contains exemptions for vulnerable populations including seniors 65+ years; persons receiving supplemental security income for a disability; and persons receiving social security disability insurance benefits.

RECOMMENDATION

Adopt the Resolution supporting Measure E as part of the Consent Calendar.

ATTACHMENTS

Attachment 1: Resolution

TOWN COUNCIL OF THE TOWN OF SAN ANSELMO
RESOLUTION NO. _____

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF SAN ANSELMO ENDORSING THE ROSS VALLEY SCHOOL DISTRICT BALLOT MEASURE E, PARCEL TAX TO SUPPORT PUBLIC EDUCATION

WHEREAS, the Ross Valley School District ("RVSD") encompasses all the public elementary schools in the Ross Valley area, including White Hill Middle School; and

WHEREAS, schools within the RVSD have one of the lowest teacher salaries and per-student funding levels in Marin County; and

WHEREAS, state and federal school funding is inadequate and unstable, and RVSD has historically relied on local funding to fund its award-winning schools; and

WHEREAS, on January 29, 2025, the Ross Valley School District ("RVSD") passed and adopted a resolution for approval of an education parcel tax to be placed on the May 6, 2025 special election ballot ("Measure E"); and

WHEREAS, approval of Measure E would r the existing RVSD parcel tax for $0.52 per building square foot and $95 per unimproved parcel, providing approximately $7.8 million dollars annually for 9 years, which monies would go toward educational purposes including attracting and retaining qualified teachers, protecting core academic programs, and maintaining manageable class sizes; and

WHEREAS, Measure E contains exemptions for vulnerable populations including seniors 65+ years; persons receiving supplemental security income for a disability; and persons receiving social security disability insurance benefits; and

WHEREAS, the Town of San Anselmo recognizes the vital importance of its public schools, their importance to the entire community, and the need to encourage public school funding in the face of uncertain and inadequate state and federal support; and

WHEREAS, this Resolution is exempt from review under the California Environmental Quality Act (CEQA) because it is not a "project" under CEQA Guidelines section 15378.

NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF SAN ANSELMO DOES HEREBY RESOLVE AS FOLLOWS:

1. The Town Council of the Town of San Anselmo hereby supports and endorses the Ross Valley School District Measure E Parcel Tax Measure.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of San Anselmo on April 22, 2025, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

APPROVED:_____
Tarrell Kullaway, Mayor

ATTEST:_____
Serge Avila, Town Clerk

Sandra Lebeau
78 Mountain View Road
Fairfax, CA 94930
sw_sandra@hotmail.com

April 16, 2025

San Anselmo Town Council
525 San Anselmo Avenue
San Anselmo, CA 94960

Re: Please Endorse Measure E to Support Our Schools

Dear Mayor and Members of the San Anselmo Town Council,

I am writing to express my strong support for Measure E and respectfully urge the Town Council to officially endorse this vital measure for our local schools and community. An endorsement from San Anselmo would send a powerful message that public education remains a top priority for our town.

As a teacher for Wade Thomas Elementary School in the Ross Valley School District for the past 17 years, and a parent whose three children have thrived in these schools—I've seen how critical well-supported schools are to student success and to the strength of our community.

Measure E is essential to preserving the high-quality education that makes RVSD such a special place. Without its passage, our schools will face deep and painful cuts to the very programs and services that help our students thrive—and those cuts will directly impact our students and teachers. With its approval, we can:

- Retain highly qualified and experienced teachers, who are the cornerstone of student success. Currently, RVSD educators are paid less than their peers in surrounding districts, making it difficult to keep talented teachers in our classrooms.

- Continue critical programs like physical education, which support both physical health and emotional well-being. These programs require credentialed, passionate educators to stay effective.

- Sustain intervention programs that provide much-needed support to students who are struggling.

- Maintain small class sizes, which are vital for giving students the individual attention they need to succeed.

- Preserve our school libraries and dedicated librarians, who are instrumental in building literacy, curiosity, and a lifelong love of learning.

Importantly, Measure E includes an exemption for senior citizens, ensuring we support our schools in a way that's compassionate and fair to those living on fixed incomes.

Now more than ever, we must invest in our public schools—so that current and future students can benefit from the strong academics, supportive programs, and rich learning environment that define the Ross Valley School District.

Thank you for your continued leadership and for considering this request. I respectfully urge you to stand with our teachers, students, and families by endorsing Measure E.

With gratitude,
Sandra Lebeau
RVSD Teacher

San Anselmo Town Council
525 San Anselmo Avenue
San Anselmo, CA 94960

Dear Members of the San Anselmo Town Council,

I hope this letter finds you well. I am writing to express my strong support for the passage of Measure E, which is vital for the continued success of the Ross Valley School District. As both a teacher and a parent in the district, I see firsthand the incredible impact that our schools have on our children. Measure E will ensure that the educational experience for our students remains rich and well-rounded.

If passed, Measure E will provide crucial funding to maintain and support enriching programs such as physical education, art, and music. These programs are not just extracurricular—they are essential to the development of our students. Physical education promotes health, teamwork, and discipline; art allows students to express creativity and think critically; and music fosters emotional expression and cognitive skills. These subjects provide invaluable benefits that help shape well-rounded individuals. Cutting these programs would be a loss for our students, who deserve the opportunity to explore and develop their passions alongside traditional academics.

Additionally, Measure E will help ensure that we can retain and attract highly qualified teachers, which is one of the most important factors in student success. As a teacher, I can attest to the importance of having the necessary resources and support to provide our students with the best education possible. Without the funding Measure E provides, the district will be faced with difficult decisions, including potential staff reductions and cuts to important programs. The prospect of these cuts is deeply concerning, as it would negatively impact the quality of education and the opportunities available to our students.

The passage of Measure E is critical. Without it, the district will face tough choices that could result in cuts to essential programs and the loss of dedicated educators who work tirelessly to support our children. By passing Measure E, we are making a long-term investment in our children's futures and in the strength of our community.

I urge you to support Measure E and help ensure that our schools continue to provide the quality education that our children deserve. Thank you for your time and consideration.

Sincerely,
Krista Hood
First grade teacher/parent

STAFF REPORT

TOWN OF SAN ANSELMO Item #:2.1

MEETING DATE: April 22, 2025

AGENDA TITLE: Public Hearing and Adoption of Ordinance Designating Fire Hazard Severity Zones in Local Responsibility Area

FROM: Robert Bastianon, Senior Fire Inspector, Ross Valley Fire Department

RECOMMENDATION:

Town staff recommends that the Town Council take the following actions:

1. Hold a public hearing to conduct a second reading and consider adoption of the attached Ordinance Designating Fire Hazard Severity Zones in Local Responsibility Area (Attachment 1); and
2. At the conclusion of the public hearing, that the Town Council votes to adopt the attached Ordinance.

Procedural Note:

California Government Code Section 51179(a) mandates that local agencies "shall designate, by ordinance, moderate, high, and very high fire hazard severity zones in [their] jurisdiction within 120 days of receiving recommendations from the State Fire Marshal pursuant to Section 51178. The Town of San Anselmo received the Local Responsibility Area Fire Hazard Serenity Zone Map on February 24, 2025.

Background and Discussion:

At the April 08, 2025 meeting of the Town Council, the Council conducted a first reading of the proposed ordinance and moved to have the ordinance read by title only and waive further reading of the ordinance.[1]

[1] See meeting minutes and video at the following link - https://granicus_production_attachments.s3.amazonaws.com/sananselmo-ca/ad7430eb1e7dda4e36c9ddc72b519f540.pdf

This item involves consideration of an ordinance to designate Fire Hazard Severity Zones in Local Responsibility Areas by adopting the State Fire Marshal Map entitled, “City of San Anselmo - Marin County - Local Responsibility Area Fire Hazard Severity Zones,” published February 24, 2025 (Attachment 1, Exhibit A, “Town FHSZ Map”).

The State Fire Marshal is required to classify lands within State Responsibility Areas (SRA) into Fire Hazard Severity Zones. Prompted by the devastating 1991 Oakland Hills Fire, in 1992, state law expanded the requirement for California Department of Forestry and Fire Protection (CAL FIRE) to evaluate fire hazard severity in Local Responsibility Areas (LRA). LRA are all areas where fire service is not the responsibility of the state or federal government and include cities, urban regions, agricultural lands, and portions of the desert where the local government is responsible for wildfire protection. This protection is typically provided by city fire departments, fire protection districts, counties, or by CALFIRE under contract.

Initially, these Fire Hazard Severity Zone maps contained only Very High fire hazard severity classifications; however, in 2021 CAL FIRE was tasked with identifying Moderate and High Fire Hazard Severity Zones along with the Very High in LRA. The updated Fire Hazard Severity Zone Maps for LRA designate all three fire hazard levels. (A separate map showing the SRA was recently updated and became effective in 2024.)

CAL FIRE developed the recommended Town FHSZ Map using a science-based and field-tested model that assigns a hazard score based on the factors that influence fire likelihood and fire behavior. The fire hazard severity model for wild-land fire has two key elements: probability of an area burning and expected fire behavior under extreme fuel and weather conditions. Many factors are considered, such as fire history, existing and potential fuel (natural vegetation), predicted flame length, blowing embers, terrain, and typical fire weather for an area.

The Town FHSZ Map reflects “hazard,” not “risk”. The map is like a flood zone map, where lands are described in terms of the probability level of a particular area being inundated by floodwaters; “Hazard” is based on the physical conditions that create a likelihood and expected fire behavior over a 30 to 50-year period without considering mitigation measures such as home hardening, recent wildfire, or fuel reduction efforts.

The Town FHSZ Map was created by CAL FIRE under the direction of the State Fire Marshal without the local jurisdictional input or influence. Under California Government Code Section 51179(b)(3), “A local agency shall not decrease the level of fire hazard severity zone as identified by the State Fire Marshal for any area within the jurisdiction of the local agency, and, in exercising its discretion pursuant to paragraph (2), may only increase the level of fire hazard severity zone as identified by the State Fire Marshal for any area within the jurisdiction of the local agency.” In other words, local agencies are not permitted to decrease or remove areas from the CAL FIRE recommended fire hazard severity zone map, but they designate areas as a higher hazard than what the CAL FIRE map indicates. The proposed ordinance seeks to adopt the CAL FIRE map for the Town FHSZ Map without any changes.

Note that approval of the ordinance adopting the Town FHSZ Map is separate from the Town's adoption of the Fire Code. While this ordinance and Map must be approved by June, the Fire Code adoption will take place this fall. At that time, the Town Council will review and adopt recommended local amendments to the State Fire Code.

FISCAL IMPACT:
No fiscal impact

ENVIRONMENTAL IMPACT:
Adoption of the proposed ordinance is not subject to California Environmental Quality Act (CEQA) pursuant to following sections of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3: (1) Section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment); and (2) Section 15060(c)(3) (the activity is not a project as defined in Section 15378) because the ordinance has no potential for resulting in any significant physical change to the environment, either directly or indirectly.

Attachments:
1) *Draft Ordinance*
    a. *Map entitled, "City of San Anselmo - Marin County - Local Responsibility Area Fire Hazard Severity Zones" (Exhibit A to Attachment 1).*

ORDINANCE NO. _____
AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF SAN ANSELMO
TO DESIGNATE FIRE HAZARD SEVERITY ZONES IN
LOCAL RESPONSIBILITY AREAS

WHEREAS, pursuant to Government Code 51178, the State Fire Marshal must identify areas in the state as moderate, high, and very high fire hazard severity zones based on consistent statewide criteria and based on the severity of fire hazard that is expected to prevail in those areas; and

WHEREAS, moderate, high, and very high fire hazard severity zones shall be based on fuel loading, slope, fire weather, and other relevant factors including areas where winds have been identified by the Office of the State Fire Marshal as a major cause of wildfire spread; and

WHEREAS, Local Responsibility Areas (LRA) are in incorporated cities, urban regions, agricultural lands, and portions of the desert where the local government is responsible for wildfire protection. This is typically provided by city departments, fire protection districts, counties, and by CALFIRE under contract; and

WHEREAS, this Ordinance was introduced and read by title only at a meeting of the San Anselmo Town Council on the 8th day of April 2025.

NOW THEREFORE, BE IT ORDAINED by the Town Council of the Town of San Anselmo as follows:

SECTION 1.

1. The Town Council hereby designates the Fire Hazard Severity Zones as recommended by the California Department of Forestry and Fire Protection pursuant to Government Code Section 51178.
2. The Town Council hereby adopts the map entitled "City of San Anselmo - Marin County - Local Responsibility Area Fire Hazard Severity Zones," which is attached as Exhibit A and incorporated herein by reference.
3. The official map is located at the Ross Valley Fire Department, 777 San Anselmo Avenue, San Anselmo, California and available electronically at https://rossvalleyfire.org/prevention/maps.

SECTION 2: Environmental Review. The Town Council finds that adopton of this ordinance is not subject to California Environmental Quality Act (CEQA) pursuant to following sections of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3: (1) Section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment); and (2) Section 15060(c)(3) (the activity is not a project as defined in Section

15378) because the ordinance has no potential for resulting in any significant physical change to the environment, either directly or indirectly.

SECTION 3: Severability. The Town Council hereby declares every section, paragraph, sentence, clause, and phrase is severable. If any section, paragraph, sentence, clause or phrase of this Ordinance is for any reason found to be invalid or unconstitutional, such invalidity, or unconstitutionality shall not affect the validity or constitutionality of the remaining sections, paragraphs, sentences, clauses or phrases.

SECTION 4: Effective Date. This Ordinance shall take effect and be in force thirty (30) days after the date of its passage. Within fifteen (15) days following its passage, a summary of the Ordinance shall be published with the names of those Town Council members voting for and against the Ordinance and the Town Clerk shall post in the office of the Town Clerk a certified copy of the full text of the adopted Ordinance along with the names of the members voting for and against the Ordinance.

THE FOREGOING ORDINANCE was first read at a regular meeting of the San Anselmo Town Council on the 8th day of April, 2025, and adopted at a regular meeting of the San Anselmo Town Council on the 22nd day of April, 2025 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Tarrell Kullaway, Mayor

ATTEST:

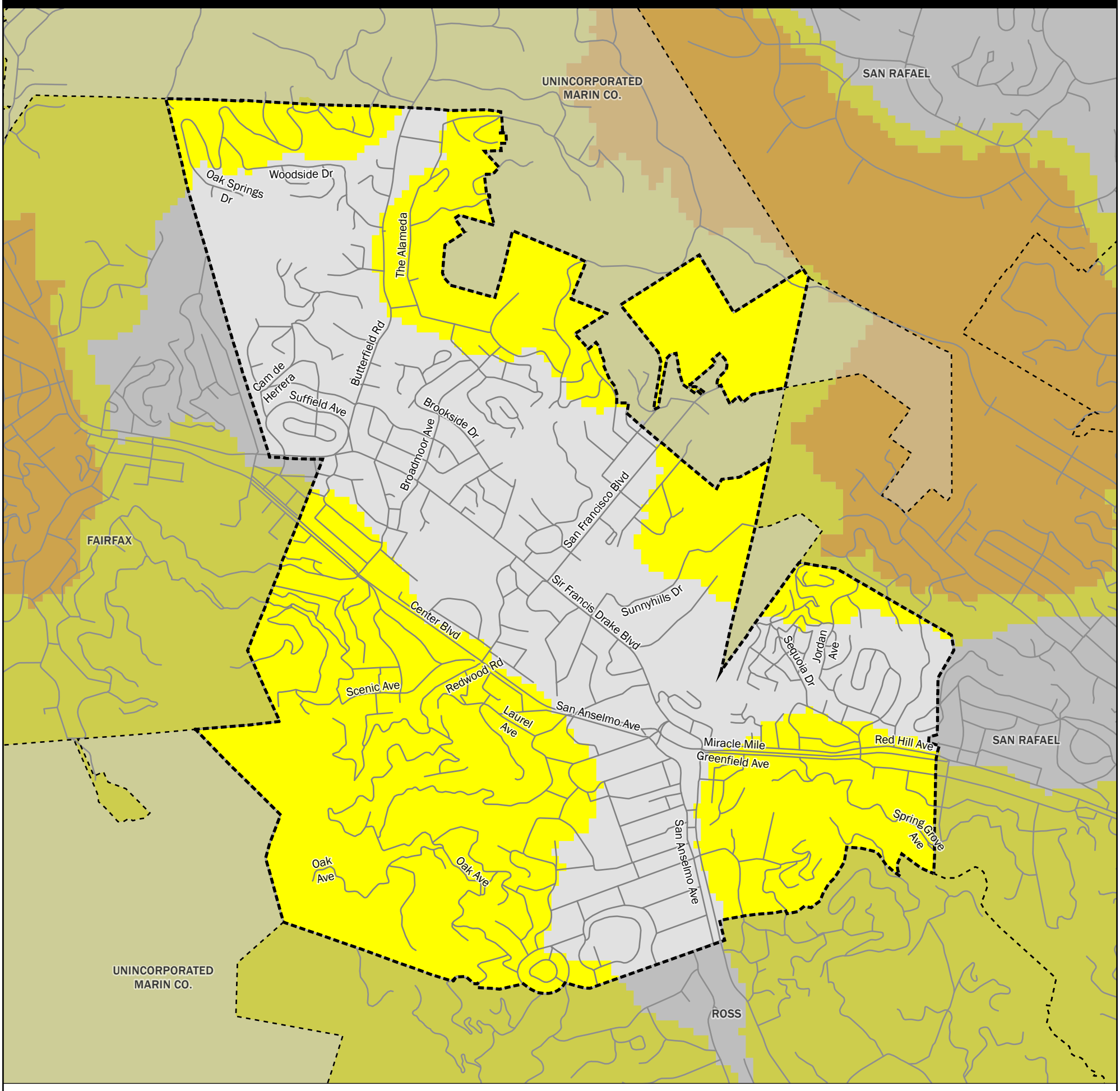
_____
Serge Avila, Town Clerk

CITY OF SAN ANSELMO – MARIN COUNTY

Local Responsibility Area Fire Hazard Severity Zones

As Identified by the State Fire Marshal

February 24, 2025





Fire Hazard Severity Zones (FHSZ) in Local Responsibility Area (LRA), as Identified by the State Fire Marshal

High Moderate

Fire Hazard Severity Zones in State Responsibility Area (SRA), Effective April 1, 2024

High Moderate

Mi 0 0.2 0.4 0.6 0.8

Km 0 0.2 0.4 0.6 0.8 1 1.2

Projection: NAD 83 California Teale Albers
Scale: 1:17,000 at 11" x 17"

Incorporated City

Unzoned LRA

Government Code section 51178 requires the State Fire Marshal to identify areas in the state as moderate, high, and very high fire hazard severity zones based on consistent statewide criteria and based on the severity of fire hazard that is expected to prevail in those areas. Moderate, high, and very high fire hazard severity zones shall be based on fuel loading, slope, fire weather, and other relevant factors including areas where winds have been identified by the Office of the State Fire Marshal as a major cause of wildfire spread.

The State of California and the Department of Forestry and Fire Protection make no representations or warranties regarding the accuracy of data or maps. Neither the State nor the Department shall be liable under any circumstances for any direct, special, incidental, or consequential damages with respect to any claim by any user or third party on account of, or arising from, the use of data or maps.

Gavin Newsom, Governor, State of California

Wade Crowfoot, Secretary for Natural Resources, CA Natural Resources Agency

Joe Tyler, Director/Fire Chief, CA Department of Forestry and Fire Protection

Daniel Berlant, State Fire Marshal, CA Department of Forestry and Fire Protection

Data Sources:

CAL FIRE Fire Hazard Severity Zones (FHSZSRA23_3, FHSZLRA_25_1)

CAL FIRE State Responsibility Areas (SRA25_1)

City and County boundaries as of 10/22/24 (CA Board of Equalization)

STAFF REPORT

TOWN OF SAN ANSELMO Item #: 2.2

MEETING DATE: April 22, 2025

AGENDA TITLE: Resolution Vacating a Portion of the Public Right-of-Way Adjacent to 11 Sunnyside Dr in San Anselmo

FROM: Will Messinger, Assistant Civil Engineer

RECOMMENDATION: Staff recommends that the Town Council consider adopting the proposed Resolution vacating a portion of the right-of-way on Melville Avenue at the rear frontage of 11 Sunnyside Avenue (Attachment 1).

BACKGROUND

State law provides the exclusive method by which streets and highways, which include public rights-of-way[1], can be vacated.[2] The Public Streets, Highways, and Service Easements Vacation Law spells out the requisite procedures. (Sts. & Hy. Code §§ 8300-8363.)

To initiate this process, the Town Council adopts a Resolution of Intent to Abandon a ROW, which sets a hearing date for a public hearing on the abandonment. (Str. & Hy. Code § 8320.) Information contained in the Resolution of Intent to Abandon, including the hearing time and date, is posted along the street to be vacated and published in the newspaper for at least two weeks prior to the hearing. (Sts. & Hy. Code §§ 8322, 8323.)

Before the hearing, the Planning Agency must make a finding that the proposed abandonment conforms with the Town's General Plan. (Gov. Code § 65402.)

These steps have all been accomplished for the present proposed abandonment. On February 25, 2025 the Town Council approved the Resolution of Intent to Abandon, setting the hearing for April 22. The hearing notice has been posted along the street frontage and published for two successive weeks in the Marin Independent Journal. On April 7, the Town's Planning Commission determined the abandonment to be in conformance with the General Plan. Utilities and County authorities have been notified,

[1] Under state law, "Street" and "highway" include all or part of, or any right in, a state highway or other public highway, road, street, avenue, alley, lane, driveway, place, court, trail, or other public right-of-way or easement, or purported public street or highway, and rights connected therewith, including, but not limited to, restrictions of access or abutters' rights, sloping easements, or other incidents to a street or highway. (Str. & H. Code § 8308.)

[2] Under state law, "'Vacation' means the complete or partial abandonment or termination of the public right to use a street, highway, or public service easement." (Str. & H. Code § 8309.)

and it has been verified that no easements need to be reserved for this vacation.

At tonight's hearing, the Town Council takes evidence presented by interested persons. (Sts. & Hy. Code § 8324.) If the Council finds that the portion of the ROW proposed to be vacated is unnecessary for present or prospective public use, it may adopt a resolution vacating the proposed area (Attachment 1). (*Id*.) The abandonment must be in the public interest.

The Council may provide that the vacation will occur only after conditions are met. (Sts. & Hy. Code §§ 8324, 8340.) If the Council approves the proposed abandonment, the adopted resolution of vacation will be recorded with the County. (Sts. & Hy. Code § 8324(b).) If the Town vacates a ROW in which it owns only an easement, rather than title to the underlying property, title to the property previously subjected to the easement reverts to the owner of the underlying fee interest. (Cal. Sts. & Hy Code § 8351.)

Property History

The legal description of the portion of that ROW currently being considered for abandonment is attached as Attachment 1, Exhibit A ("Lane Segment").

The property owners at 11 Sunnyside Avenue ("Applicants") have requested the Town abandon the Lane Segment adjacent to their property. Currently, the ROW edge sits within the limits of the home on the property, which limits the owners' ability to add or remodel their home. The Lane Segment varies in width from approximately 10 to 20', situated 13' in elevation below the Melville Ave roadway.

Discussion

Staff does not believe the Lane Segment proposed to be abandoned is necessary for present or prospective public use. Due to the significant elevation difference between the Lane Segment and the Melville Ave roadway, the Lane Segment would not be used for future road widening.

This Lane Segment does not provide potential space for a future sidewalk, or for improving other parts of the ROW, given its limitations. Staff believes that abandonment of this portion of the ROW is in the public interest as this removes the Town's liability for this land.

ANALYSIS

The Applicants have worked with Town staff to provide all necessary documentation, including the attached legal description of the Lane Segment and the site map. (Attachment 1, Exhibits A & B).

The Lane Segment appears to be unnecessary for present or prospective public use. The Lane Segment has not been used as a pathway and does not have the potential to be used as a road or driveway due to its steepness and narrow width.

FISCAL IMPACT

Applicants' fees cover the cost of this proceeding.

CEQA AND CLIMATE ACTION PLAN

The proposed project is categorically exempt from the California Environmental Quality Act (CEQA) under CEQA Guidelines section 15305, as the proposed right-of-way abandonment consists of the minor alteration in land use limitations, which does not result in any changes in land use or density.

CONCLUSION

Staff respectfully requests that the Town Council consider adopting the proposed resolution abandoning a portion of a right-of-way adjacent to 11 Sunnyside Avenue in San Anselmo.

Attachment 1 – Resolution
- Exhibit A - Legal Description
- Exhibit B - Site Map

Attachment 2 – Application Letter for Abandonment

RESOLUTION NO. XXXX

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF SAN ANSELMO VACATING A PORTION OF THE RIGHT-OF-WAY ADJACENT TO THE REAR FRONTAGE OF 11 SUNNYSIDE AVENUE

WHEREAS, the portion of the public right-of-way adjacent to 11 Sunnyside Avenue in the Town of San Anselmo is described in Exhibit A ("Subject Right-of-Way").

WHEREAS, the Town Council of the Town of San Anselmo finds that the portion of the Subject Right-of-Way is not presently needed for any public use and no public use will be required in the future; and

WHEREAS, the Town Council adopted Resolution No. 2025-4567 ("Resolution of Intent") declaring its intent to vacate the Subject Right-of-Way; and

WHEREAS, the Resolution of Intent gave notice that on Tuesday April 22, 2025 at 7:00 p.m. in the Town Council Chambers located at 525 San Anselmo Avenue in San Anselmo, the Council would hear any and all persons interested in the vacation of the Subject Right-of-Way; and

WHEREAS, the Resolution of Intent giving notice of the date, time and place of the public hearing was posted in the manner prescribed by law; and

WHEREAS, notice of the proposed vacation was published in the manner prescribed by law; and

WHEREAS, on April 7, 2025, the San Anselmo Planning Commission made a finding that the proposed resolution conforms with the Town's General Plan; and

WHEREAS, on April 22, 2025 at 7:00 p.m. in the Town Council Chambers, the Town Council heard any and all persons interested in the proposed vacation of the Subject Right-of-Way and received and considered all evidence submitted.

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. The Town Council hereby finds and determines that the above recitals are true and correct and are incorporated herein as findings of the Council in support of this Resolution. In addition, the Town Council makes the following findings based on the staff report and all other evidence submitted:

1. The Subject Right-of-Way described in Exhibit A of this Resolution is not necessary for present or prospective public use.
2. Reference is made to the site map at Exhibit B, which delineates the area to be vacated.
3. The proposed vacation is consistent with the Town's General Plan.

SECTION 2. Based on the findings made in Section 1 of this Resolution and provisions of the Public Streets, Highways, and Service Easements Vacation Law (Str. & Hy. Code §§ 8300-8363), the Town Council does hereby order the Subject Right-of-Way shall be and hereby is vacated.

SECTION 3. The Town Manager is hereby authorized to arrange for recording of this Resolution, including Exhibits A and B hereto, at the Marin County Recorder's Office.

SECTION 4. The Subject Right-of-Way will no longer constitute a public Right-of-Way after the date of recordation of the documents identified in Section 3 of this Resolution.

DULY & REGULARLY ADOPTED this 22nd day of April, 2025.

AYES:

NOES:

ABSENT:

ABSTAIN:

TOWN OF SAN ANSELMO **ATTEST:**

_____ _____

Tarrell Kullaway, Mayor Serge Avila, Town Clerk

Exhibit A – Legal Description

Exhibit B – Site Map

DATE: 09/19/24
FILE: 2300080

EXHIBIT 'A'
LEGAL DESCRIPTION
STREET VACATION

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE CITY OF SAN ANSELMO, COUNTY OF MARIN, STATE OF CALIFORNIA, BEING A STREET VACATION OVER A PORTION OF MELVILLE AVENUE MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHWESTERLY CORNER OF THE LANDS OF CONWAY AS DESCRIBED IN DOCUMENT NUMBER 2018-28589 AND AS SHOWN ON THAT CERTAIN MAP ENTITLED "RECORD OF SURVEY LANDS OF CONWAY" RECORDED IN BOOK 2020 OF MAPS, PAGE 267, MARIN COUNTY RECORDS, NORTHWESTERLY AND THENCE PERPENDICULAR TO THE OUTER EDGE OF THE CONCRETE BAND/WALL, NORTH 65°21'40" WEST, A DISTANCE OF 11.93 FEET TO SAID OUTER EDGE OF THE CONCRETE BAND/WALL;

THENCE ALONG SAID OUTER EDGE OF THE CONCRETE BAND/WALL THE FOLLOWING COURSES AND DISTANCES:

SOUTH 24°33'03" WEST, A DISTANCE OF 3.16 FEET;

SOUTH 25°07'15" WEST, A DISTANCE OF 19.18 FEET;

SOUTH 29°02'31" WEST, A DISTANCE OF 9.26 FEET TO A CURVE TO THE RIGHT;

ALONG SAID CURVE, HAVING A RADIUS OF 93.79 FEET, THROUGH A CENTRAL ANGLE OF 10°48'53", AND AN ARC LENGTH OF 17.70 FEET TO A CURVE TO THE RIGHT;

ALONG SAID CURVE, HAVING A RADIUS OF 374.05 FEET, THROUGH A CENTRAL ANGLE OF 02°24'24", AND AN ARC LENGTH OF 15.71 FEET;

SOUTH 46°52'40" WEST, A DISTANCE OF 17.29 FEET;

SOUTH 36°36'43" WEST, A DISTANCE OF 8.00 FEET;

LEAVING SAID OUTER EDGE OF THE CONCRETE BAND/WALL, THENCE SOUTH 40°24'00" EAST, A DISTANCE OF 8.35 FEET TO A POINT PERPENDICULAR TO THE WESTERLY LINE OF SAID LANDS;

THENCE ALONG SAID LINE, NORTH 49°36'00" EAST, A DISTANCE OF 64.49 FEET;

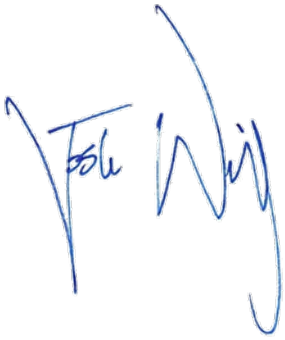
THENCE NORTH 14°51'00" EAST, A DISTANCE OF 33.21 FEET TO THE **POINT OF BEGINNING**;

SAID MELVILLE AVENUE STREET VACATION CONTAINING 1,224 SQUARE FEET MORE OR LESS

SEE EXHIBIT 'B' ATTACHED AND MADE A PART HEREOF

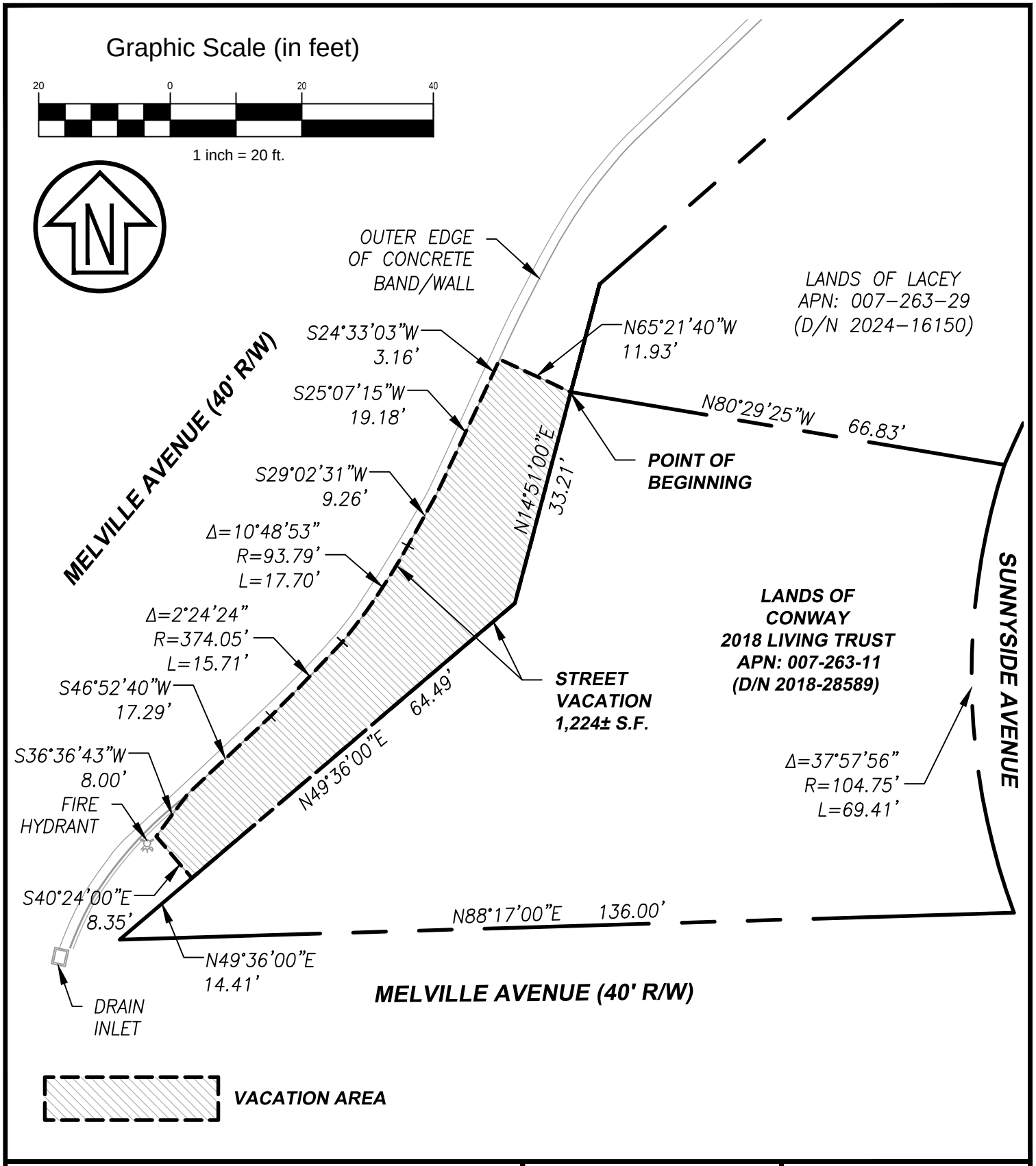
STATEMENT IN INTENT:
THE INTENT OF THIS DESCRIPTION IS TO VACATE A PORTION OF MELVILLE AVENUE BETWEEN THE LANDS OF CONWAY (2018-28589, APN: 007-263-11) AND THE EXISTING CONCRETE BAND/WALL AND TO END THAT VACATION AREA BEFORE THE FIRE HYDRANT AND INLET, SO THOSE UTILITIES REMAIN IN THE MELVILLE RIGHT OF WAY.

PREPARED BY:
CSW/STUBER-STROEH ENGINEERING GROUP, INC.





JOSH WOELBING, PLS 9387



CSW | ST2
CSW/Stuber-Stroeh Engineering Group, Inc.
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Land Planning | Construction Management
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fax: 415.883.9835
http://www.cswst2.com
©2019

Rev. -	Date: 09/18/24
Job No. 2300080	Scale: 1" = 20'

EXHIBIT B
MELVILLE AVE STREET VACATION
PLAT TO ACCOMPANY LEGAL
SAN ANSELMO MARIN COUNTY CALIFORNIA

September 23, 2024

Town of San Anselmo
Attention: Sean Condry
Department of Public Works Director
525 San Anselmo Avenue
San Anselmo, CA 94960

Re: Proposed Melville Avenue Right of Way Vacations at 11 Sunnyside (APN: 007-263-11)

Dear Mr. Condry,

I am representing the owners of 11 Sunnyside in the request for the vacation of a Melville Avenue public right of way adjacent to their home. It is our hope that the Town will approve the vacation and eliminate the encumbrances due to the odd lot configuration.

We understand the vacation of public right of way is a discretionary determination in the Town of San Anselmo. In most cases the right of ways designated for roadways are designed for use by vehicles, pedestrians, utilities and to facilitate Town infrastructure improvements. However, in the Melville right of way, there is a significant grade change and retaining wall between the roadway and the areas adjacent to 11 Sunnyside (and neighboring properties along Melville). As a result, the existing conditions preclude "expansion" into the right of way due to physical limitations of the retaining wall and adjacent grade changes.

We are formally requesting approval for the vacation of the Melville Avenue right of way that encumbers the 11 Sunnyside property. It is assumed that the right of way extends for potential improvements that never occur due to the retaining wall. As discussed with you, we endeavored to communicate a right of way vacate request for the entirety of Melville Avenue from the intersection at Vine Avenue, north, to the intersection at Foss Avenue. We coordinated a site visit with San Anselmo staff and the neighbors along the road on April 1, 2024 and pursued a phone and email outreach to gauge interest from all the neighbors. However, after several months, it has become apparent that only the owners of 11 Sunnyside are engaged to pursue the vacate request. As such, although there is general support from the property owners along the Melville right of way, the request for vacate will only affect the 11 Sunnyside property. Please see the attached exhibit which demonstrates how unusual the request is how it will not set any type of precedent in the Town.

It is our understanding that the Town requires requests for vacations of right of way to be reviewed and approved by the Town Council. We would ask that the Council review the request as a unique analysis and does not set precedence for other vacations in the Town.

The California Streets and Highways Code (SHC) allows public agencies like the Town to "vacate" a right of way, which means to terminate the agency's interest as outlined in SHC Section 8320, et seq. Pursuant to the SHC, a vacation request involves involves the initial review of the request by Public Works and the adoption of a Resolution of Intention to vacate the right of way by the Town

Council. To vacate the areas as proposed, the Town would have to make a finding that the areas are "unnecessary for present or prospective public use." As detailed above, this finding can be made, due to the presence of the large retaining wall and grade change adjacent to the 11 Sunnyside property. As the Town does not require this area of Melville for future use, we believe the Town can make the findings to support the vacate request.

Thank you for your attention to this matter, we await your response.

Sincerely,

Sean Kennings
Planning consultant

STAFF REPORT

TOWN OF SAN ANSELMO Item #: 3.1

MEETING DATE: April 22, 2025

AGENDA TITLE: Senate Bill 1 (SB1) Gas Tax Funding Project List

FROM: Scott Schneider, Assistant Public Works Director

RECOMMENDATION: That the Town Council adopt the attached Resolution approving the 2025-2026 Senate Bill 1 (SB1) Project List to be included in the Fiscal Year 2025-2026 Budget for roadway improvements and finding the project exempt from CEQA under 14 Cal. Code Regs. § 15301(c).

BACKGROUND

On April 28, 2017, the Governor signed Senate Bill 1 (SB1), an increase in vehicle registration fees along with per-gallon gas and diesel tax increases. The tax rates are also adjusted for inflation.

Distribution of funds to San Anselmo will follow the apportionment formula used for the current gas tax. Funding will be available for basic road maintenance, rehabilitation and critical safety projects on local streets and roads. SB1 requires annual project reporting, which includes submittal of a list of proposed projects (Project List) that is adopted by Resolution by the Town Council. The Project List must include a description and location of the project, a proposed schedule of completion and an estimated useful life of the improvement. The 2025/2026 Fiscal Year (FY) Project List is due to the California Transportation Commission by July 1, 2025. Project Expenditure Reports are due December 1.

In addition, the Town is also required to sustain a Measure of Effort (MOE) by spending at least the annual average of its General Fund expenditures during Fiscal Years 2009/2010, 2010/2011, and 2011/2012. ($730,759 average per year). The proposed FY 2025/26 Town budget reflects a MOE of above this level.

The funding from SB1 will supplement the existing funding sources for this paving project. The Project List includes the streets expected to be paved in summer/fall 2025 as part of 2025 Street Resurfacing Project.

Project Title:	2025 Street Resurfacing Project
Project Description:	Road resurfacing, including complete streets elements

Project Location:
Carlson Avenue – Rancho Drive to Butterfield Road
Prospect Avenue – Barber Avenue to Avenue Del Norte
Echo Court – Melville Avenue to End
Shaw Drive – Sir Francis Drake to End
Savannah Avenue – Redwood Road to End
Los Angeles Boulevard – Monterey Avenue south to Town Limits
City Hall Avenue – Library Place to End
Spring Grove Avenue – Greenfield Avenue to Town Limit
Oak Avenue – Gerlack Road to No. 395
Alpine Terrace – Jordan Avenue to End
Jordan Avenue – Southview Terrace to Alpine Terrace
Oakhill Drive – Jordan Avenue to End
Southview Terrace – Jordan Avenue to End

Estimated Project Schedule: Start (07/25)– Completion (11/25) based on the component being funded with RMRA funds

Estimated Project Useful Life: 20 years

DISCUSSION/ANALYSIS

Per Town Council Resolution No. 4020, Complete Streets analysis will be done to determine if any pedestrian, bicyclist or transit improvements are necessary.

If the Town Council adopts the attached Resolution approving the Project List, the proposed list of street paving projects (2025 Street Resurfacing Project) will be included in the FY 2025-2065 Town Budget.

FISCAL IMPACT

The SB1 revenue to be distributed to San Anselmo is expected to be approximately $335,437 in FY 2025/2026. The remaining project budget has funding from the Town's Road Maintenance Fund, Measure AA and Measure J Funds for FY 2025/2026.

CEQA AND CLIMATE ACTION PLAN CONSISTENCY

Adoption of the proposed resolution is categorically exempt from the requirement for the preparation of environmental documents under the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301 because the resolution allocates a portion of the funds for a paving project that will not create additional automobile lanes nor result in an expansion of use. (14 Cal. Code Regs. § 15301(c)).

ATTACHMENTS

Attachment 1- Resolution

RESOLUTION NO. _____

RESOLUTION OF THE SAN ANSELMO TOWN COUNCIL ADOPTING A LIST OF PROJECTS FOR FISCAL YEAR 2025/26 FUNDED BY SB 1: THE ROAD REPAIR AND ACCOUNTABLILITY ACT OF 2017

WHEREAS, Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) was passed by the Legislature and Signed into law by the Governor in April 2017 to address the significant multi-modal transportation funding shortfalls statewide; and

WHEREAS, SB 1 includes accountability and transparency provisions that will ensure the residents of our Town are aware of the projects proposed for funding in our community and which projects have been completed each fiscal year; and

WHEREAS, the Town of San Anselmo must adopt by resolution a list of projects proposed to receive fiscal year funding from the Road Maintenance and Rehabilitation Account (RMRA), created by SB 1, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement; and

WHEREAS, the Town of San Anselmo, will receive an estimated $335,437 in RMRA funding in Fiscal Year 2025/26 from SB 1; and

WHEREAS, this is the ninth year in which the Town of San Anselmo is receiving SB 1 funding and will enable the Town of San Anselmo to continue essential road maintenance and rehabilitation projects, safety improvements, repairing and replacing aging bridges, and increasing access and mobility options for the traveling public that would not have otherwise been possible without SB 1; and

WHEREAS, the Town of San Anselmo has undergone a robust public process to ensure public input into our community's transportation priorities/the project list; and

WHEREAS, the Town of San Anselmo used a Pavement Management System to develop the SB 1 project list to ensure revenues are being used on the most high-priority and cost-effective projects that also meet the communities priorities for transportation investment; and

WHEREAS, the funding from SB 1 will help the Town maintain and rehabilitate several streets throughout the Town this year and other streets into the future; and.

WHEREAS, the 2021 California Statewide Local Streets and Roads Needs Assessment found that the Town's streets and roads are in an "AT-RISK" condition and this revenue will help us increase the overall quality of our road system and over the next decade will bring our streets and roads into a "GOOD to EXCELLENT" condition; and

WHEREAS, the SB 1 project list and overall investment in our local streets and roads

infrastructure with a focus on basic maintenance and safety, investing in complete streets infrastructure, and using cutting-edge technology, materials and practices, will have significant positive co-benefits statewide.

NOW, THEREFORE, THE TOWN COUNCIL HEREBY RESOLVES:

Section 1. The foregoing recitals are true and correct.

Section 2. The following list of newly proposed projects will be funded in-part or solely with Fiscal Year 2025-26 Road Maintenance and Rehabilitation Account revenues:

Project Title:	2025 Street Rehabilitation Project
Project Description:	Road resurfacing, including complete streets elements
Project Location:	Carlson Avenue – Rancho Drive to Butterfield Road Prospect Avenue – Barber Avenue to Avenue Del Norte Echo Court – Melville Avenue to End Shaw Drive – Sir Francis Drake to End Savannah Avenue – Redwood Road to End Los Angeles Boulevard – Monterey Avenue south to Town Limits City Hall Avenue – Library Place to End Spring Grove Avenue – Greenfield Avenue to Town Limit Oak Avenue – Gerlack Road to No. 395 Alpine Terrace – Jordan Avenue to End Jordan Avenue – Southview Terrace to Alpine Terrace Oakhill Drive – Jordan Avenue to End Southview Terrace – Jordan Avenue to End

Estimated Project Schedule: Start (07/25)– Completion (11/25) based on the component being funded with RMRA funds

Estimated Project Useful Life: 20 years

Section 3.
GAS TAX FUND
The budget will include the following:

Transfers Out	Transfers to Road Maintenance fund by $335,437 to fund SB 1 eligible projects.

ROAD MAINTAINANCE FUND

The budget will include the following:

Transfers In:	$335,437 Transfer in from Gas Tax Fund.
Expenditure Budget:	Budget $335,437 for SB 1 funded projects.

Section 4.

Environmental Analysis. Adoption of this resolution is categorically exempt from the requirement for the preparation of environmental documents under the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301, because the resolution allocates a portion of the funds for a paving project that will not create additional automobile lanes nor result in an expansion of use. (14 Cal. Code Regs. § 15301(c).)

RESOLUTION PASSED AND ADOPTED, at the regular meeting of the San Anselmo Town Council on the 22nd day of April, 2025, by the following vote:

AYES: Councilmember:
NOES: Councilmember:
ABSENT: Councilmember:
ABSTAIN: Councilmember:

_____
Tarrell Kullaway
MAYOR

ATTEST:

_____
SERGE AVILA
TOWN CLERK

STAFF REPORT

TOWN OF SAN ANSELMO Item #: 3.2

MEETING DATE: April 22, 2025

AGENDA TITLE: Approve the 2025 Street Resurfacing Project and Authorize Staff to Advertise for Construction Bids

FROM: Scott Schneider, Department of Public Works

RECOMMENDATION: That the Town Council 1) approves the 2025 Street Resurfacing Project, 2) Authorizes Staff to Advertise for Construction Bids, and 3) finds the project exempt from CEQA under 14 Cal. Code Regs. § 15301.

SUMMARY

The 2025 Street Resurfacing Project includes paving the following street segments and Pavement Condition Index (PCI):

Base Bid:
Carlson Avenue – Rancho Drive to Butterfield Road (19 PCI)
Prospect Avenue – Barber Avenue to Avenue Del Norte (40 PCI)
Echo Court – Melville Avenue to End (41 PCI)
Shaw Drive – Sir Francis Drake to End (29 PCI)
Savannah Avenue – Redwood Road to End (36 PCI)
Los Angeles Boulevard – Monterey Avenue south to Town Limits (39 PCI)
City Hall Avenue – Library Place to End (23 PCI)
Spring Grove Avenue – Greenfield Avenue to Town Limit (7 - 56 PCI)
Oak Avenue – Gerlack Road to No. 395 (36 PCI)
Alpine Terrace – Jordan Avenue to End (12 PCI)
Jordan Avenue – Southview Terrace to Alpine Terrace (28 - 40 PCI)
Oakhill Drive – Jordan Avenue to End (44 PCI)
Southview Terrace – Jordan Avenue to End (51 PCI)

Also, a short section of Magnolia Avenue will be repaired near the Magnolia Lot parking lot due to damage from large trucks using the loading zone.

Madrone Avenue – Laurel Avenue to San Anselmo Avenue was originally included, but has been postponed due to an upcoming PG&E gas pipeline project on the street. It will be included in a future paving project once the gas project has been completed.

DISCUSSION/ANALYSIS

The 2025 Street Resurfacing project includes grinding and paving of the asphalt roadways and replacement of striping. Installing curb ramps is included in the project, but ramps will be constructed separately.

The project will be advertised for 30 days, and staff will return to Council for approval of the contract for the lowest responsible and responsive bidder.

FISCAL IMPACT

The estimated construction costs are as follows:

Engineer's Estimate for Construction (Base Bid)	$1,100,000
Construction Management (San Anselmo staff and consultant)	$ 20,000
Construction Contingency (10% of construction)	$ 110,000
Total Project Cost	$1,230,000

Funding will be included in the Town's 2025/2026 Budget and Work Plan, using funding from the Road Maintenance Fund ($605,000), TAM Measure AA funds ($290,000), and SB1 funds ($335,000).

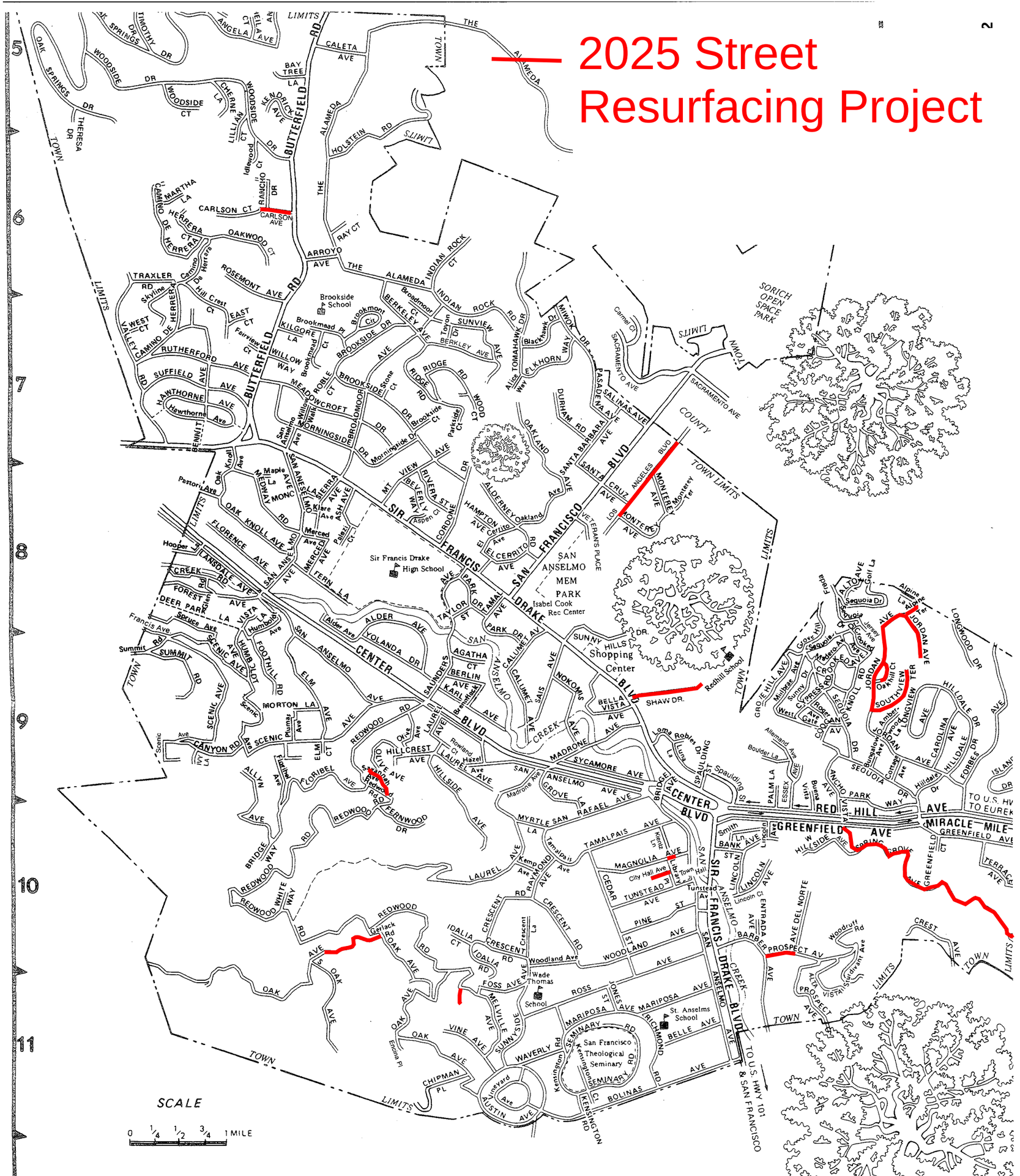
CEQA AND CLIMATE ACTION PLAN CONSISTENCY

The Town finds this project to be categorically exempt from the requirement for the preparation of environmental documents under the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301 Class 1, because it involves maintenance of existing streets, will not create additional automobile lanes and involves negligible or no expansion of use. (14 Cal. Code Regs. § 15301). None of the exceptions to this Class 1 categorical exemption apply in this instance (14 Cal. Code Regs. § 15300.2). Specifically, successive projects of the same type in the same location will not cause significant cumulative impacts, as there are no successive projects planned at this time. There are no unusual circumstances presented by this project and the project will not result in damage to scenic resources within a designated state scenic highway. Finally, the project will not cause a substantial adverse change in the significance of a historical resource, as no historical resources will be impacted.

As with any paving project, the Town follows our Complete Streets Policy and ensures consistency with the Bicycle and Pedestrian Master Plan, which aims to improve the street not just for vehicular traffic, but for pedestrians and bicyclists as well as transit. New and modified curb ramps and enhanced crosswalks improve pedestrian safety, and improved pavement condition makes conditions safer for bicyclists. (Climate Action Plan 2030 Transportation Measures T-2 Bicycling and T-3 Walking).

ATTACHMENTS

Attachment 1- Map of 2025 Street Resurfacing Project



The Town of San Anselmo

STREET GUIDE

Agatha Ct F-9
Alder Ave. E,F-8
Alderney Rd F-8
Alice Way F-7
Allemand Ave H-9
Allyn Ave E-9
Alpine La I-8
Alpine Ter I-8
Alta Vista H-11
Alto Ave H-8
Amberwood La I-9
Ancho Vista Ave H-9
Angela Ave E-5
Arroyo Ave E-6
Ash Ave E-8
Aspen Ct F-8
Austin Ave F-11
Avenue Del Norte H-10

Bank St H-10
Barber Ave H-10
Bay Tree La E-5
Bella Vista Ave G-9
Belle Ave G-11
Bennit Ave E-7
Berkley Ave F-7
Berlin Ave F-9
Beverly Way F-8
Blackhawk Dr G-7
Bolinas Ave G-11
Boulder La H-9
Bridge Ave G-9
Bridge Way E-10
Broadmoor Ave F-7
Broadmoor Ct F-7
Brookmead Ct E-7
Brookmead Pl E-7
Brookmont Cir F-7
Brookside Ct F-7
Brookside Dr E-7
Buena Vista H-9
Bungalow Ave I-9
Butterfield Rd E-6

Caleta Ave E-5
Calumet Ave F-9
Camino De Herrera D-6
Canyon Rd E-9
Carmel Ct G-7
Carlson Ave E-9
Carlson Ct E-6
Carolina Ave I-9
Cedar St G-10
Center Blvd F,G-9
Cherne La E-5
Chipman Pl F-11
City Hall Ave G-10
Coogan Ave H-9
Cordone Dr F-8
Cottage Ave I-9
Creek Rd E-8
Crescent La F-10
Crescent Rd F,G-10
Crest Ave I-10
Crooked Ave H-9

Deer Park La D-8
Durham Rd G-7

East Ct E-7
East La H-8
El Cerrito Ave F-8
Elkhorn Way G-7
Elm Ave E-9
Elm Ct E-9
Encina Pl F-11
Entrada Ave H-10
Essex Ave H-9

Fairview Ct E-7
Fern La E-8
Fernwood Dr F-10
Florence Ave E-8
Floribel Ave E-9
Floribel Ave E-9
Foothill Rd E-9
Forbes Ave I-9
Forest Ave E-8
Foss Ave F-11
Francis Ave D-8
Freda H-8

Garlack Rd F-10
Glen Rd E-8
Golf La I-8
Greenfield Ave H,G-10
Greenfield Ct I-10
Grove La G-9
Grove Hill Ave H-9

Hampton Ave F-8
Hawthorne Ave D-7
Hazel Ave F-9
Herrera Ct D-6
Hillcrest Ave F-9
Hillcrest Ct E-6
Hilldale Dr I-9
Hillside Ave F-9
Hoag Ave E-9
Holstein Rd E-6
Hooper La D-8
Humboldt Ave E-9

Idalia Ct F-10
Idalia Rd F-10
Idlewood Ct E-6
Indian Rock Ct F-6
Indian Rock Rd F-7
Island Dr I-9
Ivy La E-9

Jersey Ave I-8
Jones St G-11
Jordan Ave I-8

Karl Ave F-9
Kemp Ave F-10
Kendrick Ave E-5
Kensington Ct G-11
Kensington Rd G-11
Kientz La G-10
Kilgore La E-7
Klare Ave E-8

Lansdale Ave E-8
Laurel Ave F-9
Library Pl G-10
Lillian Ct E-6
Lincoln Ave H-10
Lincoln Ct H-10
Loma Robles Dr G-9
Longview Ave I-9
Longwood Dr I-8
Los Angeles Blvd G-8
Luna La G-9

Madero Ave H-9
Madrone Ave F-9
Magnolia Ave G-10
Maple La E-8
Mariposa Ave G-11
Martha La D-6
Meadowcroft Dr E-7
Medway Rd E-8
Melville Ave F-11
Merced Ave E-8
Milbrae Ave H-9
Miracle Mile I-10
Miwok Dr G-7
Mono La E-8
Monterey Ave G-8
Monterey Ter G-8
Morningside Dr E-7
Morton La E-9
Mountain View Ave F-8
Myrtle La F-10

STAFF REPORT

TOWN OF SAN ANSELMO Item #: 3.3

MEETING DATE: April 22nd, 2025

AGENDA TITLE: Town Hall Resilience Hub Battery Energy Storage System (BESS) review and update to Resilience Hub Project.

FROM: Matthew Ferrer, E.I.T., Assistant Engineer
Sean Condry, P.E., Public Works Director

RECOMMENDATION:

To inform the Town Council about the safety features for the Resilience Hub Battery (Lithium Battery) Energy Storage System (BESS).

BACKGROUND:

The Town of San Anselmo and its staff have continuously sought to implement energy efficiency and electrification in Town-owned facilities to help reduce operating costs and greenhouse gas emissions. On May 23, 2023, the Town council received a staff report about the Resilience Hub, provided direction to staff, and authorized staff to issue a Request for Proposal under California government code section 4217 which allows jurisdictions to carry out design-build projects related to energy efficiency.

The Town of San Anselmo is susceptible to flooding, power outages, and other extreme weather events. The Resilience Hub along with a Community Resource Center at Town Hall and the Library would serve as a safe and reliable place for residents during these events. The Community Resource Center during times of emergency power outages etc. along with the Resilience Hub would allow residents to charge their devices, access heating/cooling, access Wi-Fi, and receive other critical services.

The Resilience Hub will be powered by a solar carport array and battery energy storage system (BESS) with microgrid controls that allow the Resilience Hub to operate separately from the main grid during power outages. The goal is to provide power to critical loads such as heating, cooling, and lighting at Town Hall and some systems within the Library. EV chargers will also be installed for Town and Police vehicles to access resilient power from the microgrid system.

On January 2024, Gridscape Solutions (Gridscape) provided a proposal at no cost to the Town. Gridscape identified areas to install solar photovoltaic and battery energy storage systems.

Gridscape is one of the largest providers of solar microgrids and EV charging systems in California.

The California legislature has encouraged energy-efficient improvements for public facilities by allowing flexible contracting and associated financing for certain energy-related projects without the need to follow formal procurement rules if the required findings are made.

On April 23, 2024, Town Council approved Resolution No. 2024-4538. The resolution allowed Town Council to Adopt an Energy Service Contract with Gridscape Solutions for Solar Photovoltaic System, Battery Energy Storage System, and Microgrid for Town Hall Resilience Hub and the Required Findings Pursuant to California Government Code § 4217.12.

On June 3rd, 2024, The Public Works Department presented to the Planning Commission the Resilience Hub Project.

On October 7th, 2024, The Public Works Department presented to the Town Council an update to the Resilience Hub Project. Renderings of the two lot options were presented as well as key differences in the designs.

On October 16th, 2024, a community meeting was held with the public. There was a walkthrough of the story poles, a presentation, and a Q and A segment. Renderings were presented along with background information regarding the project. A survey was conducted on October 10th and closed on October 23rd. The survey asked which option they preferred.

On November 12th, 2024, the Public Works Department presented the results from the survey and community meeting to the Town Council. Council approved the Magnolia Lot for the location of the Solar Carport Array.

DISCUSSION/ANALYSIS:

With the recent Moss Landing Fire there has been some concern and questions from the public in relation to the safety of the lithium battery system or BESS for the Resilience Hub. The BESS is an essential component of the Resiliency Hub Project. Without the BESS, the system is no longer resilient and cannot function as intended. As directed by the Town, the contractor Gridscape has provided additional information about the safety features of the lithium battery.

On March 31st, 2025, the contractor Gridscape Solutions provided the Public Works Department with a presentation, providing key safety features and certificates of their Battery Energy Storage System.

The total energy storage for the BESS is roughly 246 kwh. For comparison, 2 Ford F150 Lightnings exceed the total energy storage of the battery with 262 kWh (131 kWh each). The Moss Landing Power Plant fire was a 1,200,000-kWh battery system which is 4,878 times larger than the battery for the Resilience Hub.

The BESS system has numerous UL and NFPA safety certifications, as well as California Fire Code (CFC) compliance. UL solutions set the industry's testing standards for many products such as batteries. The National Fire Protection Association sets industry standards for fire protection. Based upon these tests and certifications, the batteries for this system meet industry safety standards. The BESS is a small battery backup system and is not a power plant.

The system design has been completed and was scheduled to start the week of April 21st but due to unforeseen circumstances, construction has been delayed until the week of April 30th.

FISCAL IMPACT:

If the battery system was removed from the project, the Town would not qualify for NEM 2.0 grandfathering fee and would not qualify for Investment Tax Credits.

NEM 2.0 allows the Town to receive the full retail rate for any excess electricity exported to the grid. Under NEM 2.0 the Town will not be subjected to a "Mandatory Grid Participation Charge". Losing NEM 2.0 will negatively impact the cost savings of the project and the Town.

The Town will also receive a 30% reimbursement of the total project cost via the federal investment tax credit (ITC) after the project is complete. The Town can receive an additional 10% reimbursement through the Domestic Content Bonus Credit and the Harbor tax credit to receive another 10% reimbursement with a total combined reimbursement of 50% or approximately $500,000. Removal of the battery would disqualify the project from any tax credits thus increasing the overall cost to the Town.

CEQA AND CLIMATE ACTION PLAN CONSISTENCY:

The proposed update is exempt from the California Environmental Quality Act ("CEQA"), pursuant to CEQA Guidelines Section 15301 "Existing Facilities" because the project consists of alterations to an existing Town-owned facility; CEQA Guidelines section 15061(b)(3) "Common Sense" exemption, because it can be seen with certainty that there is no possibility that the activity in question may have a significant negative effect on the environment.

The project is consistent with the following measures in the Town's Climate Action Plan including:

- **E-7: Municipal Energy Efficiency Audit and Retrofits**
  Identify and implement energy efficiency projects in municipal buildings and facilities and electrification of existing building systems and equipment.
- **R-4: Innovative Technologies**
  Investigate and pursue innovative technologies such as microgrids, battery storage, and demand-response programs that will improve the electric grid's resiliency and help balance demand and renewable energy production.
- **R-5: Solar Energy Systems for Municipal Buildings**
  Install solar energy systems at municipal buildings and facilities where feasible.
- **A-1: Preparation and Response**

Develop local systems of food and energy production to enhance the Town's resiliency and adaptation toward localized systems. Examples include microgrids for energy and regenerative agriculture practices on Town-managed land, as well as promoting home gardens and water catchment systems.

STAFF REPORT

TOWN OF SAN ANSELMO Item #:3.4

MEETING DATE: **April 22, 2025**

AGENDA TITLE: **Establishing Job Description and Pay Range for Community Development Director and Principal Planner**

FROM: Jeff Zuba, Finance & Admin Services Director

RECOMMENDATION: That Council approve the attached resolutions establishing the job descriptions, classifications, and salary ranges for the Community Development Director and Principal Planner positions, and add them to the Salary and Benefits Resolution for Management and SEIU employees.

BACKGROUND/DISCUSSION

The Town has completed an internal departmental restructuring aimed at aligning operations with best practices observed in jurisdictions throughout the region. Specifically, we have transitioned the management of the Building Department from the Public Works Department to the Planning Department, effectively creating a Community Development Department under a unified leadership structure.

Historically, San Anselmo operated under a combined Planning and Building Department. However, in 2010, this structure was changed following the retirement of a longtime department director. At that time, management of the Building Department was placed under the Public Works Department.

Erica Freeman, the Town's former Building Official recently accepted a position with the County of Marin. Her departure presented a timely opportunity to re-evaluate how development-related services are organized and delivered in San Anselmo.

With this new reorganization, operational oversight of the Building Official, Building Inspectors, Permit Technicians, and Code Enforcement Officer will now fall under the Planning Department, creating a fully integrated Community Development Department. This model used by most local jurisdictions offers notable advantages, including

streamlined customer service, improved coordination of development review and permitting, and stronger alignment of policy and operations.

Planning Director Heidi Scoble will assume leadership of the Community Development Department. Heidi has held similar roles in both the Town of Ross and the City of Sausalito and brings a wealth of experience in process improvement, innovation, and team building. Since joining San Anselmo, she has grown the Planning Department from a single staff member to a multi-person team, positioning the department to effectively support this transition and future demands. Her leadership will be essential in implementing the permitting and customer service improvements discussed with the Council earlier this year.

To support this restructuring, staff recommend the formal establishment of a Community Development Director position to oversee the newly consolidated department. In addition to assuming operational oversight of both the Planning and Building Divisions, the position will work closely with the Town Manager to develop and implement strategies related to land use, economic development, and long-range planning.

In conjunction with the new director-level position, staff also recommend establishing a Principal Planner classification. This role would perform advanced journey-level planning work, including oversight of complex planning projects, long-range policy initiatives, and supervision of junior staff. The position will serve as a key point of contact for the Planning Commission and provide guidance on routine planning matters. It will also assist with day-to-day inquiries, and staff reports, and provide mentorship and review for work prepared by the Assistant Planner.

The Principal Planner position helps ensure that staff are working within their appropriate classifications while also creating a structured opportunity for leadership development. The Community Development Director will retain overall supervision of the Planning Division, while the Principal Planner serves as an intermediate lead, helping to distribute workload and improve internal capacity.

FISCAL IMPACT

The total annual cost of the Community Development Director position being proposed at $228,417–$269,022, and the Principal Planner position at $142,768–$170,508, including salary and benefits. The impact to the Town for creating these positions would be $35,040.

CEQA AND CLIMATE ACTION PLAN CONSISTENCY

The Council's discussion of this item is not a "project" under the California Environmental Quality Act, as it does not involve an activity which may cause a direct or reasonably foreseeable indirect physical change in the environment. (Cal. Pub. Res. Code § 21065).

ATTACHMENT

Attachment #1: Resolution Approving Job Description and Classification and setting the compensation range for the Community Development Director

Exhibit A: Community Development Director Job Description

Attachment #2: Resolution Approving Job Description and Classification, and setting the compensation range for Principal Planner

Exhibit B: Principal Planner Job Description

RESOLUTION NO. XXXX

A RESOLUTION OF THE SAN ANSELMO TOWN COUNCIL OF THE TOWN OF SAN ANSELMO APPROVING A JOB DESCRIPTION AND CLASSIFICATION AND SETTING THE COMPENSATION RANGE FOR A NEW POSITION – COMMUNITY DEVELOPMENT DIRECTOR

WHEREAS, the Town has included the position of Community Development Director in its salary table; and

WHEREAS, the attached job description enumerates the roles and responsibilities of the Community Development Director attached as Exhibit A and incorporated herein by reference; and

WHEREAS, the duties, responsibilities, and compensation of the professional position of the Town of San Anselmo have been reviewed in relation to comparable positions in comparable agencies in Marin;

NOW, THEREFORE, THE TOWN COUNCIL HEREBY RESOLVES:

Section 1. The Town Council finds that the aforementioned recitals are true and correct and herein incorporated into this Resolution.

Section 2. Monthly Salary. The following monthly salary range of this new classification is set as of April 22, 2025.

	Step A	Step B	Step C	Step D	Step E
Community Development Director (40 hour work week)	$13,789	$14,479	$15,203	$15,963	$16,761

Section 3. Community Development Director belongs non-represented management employees group and shall follow the SEIU Memorandum of Understanding for all employee benefits including periodic salary adjustments; and

Section 4. The Town Council of the Town of San Anselmo hereby authorizes the Town Manager to approve the final job description, classification, and pay range for the position of Community Development Director.

RESOLUTION PASSED AND ADOPTED, at the regular meeting of the Town of San Anselmo on the 22 day of April, 2025, by the following vote:

AYES: Councilmember:
NOES: Councilmember:
ABSENT: Councilmember:
ABSTAIN: Councilmember:

_____
TARRELL KULLAWAY
MAYOR

ATTEST:

_____
SERGE AVILA
TOWN CLERK

EXHIBIT A - Community Development Director Job Description

TOWN OF SAN ANSELMO

Community Development Director

DEFINITION

Under direction of the Town Manager, the Community Development Director plans, organizes, administers, reviews, and evaluates all the functions of the Department of Community Development to serve the community of San Anselmo.

SUPERVISION RECEIVED AND EXERCISED

This is a department director level class responsible for planning, directing and obtaining resources for all operations and programs of the Department of Community Development. Community Development Director exercises significant discretion, within legal and general policy and regulatory guidelines, and independently develops and implements departmental policies, procedures, and services. This position provides assistance to the Town Manager in a variety of administrative, coordinative, analytical, and liaison capacities. The Incumbent ensures that long- and short-range planning and goals and activities of the department are completed in a timely and efficient manner consistent with defined policies and regulations.

ESSENTIAL DUTIES AND RESPONSIBILITIES

- Develop and execute short- and long-range projects and strategic plans
- Advise Town Manager on planning, building, and economic development issues
- Pursue professional development in the field of community development; study emerging trends; make recommendations for future planning
- Oversee preparation of plans, specifications, estimates and contracts
- Coordinate preparation of Departmental operating budget
- Prepare reports on progress or completion of community development projects
- Supports the Town Manager’s Office in the administrative work in the planning and coordination of the Town's economic development program, including business recruitment, job development, and business retention
- Exercise leadership in management of community development employees, including selection, professional development, supervision, review and evaluation, and discipline
- Manage project, workload, and department priorities
- Oversee procurement of services and administration of service contracts
- Enforce ordinances and laws related to specific projects
- Collaborate with other municipal officials and with regional agencies, contractors, and government regulatory agencies
- Act as chair, member, or advisor to City committees

- Represent the Town and the Department before the public
- Resolve human resources issues and organizational conflict

MINIMUM QUALIFICATIONS

Knowledge of:

- Knowledge of organization and function of city government and public agencies, including the role of elected officials and appointed boards, commissions, and committees
- Comprehensive knowledge of laws, rules, and regulations related to design and construction of planning projects and administration
- Knowledge of the Brown Act
- Knowledge of organizational policies and procedures as they relate to Department functions.
- Knowledge of theories, principles, and contents of General Plan, land use, zoning, subdivision, urban planning regulations, natural resource protection, and environmental laws.
- Knowledge of principles and techniques of conducting site planning, architectural review, subdivision design, land use, and other analytical studies, evaluating alternatives, and making sound recommendations.
- Knowledge of service needs, issues, and culture of San Anselmo community
- Comprehensive knowledge of project management principles and practices used in the delivery of planning and building services
- Knowledge of technical, legal, financial, and public relations problems associated with the management of community development programs.
- Knowledge of budget preparation and administration practices
- Knowledge of contract negotiations and administration practices
- Knowledge of program planning, review, and evaluation techniques
- Knowledge of practices and techniques of administrative and financial record keeping and report preparation • Knowledge of computerized information systems typically used in community development and planning applications
- Knowledge of organizational structure, workflow, operating procedures, and personnel management

Ability to:

- Ability to effectively represent the Town when meeting with officials, private contractors, and representatives of agencies, and in public meetings; and to establish collaborative relationships
- Skill in identifying, obtaining, and organizing public works and civil engineering resources
- Ability to select, manage, develop, and train assigned staff
- Ability to adjust to changes in workload and assignments and to meet deadlines under pressure
- Skill in analyzing information logically and creatively to identify problems, draw valid conclusions, and develop effective solutions to engineering problems

- Skill in understanding, interpreting and applying principles laws, rules, regulations, and policies and procedures pertaining to community development projects
- Skill in exercising sound independent judgment
- Ability to speak and write effectively, adjusting style, method, and information as appropriate for the knowledge base of the target audience
- Proficient in the use of Microsoft Office suite; competence with databases
- Ability to learn and utilize new technology
- Ability to monitor and maintain quality control standards
- Skill in planning, organizing, and directing the operations of the Department
- Skill in applying strong ethical, professional, and service-oriented leadership

EDUCATION AND/EXPERIENCE AND TRAINING
Sufficient experience and education related to the management of municipal public works and engineering activities to demonstrate the knowledge and skills listed and to perform the essential duties is required. A typical way of obtaining the required qualifications is:

- Possession of a Bachelor's Degree or equivalent with major coursework in community development, urban planning, civil engineering, business or public administration or a related field. Master's degree strongly desired.
- At least 5 years of increasingly responsible experience in planning or community development in a public sector setting including two years of experience in a management/supervisory role.

LICENSES & CERTIFICATIONS
The employee must possess and maintain a valid California Class C driver's license for the duration of their employment.

PHYSICAL DEMANDS
While performing the duties of this job, the employee is regularly required to sit for long periods, talk, hear, and use a telephone or keyboard to communicate in writing. The employee is required to stand, walk, squat, kneel, twist, bend, and climb intermittently and frequently uses hands to handle and reach. The employee must regularly lift and/or move up to 15 pounds and occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision, distance vision, peripheral vision, depth perception, and the ability to adjust focus. The employee is required to perform tasks involving simple and power grasping, pushing, pulling, and fine manipulation. The employee is regularly required to attend evening meetings and occasional weekend meetings.

Approved by:
David P. Donery, Town Manager

Date:

RESOLUTION NO. XXXX

A RESOLUTION OF THE SAN ANSELMO TOWN COUNCIL OF THE TOWN OF SAN ANSELMO APPROVING A JOB DESCRIPTION AND CLASSIFICATION AND SETTING THE COMPENSATION RANGE FOR A NEW POSITION – PRINCIPAL PLANNER

WHEREAS, the Town has included the position of Principal Planner in its salary table; and

WHEREAS, the attached job description enumerates the roles and responsibilities of the Principal Planner attached as Exhibit B and incorporated herein by reference; and

WHEREAS, the duties, responsibilities, and compensation of the professional position of the Town of San Anselmo have been reviewed in relation to comparable positions in comparable agencies in Marin;

NOW, THEREFORE, THE TOWN COUNCIL HEREBY RESOLVES:

Section 1. The Town Council finds that the aforementioned recitals are true and correct and herein incorporated into this Resolution.

Section 2. Monthly Salary. The following monthly salary range of this new classification is set as of April 22, 2025.

	Step A	Step B	Step C	Step D	Step E
Principal Planner (40 hour work week)	$9,285	$9,750	$10,238	$10,750	$11,288

Section 3. Principal Planner shall follow the SEIU Memorandum of Understanding for all employee benefits including periodic salary adjustments; and

Section 4. The Town Council of the Town of San Anselmo hereby authorizes the Town Manager to approve the final job description, classification, and pay range for the position of Principal Planner.

RESOLUTION PASSED AND ADOPTED, at the regular meeting of the Town of San Anselmo on the 22 day of April, 2025, by the following vote:

AYES: Councilmember:
NOES: Councilmember:
ABSENT: Councilmember:
ABSTAIN: Councilmember:

_____
TARRELL KULLAWAY
MAYOR

ATTEST:

_____
SERGE AVILA
TOWN CLERK

EXHIBIT B - Principal Planner Job Description

TOWN OF SAN ANSELMO

Principal Planner

DEFINITION

Under direction, the Principal Planner supervises planning staff, serving as the highest-level technical expert within the Planning Division of the Community Development Department. This position provides in-depth research and analysis, develops and implements work programs, and leads strategic planning initiatives. The Principal Planner plays a key role in complex planning projects, ensuring compliance with local, state, and federal regulations while promoting best practices in urban planning and development.

Additionally, the Principal Planner supports the Community Development Director in managing Planning Commission activities, preparing reports and recommendations, and facilitating public engagement in the planning process. This role also represents the Town at meetings, hearings, and public forums, regional agencies, and community groups to advance planning policies and initiatives.

SUPERVISION RECEIVED AND EXERCISED

The Principal Planner works under the general direction of the Community Development Director and may supervise professional and technical planning staff.

ESSENTIAL DUTIES AND RESPONSIBILITIES

- Supervise, train, and evaluate the work of staff engaged in planning activities.
- Prepare and oversee site evaluations, feasibility studies, and master plans.
- Coordinate planning projects by managing consultants, collaborating with interdepartmental and regional partners, and engaging community groups.
- Conduct complex planning research, analysis, and conflict resolution on projects of high complexity and public interest.
- Monitor and analyze legislation affecting local government planning policies.
- Develop and implement work programs, performance measurement standards, and planning permit review processes.
- Provide guidance and support for long-range planning initiatives, zoning code amendments, and General Plan updates.
- Facilitate public meetings, workshops, and hearings to engage stakeholders in the planning process.

- Manage environmental review processes and ensure compliance with the California Environmental Quality Act (CEQA).
- Prepare and present staff reports and recommendations to the Planning Commission, Town Council, and other governing bodies.

MINIMUM QUALIFICATIONS

Knowledge of:

- Principles and practices of urban and regional planning, environmental analysis, and sustainable development.
- Land use laws, CEQA, zoning codes, and related regulatory requirements.
- Research, statistical methods, and cost analysis techniques applicable to planning studies.
- Techniques of community engagement and conflict resolution.
- Local government operations, including interactions with boards, commissions, and public agencies.

Ability to:

- Supervise, coach, and evaluate staff effectively.
- Plan, organize, and manage complex projects with attention to detail and deadlines.
- Oversee project timelines, budgets, and resources to ensure successful completion.
- Interpret and apply planning regulations and policies.
- Communicate complex information clearly, both verbally and in writing.
- Engage with diverse stakeholders and facilitate productive discussions.
- Utilize GIS mapping, permit tracking, and other planning-related software tools.

EXPERIENCE AND TRAINING

Any combination of experience and training that would provide the required knowledge and abilities is qualifying. The Senior Planner should a combination of education and experience equivalent to at least four years of increasingly responsible professional planning experience in a public agency setting and a Bachelor's degree with major coursework in environmental studies, urban planning, regional planning, or a closely related field from an accredited college or university. A minimum of five years of increasingly responsible planning experience, including one year of lead or supervisory experience. A master's degree in a related field may substitute for up to one year of the required experience.

LICENSES & CERTIFICATIONS

The employee must possess and maintain a valid California Class C Driver's License for the

duration of their employment. Certification as an American Institute of Certified Planners (AICP) is desirable.

PHYSICAL DEMANDS
While performing the duties of this job, the employee is regularly required to sit for long periods, talk, hear, and use a telephone or keyboard to communicate in writing. The employee is required to stand, walk, squat, kneel, twist, bend, and climb intermittently and frequently uses hands to handle and reach. The employee must regularly lift and/or move up to 15 pounds and occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision, distance vision, peripheral vision, depth perception, and the ability to adjust focus. The employee is required to perform tasks involving simple and power grasping, pushing, pulling, and fine manipulation in addition to the ability to visually differentiate between colors on a land use map, and stand at a public counter for long periods of time to answer questions.

Approved by:
David P. Donery, Town Manager

Date:

STAFF REPORT

TOWN OF SAN ANSELMO Item #:3.5

MEETING DATE: **April 22, 2025**

AGENDA TITLE: **Overview of Town Depositories, Investment Accounts, and Investment Practices**

FROM: Jeff Zuba, Finance & Admin Services Director

RECOMMENDATION: Receive this report providing an overview of the Town's current depositories, investment accounts, and investment practices, and provide direction to staff.

BACKGROUND/DISCUSSION

The Town of San Anselmo maintains primary banking relationships with Wells Fargo Bank and Bank of America, which support essential financial operations including general and payroll accounts, wire transfers, and fraud protection services.

In addition, the Town manages surplus funds through investment accounts held with the following institutions:

- U.S. Bank
- RBC Capital Markets
- Wells Fargo Securities
- Local Agency Investment Fund (LAIF – California State Treasurer)

These relationships are consistent with both California Government Code §53600 et seq. and the Town's adopted 2024-2025 Investment Policy (attachment 1), with an emphasis on the guiding principles of safety, liquidity, and yield. The Town's Investment Policy was first adopted on February 19, 1997, through Resolution 3380 and has been reaffirmed by the Town Council each year, most recently in May 2024 for fiscal year 2024–2025 via Resolution 2024-4546. Since its adoption, the policy has undergone only minor revisions, mainly to reflect updates to permissible investments under State law. The selection of these institutions was informed in part by established professional relationships maintained by the Finance & Administrative Services Director with the respective brokers. The Town does not pay these investment brokers; rather, they may add a small markup to the price, which on average can be a few basis points. A basis

point is a unit of measurement used in finance to describe changes in interest rates or yields. (ex. 1 basis point = 0.01%, 100 basis points = 1%).

Before the Director's arrival in September 2021, the Town's investment activity was limited solely to LAIF for idle fund management.

While Town staff remains open to evaluating other options, including local credit unions that may better align with the Town's sustainability values, staff does not recommend consolidating all funds into a single financial institution. Any disruption or service issue at a single branch whether due to technological failure, access limitations, or service downtime could affect the Town's ability to issue payroll or make time-sensitive vendor payments.

Accordingly, staff strongly supports maintaining a diversified approach to banking relationships. This risk mitigation strategy is aligned with the Town's Investment Policy and ensures reliable access to operational cash flow.

INVESTMENT STRATEGY AND PORTFOLIO COMPOSITION

The Town maintains a diversified investment portfolio composed of high-quality, low-risk allowable instruments, including:

- U.S. Treasury Securities
- Federal Agency Bonds
- Municipal Bonds within California
- Certificates of Deposit (CDs)
- Government-Only Money Market Accounts

This strategy is designed to preserve capital, maintain liquidity, and earn a reasonable return while fulfilling the Town's fiduciary responsibilities. This approach is consistent with the California Local Agency Investment Guidelines, which are attached for reference (attachment 2).

GOVERNMENT-ONLY MONEY MARKET ACCOUNTS

To meet short-term liquidity needs, the Town uses government-only money market accounts offered by each of its three investment managers. These funds invest solely in U.S. government securities and repurchase agreements backed by such securities, with no exposure to fossil fuels or the corporate sector:
1. U.S. Bank – *First American Treasury Obligations Fund (FXFXX)*
As of February 28, 2025:
- U.S. Treasury Debt: 43.9%
- U.S. Treasury Repurchase Agreements: 56.1%
- Credit Rating: AAA
- Climate Profile: No investment in fossil fuels or corporate debt.

2. RBC Capital Markets – *Federated Hermes Treasury Obligations Fund (TOAXX)*

As of February 28, 2025:

- U.S. Treasury Debt: 30.7%
- U.S. Treasury Repurchase Agreements: 69.3%
- Credit Rating: AAA
- Climate Profile: Fossil-fuel-free; invests only in U.S. Treasury-backed instruments.

3. Wells Fargo Securities – *Allspring Government Money Market Fund (GVIXX)*
As of February 28, 2025:

- U.S. Treasury Debt: 31%
- Treasury Repurchase Agreements: 28%
- Government Agency Repurchase Agreements: 24%
- Government Agency Debt: 17%
- Credit Rating: AAA
- Climate Profile: No direct or indirect fossil fuel investment; focuses solely on U.S. government-backed securities.

CLIMATE GOALS, BANKING OPTIONS, AND SUSTAINABLE FINANCE INITIATIVES

The Town Council has expressed a commitment to advancing its climate action goals through adoption of the Climate Action Plan and Climate Action Fund. At its meeting of February 25, 2025, the Council requested that staff prepare a report on potentially integrating sustainability into its financial decision-making.

It is acknowledged that Wells Fargo and Bank of America have been publicly criticized for financing fossil fuel-related projects. According to the *2023 Banking on Climate Chaos* report, these institutions ranked third and fourth globally in fossil fuel financing since 2016.[1]

At the same time, both institutions have taken meaningful steps toward sustainable finance:

- Wells Fargo: From 2021 to 2023, Wells Fargo originated, committed, advised, or facilitated approximately $178 billion in sustainable finance activities.[2]

- Bank of America: More than $200 billion committed to low-carbon and sustainability initiatives worldwide.[3] [4]

While staff acknowledges these developments, the Council may wish to explore additional options, including local credit unions with environmental missions. However, in any evaluation of these options, staff notes that several key operational concerns should be considered:

- Credit unions may lack the full suite of treasury services, cybersecurity protections, and fraud tools needed for public sector finance.

- Major banks continue to lead in technology infrastructure, offering faster and more secure processing of public funds.

- Diversification remains a core risk management principle, ensuring uninterrupted operations even if a single institution faces service issues.

If directed by the Council to do so, staff will investigate the available options and will prepare a proposal for the Council's consideration.

FISCAL IMPACT

None at this time.

CEQA AND CLIMATE ACTION PLAN CONSISTENCY

The Council's discussion of this item is not a "project" under the California Environmental Quality Act, as it does not involve an activity which may cause a direct or reasonably foreseeable indirect physical change in the environment. (Cal. Pub. Res. Code § 21065).

CONCLUSION

Staff seeks direction on the Town's depositories, investment accounts, and investment practices.

ATTACHMENT

Attachment #1: Town of San Anselmo Investment Policy

Attachment #2: Local Agency Investment Guidelines

FOOTNOTES

1. *Banking on Climate Chaos: Fossil Fuel Finance Report 2023*, Rainforest Action Network – https://bankingonclimatechaos.org
2. *Wells Fargo Sustainability* - https://www.wellsfargo.com/about/responsibility-and-impact/sustainability/
3. *Bank of America Environmental Sustainability Initiative* – https://about.bankofamerica.com/en/making-an-impact
4. *TIME Magazine*, "Inside the Largest Clean Energy Project in U.S. History," 2024 – https://time.com/7172419/karen-fang

TOWN OF SAN ANSELMO

STATEMENT OF INVESTMENT POLICY
Fiscal Year 2024-2025

PURPOSE

This Statement is intended to provide guidelines for the prudent investment of the Town's temporary idle cash, and to outline the policies for maximizing the efficiency of the Town's cash management system. The ultimate goal is to enhance the economic status of the Town while protecting its pooled cash. The Statement of Investment Policy is reviewed annually by the Town Council, and any modifications to the statement must be approved by the Town Council.

OBJECTIVE

The Town's cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the town to invest funds to the fullest extent possible. The town attempts to obtain the highest yield obtainable as long as investments meet the criteria established for safety and liquidity.

POLICY

San Anselmo operates its temporary pooled idle cash investments under the prudent investor standard as defined in Government Code Section 53600.3. "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence… that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency." This affords the Town a broad spectrum of investment opportunities as long as the investment is deemed prudent and is allowable under Government Code Section 53600, et seq.

Criteria for selecting investments and the order of priority are:

1. **Safety:** The safety and risk associated with an investment refers to the potential loss of principal and interest, or a combination of these elements. There is safety if there is assurance that principal will be preserved.

2. **Liquidity:** An investment is liquid if it can be converted to cash with a minimal chance of losing principal or interest.

3. **Yield:** Yield is the potential earnings of an investment, or its rate of return.

Investments may be made in the following instruments:

- **United States Treasury** obligations.
- **United States Agency** obligations.
- **Federal Instrumentalities.**
- **Negotiable Certificates of Deposit**
- **Non-negotiable Certificates of Deposit**
- **Local Agency Bonds**
- State of **California and Others Bonds and Registered Warrants.**
- **Bonds, Notes, Warrants** or other evidence of indebtedness of a **local agency** within the State of California.
- **Medium-term notes** of a maximum of five years maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment shall be rated in a rating category of "A" or its equivalent or better by a nationally recognized rating service. The purchase of eligible medium-term notes may not exceed thirty percent (30%) of the Town's surplus money.
- **California State Local Agency Investment Fund (LAIF) Pooled Money Investment Program** operated by the State Treasurer's office.
- **Passbook Savings Account Demand Deposits.**
- **Mutual Funds and Money Market Mutual Funds.**

Other investment instruments authorized by State legislation shall not be used unless Town Council approval is obtained.

Safekeeping:

Securities purchased from broker/dealers shall be held in third party safekeeping by the trust department of the Town's bank, or other designated third-party trust, and in the Town's name and control whenever possible.

Town Constraints:

The Town strives to maintain the level of investment of all funds as near to 100% as possible through daily and projected cash flow determinations. Idle cash management and investment transactions are the responsibility of the Finance and Administrative Services Director.

All participants in the investment process shall act responsibly as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. Nevertheless, in a diversified portfolio, it must be recognized that occasional measured losses are inevitable and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented. The basic premise underlying the Town's Investment Policy is to ensure the Town's financial integrity.

David P. Donery, Town Manager

Dated: May 14, 2024



LOCAL AGENCY INVESTMENT GUIDELINES

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

Update for 2025

Reflects state law changes effective as of January 1, 2025
CDIAC 24.12

ITEM 3.5 - ATTACHMENT 2

California Debt and Investment Advisory Commission

The California Debt and Investment Advisory Commission (CDIAC) provides information, education, and technical assistance on debt issuance and public fund investments to local agencies and public finance professionals. CDIAC also serves as the State's clearinghouse for public debt issuance information.

FIONA MA, CPA
State Treasurer and Chair

GAVIN NEWSOM
Governor

MALIA M. COHEN
State Controller

DAVID ALVAREZ
Assemblymember

AVELINO VALENCIA
Assemblymember

SANDIE ARNOTT
Treasurer-Tax Collector
County of San Mateo

NIKOLAI SKLAROFF
Capital Finance Director
San Francisco Public Utilities Commission

ROBERT BERRY
Executive Director

Additional information concerning this report or CDIAC programs may be obtained by contacting CDIAC directly via phone (916) 653-3269, fax (916) 654-7440, e-mail (cdiac@treasurer.ca.gov) or by visiting CDIAC's website: ***www.treasurer.ca.gov/cdiac***.

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About the Local Agency Investment Guidelines

The *Local Agency Investment Guidelines* is intended to aid local officials in their efforts to implement existing laws pertaining to the investment of public funds. Each year, CDIAC staff convenes a working group of public- and private-sector professionals to support its efforts to revise and update these *Guidelines*.

THOSE PARTICIPATING IN THE 2024 GUIDELINES INCLUDE:

- Constantine Baranoff, *Attorney, Lozano Smith*
- Bill Blackwill, *Managing Director, Stifel*
- Deborah Higgins, *President, Higgins Capital Management*
- John Johnson, *Asst. Auditor-Controller/Treasurer/Tax Collector, San Bernardino County*
- Carol Lew, *Shareholder, Stradling, Yocca, Carlson & Rauth, P.C.*
- Philip Marr, *Senior Portfolio Manager, City of Los Angeles*
- Kent Morris, MBA, CTP, *Deputy Director, City of San Diego*
- Laura Parisi, CPA, CFIP, *City Treasurer, City of Laguna Beach*
- Rick Phillips, CCM, *Chief Investment Strategist, Meeder Public*
- Monique Spyke, *Managing Director, Head of California Practice, PFM Asset Management LLC*

This document briefly describes each issue, offers an interpretation of the minimum compliance requirements, and provides consensus recommendations where the working group deemed them necessary. These interpretations represent the best judgment of CDIAC and the professionals involved and are intended only as a guide for local agencies in their compliance. Agencies should rely only on their legal counsel for legal advice.

The *Local Agency Investment Guidelines: Update for 2025* reflects current investment statutes. It is divided into chapters on investment policy, fund management, reporting requirements, and the treasury oversight committee. Please note that an issue may not fit neatly into the following four chapters.

Generally speaking, all local agencies are subject to the reporting, fund management, and investment policy requirements. Only county governments may be subject to the county oversight committee requirements. Any jurisdiction that assumes it is not covered by these provisions should seek legal counsel. California Government Code Section 53600 states:

> *As used in this article, "local agency" means a county, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.*

Summary of Changes

The *2025 Local Agency Investment Guidelines* incorporates the following California statutory changes: Government Code Section 53601.

STATUTORY CHANGES

LOCAL FUNDS

Chapter 239, Statutes of 2024 (AB 2618), amends Government Code 53601.8 to extend the date of the current portfolio concentration limit of 50% for surplus funds that local agencies invest in depository institutions that use a private sector entity to assist in the placement of deposits until January 1, 2031. This bill also requires the California Debt and Investment Advisory Commission on or before January 1, 2030, to submit a report to the Legislature on the deposit of surplus funds by local agencies pursuant to 53601.8. On January 1, 2031, the provisions of this bill would return this portfolio limitation of cities, districts, and agencies back to 30% of the agency's surplus funds.

FEDERAL AND REGULATORY CHANGES

No changes.

All references to statutory code "sections" throughout this document shall refer to California Government Code unless otherwise stated.

Chapter I. The Annual Investment Policy

A good investment policy encompasses the cash, treasury, and investment management functions of an agency. It serves as a guide for setting and achieving program objectives, defines rules and establishes benchmarks, and reduces the exposure to liability of both the investment staff and the governing board. It is also important to note that rating agencies pay close attention to an agency's investment policy and portfolio in determining its credit rating.

From this point forward, all references to the word "section" refers to the California Government Code unless otherwise stated.

I. A Should local agencies produce an investment policy? Should the investment policy be presented to the local agency's legislative body? [Section 53646(a)][1]

The investment policy serves as the foundation of a local agency's investment goals and priorities. If the investment policy is carefully researched, effectively drafted, and reviewed regularly to assure that it continues to meet the agency's goals/priorities for its portfolio, it can help protect the assets of the organization. The existence of an approved investment policy demonstrates that the governing body is performing its fiduciary responsibilities, thereby, inspiring trust and confidence among the public that it serves.

MINIMUM LEGAL REQUIREMENTS:

Section 53646(a)(1) states that the treasurer of a county government may annually render to their board of supervisors and oversight committee an investment policy, which the board shall review and approve at a public meeting. In addition, the board shall review and approve any changes to the investment policy at a public meeting.

Section 53646(a)(2) states that the treasurer or chief fiscal officer of any other local agency may annually render to their legislative body and any oversight committee an investment policy, that the legislative body shall consider at a public

[1] *All statutory references are to the California Government Code unless otherwise noted.*

meeting. This raises questions about whether or not the policy should be adopted officially by the legislative body, and the time during the year that this "consideration" should take place.

CONSENSUS RECOMMENDATION:

An investment policy should always be in place. While not required by statute, it is in the best interest of the local agency to present and discuss the policy with the agency's legislative body or oversight committee, and then have the policy approved by a vote of the legislative body. A public vote signifies that the legislative body shares fiduciary responsibility with the treasurer, increases the authority and legitimacy of the investment policy, and provides transparency and disclosure.

I. B When should the investment policy be reviewed and updated? How should the investment policy be rendered to the legislative body? [Section 53646(a)]

The size and complexity of the investment policy, portfolio, agency and the agency's staff are factors that may affect the frequency of the investment policy review and revision.

MINIMUM LEGAL REQUIREMENT:

Section 53646(a) provides that if an investment policy is submitted to the local agency's legislative body, it must be an agenda item at a public meeting. If submitted to a county board of supervisors, the board is required to review and approve the investment policy and any changes to it at the public meeting. The statute does not place the same specific approval requirements on other local agencies, but it does require consideration. The statute does not specify, however, when during the year that consideration or approval should occur.

CONSENSUS RECOMMENDATION:

The Association of Public Treasurers of the United States & Canada, the Government Finance Officers Association, and the Government Investment Officers Association have established policy standards that recommend investment policies be reviewed annually. At a minimum, the internal treasury staff should conduct a review annually. Ideally, the review should be timed to coincide with the end of the state legislative cycle so that consideration may be given to any changes in statute that may impact the agency's policy.

An update in the investment policy is warranted if treasury staff's review results in a material change in policy due to either a change in statute or a change in the agency's goals and objectives for safety, liquidity and yield. A change in statute, however, may not necessarily require a change in the policy. Many agencies' policies are already more restrictive than statute. Likewise, an agency may choose to update its policy to restrict the purchase of a new investment

product that is allowable by statute but that the agency deems to be too risky for its investment portfolio.

Although rendering the investment policy to the legislative body or oversight committee is not required, it is highly recommended. If it is done, it should be done annually, on an established schedule, such as after the annual review and update.

For newly-elected legislative body members, election terms may not coincide with the investment policy review. But, because of the fiduciary responsibility of the legislative body, any newly-elected members should be made aware of the existence of the investment policy and its contents as soon as possible.

I. C What information should be included in the investment policy? [Section 27133]

MINIMUM LEGAL REQUIREMENTS:

Except for county governments, the California Government Code does not contain any provisions specifying what must be included in the investment policy of a local agency. Section 27133 provides that county investment policies must contain:

- A list of securities or other instruments in which the county treasury may invest, according to the law, including the maximum percentage by type of security, and the maximum term of any security purchased;
- The manner of calculating and apportioning the authorized costs of investing, depositing, banking, auditing, reporting, handling, and managing of funds;
- Limits on the receipt of honoraria, gifts, and gratuities for county treasury oversight members from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business;
- Criteria for selecting brokers and dealers (including prohibitions against selecting any broker, dealer, or security firm within any consecutive 48-month period of making a campaign contribution exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board);
- A requirement that the treasurer provide the county treasury oversight committee with an investment report as required by the Board of Supervisors;
- Terms and conditions under which other local agencies that are not required to deposit funds may deposit funds in the county treasury if they so choose; and
- Criteria for considering requests to withdraw funds from the county treasury.

The last two of the above elements directly refer to the duties counties have in maintaining a local government investment pool.

CONSENSUS RECOMMENDATION:

Although statute does not specify the contents of the investment policy for local agencies other than counties, it should include at a minimum, the first five elements required of counties. In addition, the policy should specify the funds to which the policy will and will not apply. For instance, bond proceeds are usually guided by the bond documents and thus, may not be a part of the investment policy. Similarly, pension funds are guided by other code sections and may have different investment objectives.

The Association of Public Treasurers of the United States & Canada and the Government Investment Officers Association offers an Investment Policy Program that provides public investors with guidance and technical assistance in developing a comprehensive written investment policy at **www.aptusc.org** and **www.gioa.us**. The California Municipal Treasurers Association (CMTA) has sample investment policies that were certified through **CMTA's Investment Policy Certification Program**. Additional sources for recommended elements of an investment policy can be found in CDIAC's ***California Public Fund Investment Primer*** and ***Investment Policy Reporting Practices: An Informative Guide***, and the Government Investment Officers Association's **Investment Policy Certification Program and Application**.

I. D How is the limit on a political contribution determined when selecting brokers and dealers? [Section 27133 (c) and MSRB Rule G-37]

The county treasury shall not select brokers and dealers who individually, or as a firm, have contributed more than the current limit established under Municipal Securities Regulatory Board (MSRB) Rule G-37.

MINIMUM LEGAL REQUIREMENT:

The county treasury is prohibited from selecting those brokers, brokerage firms, dealers, or securities firms having made political contributions within the last four years, which exceed the amount set forth in MSRB Rule G-37. For 2025, the limit is $250. This limit applies to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.

In addition to the provisions outlined in Section 27133 and MSRB Rule G-37, local agencies, the state, and the Fair Political Practices Commission (FPPC) may adopt additional standards on acceptable political contribution limits. For reference, the local treasurer, any member of the governing board of the local agency,

and treasury staff are required to report any gift of $50 or more on his or her annual Form 700 submission to the FPPC.

CONSENSUS RECOMMENDATION:

All treasury staff should be knowledgeable of the specific state and local laws and ordinances governing their receipt of political contributions, gifts, and honoraria. Although the MSRB Rule G-37 applies to the local treasurer and the governing board of the local agency, treasury staff are likely subject to additional rules set forth by the FPPC and the local agency. If there is no policy on the receipt of political contributions, gifts, or honoraria at the local agency level, establish one and educate all agency employees who affect treasury decisions.

I. E What constraints can county pools place on voluntary depositors? [Section 27133(g)]

County treasurers have difficulty predicting withdrawals of voluntary funds made by pool participants. As a result, questions commonly arise regarding how county pools should treat funds from voluntary depositors. In the absence of information on a depositor's cash flow, an unanticipated withdrawal can create potential liquidity problems for the pool.

MINIMUM LEGAL REQUIREMENT:

State law does not require county pools to accept voluntary deposits.

CONSENSUS RECOMMENDATION:

Allow voluntary deposits only under a clearly written contract or memorandum of understanding. This agreement should spell out the exact rules for participating in the pool and provide the county treasurer with reasonable predefined discretion to establish the frequency and amount of voluntary funds that can be removed from the pool at a particular time. Another option is to ban voluntary deposits altogether if the county has confidence that other local agencies have reasonable investment alternatives.

Chapter II. Fund Management

For the investment of county funds in a county treasury, Section 27000.3 establishes the Board of Supervisors as a fiduciary that is subject to the prudent investor standard unless it delegates its investment duties to the county treasurer. For other local agencies' funds invested in the county treasury, the county treasurer serves as a fiduciary and is subject to the prudent investor standard.

Except as provided for in Section 27000.3, Section 53600.3 declares as a trustee each person, treasurer, or governing body authorized to make investment decisions on behalf of local agencies. As trustees these individuals are subject to the prudent investor standard. That is, they shall act with care, skill, prudence, and diligence under the circumstances then prevailing when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. Section 53600.5 further stipulates that the objectives of any person investing public funds is to, first, safeguard principal; second, to meet the liquidity needs of the depositor; and lastly, to achieve a return or yield on the funds under its control (Section 27000.5 specifies the same objectives for county treasurers and boards of supervisors).

Risk is inherent throughout the investment process. There is investment risk associated with any investment activity and opportunity risk related to inactivity. Market risk is derived from exposure to overall changes in the general level of interest rates while credit risk is the risk of loss due to the failure of the issuer of a security. The market value of a security varies inversely with the level of interest rates. If an investor is required to sell an investment with a 5% yield in a comparable 7% rate environment, that security will be sold at a loss. The magnitude of that loss will depend on the amount of time until maturity.

Purchasing certain allowable securities with a maturity of greater than five years from the settlement date, requires approval of the governing board (see Section 53601). Part of that approval process involves assessing and disclosing the risk and possible volatility associated with longer-term investments.

Another element of risk is liquidity risk. Instruments with extraordinary or special call features, sinking fund redemption structures, or those issued by little known issuers, are examples of "story bonds" and often are thinly traded. Their uniqueness often makes finding prospective buyers in a secondary market more difficult and, consequently, the securities' marketability and prices may be dis-

counted. However, under certain market conditions, gains may also be possible with these types of securities.

Default risk represents the possibility that the borrower may be unable to repay the obligation as scheduled. Generally, securities issued by the federal government and its agencies are considered the most secure, while securities issued by private corporations, or negotiable certificates of deposit issued by commercial banks have a greater degree of risk. Securities with additional credit enhancements, such as bankers' acceptances, collateralized repurchase agreements, and collateralized bank deposits, are somewhere between the two on the risk spectrum.

The majority of local agency portfolios are managed with a buy and hold investment strategy. Investments are purchased with the intent and capacity to hold them until maturity. At times, market forces or operations may dictate exchanging one security for another or selling a security before maturity. Continuous analysis and fine tuning of the investment portfolio are considered part of prudent investment management.

California Government Code contains specific provisions regarding the types of investments and practices permitted after considering the broad requirement of preserving principal and maintaining liquidity before seeking yield. These provisions are intended to promote the use of reliable, diverse, and safe investment instruments to better ensure a prudently managed portfolio worthy of public trust.

II. A Which investments are permissible? Which are prohibited? [Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53635, 53635.2, 53635.8, 53638, 53684, and 57603]

MINIMUM LEGAL REQUIREMENT:

Local agencies may invest only in those instruments specified in State law.

Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53635, 53635.2, 53635.8, 53638, 53684, and 57603 include a number of requirements on how and where public money may be invested. Figure 1 provides a synopsis of the permitted investment instruments and limitations on each, in which all local agencies may invest.

Section 53601 places limits on permissible securities. A five-year maximum maturity applies to all permissible securities unless otherwise stated in the code. A permissible security may exceed this limitation only if the legislative body has approved the investment either specifically or as a part of an investment program no less than three months prior to the investment. A permissible investment's term or remaining maturity is to be measured from the

investment's settlement date to final maturity. Any forward settlement that exceeds 45 days from the time of investment is prohibited.

Prohibited investments include securities not listed in Figure 1, as well as inverse floaters, range notes, and interest only strips derived from a pool of mortgages. This restriction does not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 that are authorized for investment pursuant to subdivision (l) of Government Code Section 53601. Section 53601.6(b) prohibits investment by a local agency in any security that could result in a zero-interest accrual if held to maturity. However, beginning January 1, 2020, Section 53601.6(b), as amended by the Legislature, authorized local agencies to invest in securities issued by, or backed by the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. A local agency may hold these instruments until their maturity date. This limited code exception allows local agencies the option of buying and holding onto zero- or negative-interest accrual United States government securities, if it would preserve more principal. This provision will sunset January 1, 2026.

Section 53601 provides that public agencies may invest in bonds issued by the local agency itself, but IRS rules may not support maintenance of the tax-exempt status. In 2008, the Legislature added Section 5925 to clarify that the purchase of bonds by the local agency that issued the bonds does not cancel, defease, or otherwise affect the bonds. With the addition of Section 5925 the repurchased or acquired bonds may be treated as outstanding bonds under state law to the extent provided by the issuer or the documents defining the rights of the bondholders. However, IRS rules that supported the maintenance of the tax-exempt status upon a purchase by a municipal issuer of its own debt sunset in 2010.

In 2019, the Legislature added Section 57600 et seq. authorizing local agencies to form a public bank. Furthermore, under 57603, local agencies that do not pool money in deposits or investments with other local agencies that have separate governing bodies as well as local agencies that pool money in deposits or investments with other local agencies, including local agencies that have the same governing body, are permitted to invest in debt securities or other obligations of a public bank.

CONSENSUS RECOMMENDATION:

Local agencies should include the list of permissible securities in the investment policy and modify the list to meet its unique needs. These modifications may include additional restrictions on the type and amount of specific authorized securities to reflect current federal tax and securities regulations and an agency's risk tolerance.

The addition of Section Code 5925 authorizing state and local agencies to purchase their own bonds was intended to be complementary to Internal Revenue Service (IRS) Notice 2008-41 and 2008-88 that allowed municipal issuers to temporarily hold certain types of their own tax-exempt debt without extinguishment or loss of tax-exempt status. However, these IRS provisions were meant

FIGURE 1

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2025)[A] APPLICABLE TO ALL LOCAL AGENCIES[B]

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM MATURITY[C]	MAXIMUM SPECIFIED % OF PORTFOLIO[D]	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations–CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40%[E]	None	53601(g)
Commercial Paper–Non-Pooled Funds[F] (under $100,000,000 of investments)	270 days or less	25% of the agency's money[G]	Highest letter and number rating by an NRSRO[H]	53601(h)(2)(c)
Commercial Paper–Non-Pooled Funds[I] (min. $100,000,000 of investments)	270 days or less	40% of the agency's money[G]	Highest letter and number rating by an NRSRO[H]	53601(h)(2)(c)
Commercial Paper–Pooled Funds[J]	270 days or less	40% of the agency's money[G]	Highest letter and number rating by an NRSRO[H]	53635(a)(1)
Negotiable Certificates of Deposit	5 years	30%[K]	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50%[L]	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50%[L]	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days[M]	20% of the base value of the portfolio	None[N]	53601(j)
Medium-Term Notes[O]	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20%[P]	Multiple[Q, R]	53601(l) and 53601.6(b)
Collateralized Bank Deposits[S]	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through and Asset-Backed Securities[T]	5 years or less[T]	20%	"AA" rating category or its equivalent or better[T]	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple[U]	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund[V]	N/A	None	None	16340
Supranational Obligations[W]	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

TABLE OF NOTES FOR FIGURE 1

[A] *Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.*

[B] *Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.*

[C] *Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years from the settlement date. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.*

[D] *Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.*

[E] *No more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank.*

[F] *Applies to local agencies, other than counties or a city and county, with less than $100 million of investment assets under management. Includes agencies defined as a city, a district, or other local agency that do not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body.*

[G] *Local agencies, other than counties or a city and county, may purchase no more than 10% of the outstanding commercial paper and medium-term notes of any single issuer.*

[H] *Issuing corporation must be organized and operating within the U.S., have assets in excess of $500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating organization.*

[I] *Applies to counties or a city and county, and the City of Los Angeles that have $100 million or more of investment assets under management.*

[J] *Includes agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set forth in Section 53601(h)(2)(C).*

[K] *No more than 30% of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).*

[L] *Effective January 1, 2020, no more than 50% of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2026, the maximum percentage of the portfolio reverts back to 30%. Investments made pursuant to 53635.8 remain subject to a maximum of 30% of the portfolio.*

[M] *Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.*

[N] *Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.*

[O] *"Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."*

[P] *No more than 10% invested in any one mutual fund. This limitation does not apply to money market mutual funds.*

[Q] *A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.*

[R] *A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of $500 million.*

[S] *Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.*

[T] *Security types authorized under Section 53601(o) that are issued or guaranteed by an issuer identified in subdivisions (b) or (f), are not subject to the limitations placed on privately issued securities authorized in Section 53601(o)(2)(A)(B).*

[U] *A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).*

[V] *Local entities can deposit between $200 million and $10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.*

[W] *Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.*

to be temporary and sunset on December 31, 2010, with some remaining exceptions for certain variable rate debt subject to a qualified tender. Given the incongruity between Section 5925 and IRS rules, a local agency should seek legal guidance on the potential tax implications of purchasing its own debt especially if that debt does not clearly fall within the remaining IRS exceptions.

As a result of amendments to Government Code Sections 53601.8 and 53635.8, local agencies should review portfolio limitations for CDs and negotiable CDs in their investment policies.

Some investments, such as straight floaters or floating rate notes that are not otherwise prohibited, have the potential to result in zero-interest accrual. Before purchasing these types of investments, the local agency should evaluate all possible outcomes, and, as a safeguard, should consider including in its investment policy a statement establishing an acceptable positive spread or floor for all securities, which pay interest based on a spread to an index.

Also, while not expressly prohibited by State law, unregistered securities, such as **Rule 144A** securities, may not be purchased by local agencies that do not meet the threshold of $5 million investments and $100 million in securities. On August 26, 2020 the Securities and Exchange Commission expanded the definition of Qualified Institutional Buyers (QIB)[2] to include any institution that qualifies as an accredited investor under Rule 501(a) under the Securities Act that are not otherwise stated in the definition of "qualified institutional buyer" provided they satisfy the $100 million threshold.

[2] *Refer to CDIAC publication* ***Issue Brief: Rule 144A Securities*** *for a summary of securities in this class.*

II. B What requirements must a financial institution satisfy before a local agency may deposit its money in it? [Section 53635.2]

Section 53635.2 states that all local agency money may be invested in investments set forth in 53601 or deposited for safekeeping in state or national banks, public banks, savings associations, federal associations, credit unions, or federally insured industrial loan companies in this state. It also specifies certain requirements that such financial institutions must satisfy to hold local agency money.

MINIMUM LEGAL REQUIREMENT:

To be eligible to receive local agency money, a financial institution must receive an overall rating of not less than "satisfactory" from the appropriate federal supervisory agency for meeting the criteria specified in Section 2906 of Title 12 of the U.S. Code (Community Reinvestment Act of 1977). The Community Reinvestment Act of 1977 (Act) requires financial institutions to demonstrate their commitment to meet-

ing the credit needs of local communities in which they are chartered to do business. For the purpose of the Act, the appropriate federal supervisory agency includes:

- The Comptroller of the Currency with respect to national banks;
- The Board of Governors of the Federal Reserve System with respect to state chartered banks that are members of the Federal Reserve system and bank holding companies;
- The Federal Deposit Insurance Corporation (FDIC) with respect to state chartered banks, public banks, and savings banks that are not members of the Federal Reserve system and the deposits of which are insured by the FDIC; and
- The Director of Office of Thrift Supervision with respect to savings associations (the deposits of which are insured by the FDIC) and savings holding companies.

CONSENSUS RECOMMENDATION:

A local agency should contact the appropriate federal supervisory agency to determine if its financial institution meets the overall rating requirement.

Local agencies should be aware that in some instances ratings from federal supervisory agencies may not be current, as financial institutions are evaluated only every year or two. Additional inquiry may be necessary to obtain updated information if the last published rating is more than one year old.

II. C When must investments contained in a local agency investment portfolio comply with state law? [Section 53601]

California Government Code provides a description of the types of instruments permissible for local agency investment and specifies the timing of compliance with state law. Questions arise concerning the timing of any test of compliance with these requirements.

MINIMUM LEGAL REQUIREMENT:

Where Section 53601 specifies a percentage restriction on a certain category of investment, this share of the investment portfolio must be in compliance with state law at the time that investment is purchased. The law does not specify that the *entire* portfolio must be in compliance when new instruments are purchased. It also does not require "rebalancing" when subsequent maturities, sales, withdrawals, or similar non-purchase activities result in the remaining portfolio having one or more of the categories of investment rise above the percentage restrictions applicable at the time of purchase.

Where Section 53601 clarifies that the settlement date is to be used to measure final maturity, it does not change the date of purchase. To determine when an investment portfolio must be in compliance with state law, the date of purchase must be used, despite the length of maturity starting from the settlement date. When local agencies purchase securities, the date of purchase and the date the purchase is settled may not always be the same.

CONSENSUS RECOMMENDATION:

In the event the portfolio or individual investments are deemed to be out of compliance with either statute or the investment policy, the local agency should have procedural guidelines in place that outline actions to take under various scenarios. Due to its fiduciary responsibility, early communication with and involvement of the legislative body concerning a major or critical event is of utmost importance. Therefore, the procedural guidelines should identify circumstances under which communication and discussion of the treasurer's analysis and recommended course of action to the legislative body or oversight committee is warranted.

II. D What funds should a local agency use to calculate portfolio concentration compliance with state law? [Section 53601]

California Government Code provides a description of the types of instruments permissible for local agency investment and specifies the timing of compliance with state law. Questions arise about how to determine what local agency funds are available for investment, as well as what funds to include when calculating portfolio concentration for those permissible investments that are limited by state law.

MINIMUM LEGAL REQUIREMENT:

Section 53601 states that, "The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below" [Section 53601(a) through (r)].

Statute establishes portfolio concentration limitations for certain permissible investments; however, it does not specify the calculation methods for calculating these limitations at the time of investment.

CONSENSUS RECOMMENDATION:

Terms such as "base value", "moneys", "agency's moneys", or "agency's surplus moneys" used when describing a portfolio limitation for a specific permissible investment in Section 53601 are referring to the agency's determination of funds available for investment (as defined above in Minimum Legal Requirement). The determination as to whether to include certain agency funds, such as funds in an

agency checking account, as part of the funds available for investment should rely on agency practices. For example, if the agency uses funds in its checking account for the immediate, day-to-day needs of the agency, it is recommended to not include the funds in the checking account when calculating portfolio compliance.

A determination of funds available for investment under Section 53601 may vary agency to agency but generally are those accounted for in a local agency's annual financial report. It is recommended that a local agency's investment policy should specify the funds to which the policy will and will not apply. *See Chapter 1, I.C. What information should be included in the investment policy? ([Section 27133]).*

Examples of moneys that can be available to invest under 53601 by local agency type:

CITIES/DISTRICTS

- General funds
- Reserve funds
- Bond Proceeds funds
- Debt Service funds
- Excess Enterprise funds

COUNTIES

- General funds
- Reserve funds
- Bond Proceeds funds
- Debt Service funds
- Excess Enterprise funds
- Voluntary Pool funds

Although the statute does not specify how an agency's portfolio should be calculated at the time of investment, local agencies should consider its cash flow needs each time it considers purchasing securities to determine the available amount of moneys in its treasury not required for the immediate needs of the local agency. A cash flow analysis is intended to help an agency understand and, to the extent possible, control the organization's cash resources. The goal is to ensure that cash is available to pay expenditures when needed and that temporarily unneeded cash can be invested optimally to maximize earnings on invested funds.[3]

When calculating portfolio compliance, it is recommended that the agency value its portfolio based on book value rather than market value. The book value of investments along with the agency's funds available for investment should be used for portfolio compliance calculations. Percentages apply to all portfolio investments regardless of source of funds.

[3] *Refer to CDIAC publication* ***California Public Fund Investment Primer*** *for more information on the purpose of cashflow forecasts.*

II. E Must bond proceeds be invested in the securities set forth in statute? [Section 53601(m)]

Section 53601(m) allows greater flexibility with respect to the types of investments that may be made with bond proceeds. Specifically, the law permits money from bond proceeds, obligations under a lease, installment sales, or other agreements of a local agency to be invested in any security that meets the statutory provisions governing the issuance of the bond or other agreements made by the issuing agency. In so doing, this section of the code recognizes that outstanding contracts between issuers and bond holders may not comply with the investment statutes and gives local agencies greater discretion in how to invest bond proceeds.

MINIMUM LEGAL REQUIREMENT:

Bond proceeds may be invested in accordance with statutes or they may be invested in alternative vehicles if authorized by bond documents.

CONSENSUS RECOMMENDATION:

The agency's investment policy should either require that bond proceeds be invested in accordance with statutes, reference applicable bond documents (such as, the indenture or rating agency requirements), or specify the types of investments authorized for bond proceeds. Bond proceeds may be invested in instruments with maturities longer than five years. Applying the five-year maturity limitation found in statute may result in less yield. When investing bond proceeds, maturities should match the cash flow needs of the project or fund.

II. F How does the Municipal Advisor (MA) Rule affect investment of bond proceeds?

As a part of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203) (Dodd-Frank Act), the Securities and Exchange Commission (SEC) enacted regulations addressing the apparent conflict of interest between municipal bond underwriters providing both underwriting and advice on the investment of bond proceeds for the same debt issue. These regulations were incorporated in the Municipal Advisor Rule (MA Rule). The MA Rule states that broker-dealers providing advice to government clients have a fiduciary duty to their clients and must be registered as a municipal advisor. In order to avoid becoming a fiduciary to municipal issuers, many broker-dealers, who have a significant municipal underwriting business, have adopted policies prohibiting brokers from providing investment advice. The MA Rule provides

specific exemptions to public agencies seeking to receive investment advice from broker-dealers, including receiving advice through a request for proposal (RFP) process or by entering into a formal relationship with an independent registered municipal advisor for advice.

MINIMUM LEGAL REQUIREMENT:

The MA Rule places no legal obligations on public agencies. The regulations address only the responsibilities of broker-dealers with respect to the bond proceeds.

CONSENSUS RECOMMENDATION:

Although the MA Rule does not specifically regulate the investment of bond proceeds by a local agency, it has materially affected the investment processes of many agencies. For example, treasury staff may have to adopt procedures, including the use of a mini-RFP that would exempt their brokers-dealer from being defined as a fiduciary. Local agency treasury staff should understand the MA Rule and its exemptions; have knowledge of the limitations of their broker-dealer firms as a result of the MA Rule; and address the MA Rule by adopting a policy regarding the investment of bond proceeds. Visit CDIAC's **Municipal Advisor Rule webpage** for more information.

II. G Are all U.S. Agency bonds legal investments for California local agencies? [Sections 53601(f) and 53601.6]

There has been a lot of discussion about the risk profile of certain products and derivatives issued by U.S. Agencies and U.S. government sponsored enterprises (GSEs). These Agencies and GSEs issue both traditional fixed-income securities (notes and bonds) as well as more complex, structured products including customized mortgage- and asset-backed securities and derivatives.[4] The State's investment laws, however, place no restrictions on these types of investments other than the prohibitions against inverse floaters, range notes, and interest-only strips derived from mortgage pools. Until January 1, 2026, local agencies are authorized to invest in securities, issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. A local agency may hold these instruments until their maturity dates.

[4] *Refer to CDIAC publication Issue Brief **Securitized Investments** for a discussion of mortgage pass-through obligations and asset-backed securities.*

In recent years, some GSE debt has been privatized and is now structured like corporate debt yet still falls under the limits of 53601(f) and 53601.6. The most commonly traded GSE debt includes that from the Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae) and Federal Agricultural Mortgage Corporation (Farmer Mac). Other less common GSEs include Government National Mortgage Association (Ginnie Mae), Community Development Corporation (CDC), Student Loan Marketing Association (Sallie Mae)[5], Small Business Administration (SBA), Overseas Private Investment Corporation (OPIC), and Tennessee Valley Authority (TVA).

MINIMUM LEGAL REQUIREMENT:

Obligations, including bonds, notes, certificates of participation, or other instruments issued as U.S. Agencies or GSE debt are permissible investments under Section 53601(f). These investments are, however, subject to the prohibition against inverse floaters, range notes, and interest-only strips derived from a pool of mortgages in Section 53601.6. Until January 1, 2026, local agencies are authorized to invest in securities, issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. A local agency may hold these instruments until their maturity dates.

CONSENSUS RECOMMENDATION:

Local agencies should institute restrictions that recognize the different characteristics and risk profile of the variety of U.S. Agency and GSE debt instruments. Factors such as the repayment pledge, size of the issue, prominence of the issuer in the market, and the complexity of the issue (such as call features, timing of interest and principal payments, or other options) will impact the risk profile and, thus, the balance of safety, liquidity, and yield in a local agency's portfolio. With SBA loans or pools, for example, the principal and interest may be guaranteed by the U.S. Government, but the prepayment or premium risk can be substantial. Investments in these types of products should only be entered into with a clear awareness, by both the legislative body and treasurer, of the risks involved and only if the local agency's staff have sufficient expertise and resources to manage such investments.

[5] *SLMA (Sallie Mae) terminated its ties to the federal government in 2004; bonds issued prior to 2005 are GSE debt; bonds issued in 2005 and after are corporate debt issued by the SLM Corporation.*

II. H What are supranational securities? [Section 53601 (q)]

A supranational organization is formed by a group of countries through an international treaty with specific objectives such as promoting economic development. Supranational organizations also issue debt in the United States. The most commonly recognized supranational debt is issued by the International Bank for Reconstruction and Development (IBRD or World Bank).

Section 53601 (q) allows local agencies to invest in bonds issued by one of three supranationals: World Bank, International Finance Corporation (IFC) and Inter-American Development Bank (IADB), which were established by international treaties, incorporated into U.S. federal law by Congressional Acts and headquartered in Washington, D.C. Currently, these entities carry the highest credit ratings (AAA) based on their financial structure, policies, performance and capital support from shareholders. Securities issued by these supranationals include benchmark bonds, global bonds, structured notes, plain fixed and floating rate notes, discount notes as well as green bonds

MINIMUM LEGAL REQUIREMENT:

In order for local agencies to invest in bonds issued by supranationals, the bonds must meet the following criteria:

- Maturity of five years or less;
- Eligible for purchase and sale within the US;
- In a rating category of "AA" or its equivalent or better by a nationally recognized statistical rating orginization (NRSRO); and
- Cannot exceed 30% of the agency's investment portfolio.

II. I Can a local agency invest in an investment pool administered by another state? [Section 53601 (d)]

Section 53601 is prescriptive of the types of investments permissible for local agency investment. It specifies, among other things, the issuer of the security, the type of obligation and the maturity of the security.

MINIMUM LEGAL REQUIREMENT:

Section 53601 (d) allows local agencies to invest in the debt of another state or department, board, agency or authority and 53601(p) allows joint powers authorities (JPA) established pursuant to Section 6509.7 to invest in securities and obligations authorized under 53601 (a)-(q) as long as each member of the JPA has an equal proportional interest in the purchased securities. Furthermore, members of the JPA may include public agencies outside of California. However, local agencies are not permitted to invest in an investment pool administered by another state.

CONSENSUS RECOMMENDATION:

Local agency permissible investments do not include investment pools administered by another state as an investment option.

II. J What are "medium-term notes?" [Section 53601(k)]

Until recently, the statutes defined medium-term notes as those instruments meeting certain term-length and quality requirements. Amendments to Section 53601(k) have attempted to clarify some of the ambiguity surrounding this definition. A variety of reasons account for this past confusion. One is that the SEC treats "corporate notes" slightly differently than "medium-term notes." Another is that brokers often refer to corporate obligations that have an original term to maturity longer than five years as corporate rather than medium-term notes, even though the remaining term to maturity for these notes may be less than five years.

MINIMUM LEGAL REQUIREMENT:

Section 53601(k) defines medium-term notes as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating in the United States." Therefore, investments in any corporate or depository institution debt securities that mature within five years from the time of purchase are legal as long as they meet the minimum quality standards. Moreover, the statute specifies that local agencies may not classify investments as medium-term notes if they satisfy the definition of

other allowable investments authorized under state law. For example, a local agency could not consider a security that satisfies the definition of commercial paper as a medium-term note in its portfolio. In addition, a local agency, other than a county or a city and a county, may invest no more than 10% of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

CONSENSUS RECOMMENDATION:

With many companies and depository institutions operating worldwide, the interpretation of the phrases "organized and operating in the United States" and "licensed by the United States or any state" comes into question. The terms organized, operating, and licensed are not specifically defined by statutes nor are they legal terms that hold specific meaning. For the purpose of applying Section 53601(k), the following interpretations, based upon usage and context, are offered as guidance to local agencies.

- Organized – An entity organized as a corporation in the United States.
- Operating – Engaged in business activities for which it was organized and maintaining a functioning office (other than a representative office).
- Licensed – Permitted by the appropriate regulatory agency to operate and conduct business in the United States (federal license) or a specific state (state license).

Given that even the above interpretations do not provide certainty, local agencies should establish a method of determining whether a purchase of medium-term notes meets the requirements of Section 53601(k) in consultation with their legal counsel. The following provides additional general guidance and recommendations to consider:

- If an issuing entity is incorporated in the U.S., but is a subsidiary of a foreign-owned parent company the stability of either the parent company or the economy of the country of the parent company should be considered when purchasing debt issued by these types of entities.
- Alternately, a local agency may hold securities in a U.S. company that is subsequently purchased by or merges with a foreign company (for example, the InBev merger with Anheuser Busch in 2008). The local agency should monitor the merger or purchase to determine if it remains a prudent for the agency to hold the security.
- Identifying the venue for any legal recourse in the event of a bankruptcy or credit event would assist the local agency in determining whether the organization is organized and operating in the U.S. If the security is backed by assets that are in the U.S., then the investor may attempt to attach a claim on them in a U.S. court in the event of a bankruptcy or default. If the security is not backed by assetsin the U.S., then the initial financing documents of the underlying security may provide a possible source to assist with determining the legal venue.

II. K Are bonds issued by departments and financing authorities of the State of California permissible investments for local agencies?[Section 53601(c)]

Securities issued by the State of California are permissible investments for local agencies under Section 53601(c). However, questions arise when considering whether bonds issued by departments or financing authorities of the State are also permissible under this section.

MINIMUM LEGAL REQUIREMENTS:

Section 53601(c) permits a local agency to invest in registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

CONSENSUS RECOMMENDATION:

There are two conditions that a bond could meet to be a permissible investment under Section 53601(c). The first part of Section 53601(c), "state warrants, treasury notes and bonds of this state", refers to bonds issued by the State of California, for instance, general obligation bonds. This was the operative code section prior to the state's issuance of revenue bonds.

The last part of the code section broadens the definition of permissible investments to include, "bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or a department, board, agency, or authority of the state". This describes state-issued revenue bonds. Issuance by a state authority or instrumentality alone is inadequate to meet the conditions in Section 53601(c) as the source of revenue for repayment must meet the qualifier included in the code section. For a security issued by a state authority or department, are the underlying agreements considered property owned/controlled/operated by the state? In general, if a public agency intends to purchase bonds issued by a state authority or department that are not clearly revenue bonds, an agency should consult counsel on the permissibility of such an investment.

II. L What are the rules regarding the use of reverse repurchase agreements and securities lending agreements? Are shorting strategies allowed? [Section 53601(j)]

The intent of Section 53601(j) is to limit the imprudent use of reverse repurchase agreements (reverse repos) and securities lending agreements. In 1995, the Legislature, concerned about the use of reverse repurchase agreements for enhancing yield, imposed a number of restrictions on local governments.

MINIMUM LEGAL REQUIREMENTS:

Section 53601(j) imposes the following restrictions on reverse repos:

- Reverse repos cannot constitute more than 20% of the "market value" of an agency's portfolio;[6]
- Reverse repos are limited to 92 days unless the minimum spread between the rate on investment and cost of funds is guaranteed in writing; and
- Securities used to make reverse repos must be held for a minimum of *30* days prior to the transaction.

Section 53601(j) also applies the above restrictions to securities lending agreements with the exception that a local agency portfolio may not hold more than 20% of its base value in reverse repos and securities lending agreements combined.

Section 53601(j)(5) provides specific definitions for repurchase agreements, reverse repurchase agreements, and securities lending agreements. Agreements not meeting these specific definitions are therefore not authorized.

CONSENSUS RECOMMENDATION:

Both reverse repurchase agreements and securities lending agreements may be used to take advantage of certain short-term opportunities to improve yield and mitigate cash flow shortages. They should be entered into only when there is a clear understanding by both the legislative body and treasurer of the risks inherent in these types of agreements. The agency's staff (or their municipal/investment advisor) must have sufficient expertise in the arrangement and management of these transactions.[7]

Although reverse repurchase agreements and securities lending agreements can be an effective short-term portfolio management tool in certain circumstances, they should not be confused with "short selling" or "margin selling." Reverse repurchase agreements are used to address cash flow concerns by entering into an agreement in which a counterparty will buy securities from a local agency. At the end of the agreement, the counterparty that purchased the securities will resell the securities to the local agency at a specified date and price. With a securities lending agreement, securities owned by the local agency are loaned to a borrower who provides an agreed-upon return and collateral to the local agency. At the conclusion of the agreement, the loaned securities are returned to the local agency and the collateral is returned to the borrower.

"Short selling" or "margin selling" is a practice where a margin account is established with delivery versus payment (DVP) settlement and securities are loaned

[6] *For reverse repos purchased under Section 53601, the calculation is based upon the "base value" of the agency's portfolio, which is defined as the dollar amount obtained by totaling all cash balances in the portfolio from all sources, excluding any amounts from reverse repos or similar borrowing methods.*

[7] *Refer to CDIAC Issue Brief,* ***Securities Lending Agreements****, for a detailed discussion of these types of transactions.*

by a broker/dealer to the local agency. The loaned securities may be immediately sold with the intent of purchasing the securities back when market prices are lower to close out the margin position, thus profiting on the decline in value of the securities. Shorting strategies carry a high degree of risk of not only a zero return, but significant loss of asset value. They do not meet the risk-limiting intent of the legislature in the adoption of 53601(j), and are not considered a prudent investment for the public portfolio.

II. M What are the rules regarding the use of mutual funds and money market funds? Are exchange-traded funds permissible investments? [Sections 53601(l) And 53601.6(b)]

Local agencies have the authority to invest in shares of mutual funds as described in Section 53601 (l) and 53601.6 (b) and in money market mutual funds as specified in the federal Investment Company Act of 1940. The permissible investments and strategies of the mutual fund or money market fund should be reviewed to determine whether or not they adhere to the parameters contained in both federal and state law. Questions arise about whether exchange-traded funds (ETFs) are a permissible investment under 53601(l) since they have characteristics similar to mutual funds.

MINIMUM LEGAL REQUIREMENT:

Local agencies can invest in shares of mutual funds that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, of Section 53601 and that comply with the investment restrictions of Section 53630. Local agencies can also invest in shares of mutual funds that are defined as money market mutual funds that follow regulations specified by the SEC under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). The purchase price of shares shall not include any commission that the fund manager may charge and shall not exceed 20% of the agency's funds that may be invested pursuant to this Section 53601.

In addition, no more than 10% of the agency's funds may be invested in shares of any single mutual fund.[8] Both mutual and money market mutual funds require that they have attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.[9] In addition they have retained an investment advisor registered or exempt from registration with the SEC with not less than five years' experience managing their specific category of fund and have assets under management in excess of $500,000,000.

The 10% limitation does not apply to money market mutual funds.

[8] *Mutual fund as defined in Government Code Section 53601(1)(1).*

[9] *Nationally Recognized Statistical Rating Organization.*

Local agencies may invest only in those instruments specified in State law.

CONSENSUS RECOMMENDATION:

The investment policy should specify criteria for selection of both mutual funds and money market funds by the investment official. Local agencies should review the permissible investments and strategies of the mutual fund or money market fund to determine whether or not they adhere to both federal and state law.

While similar to mutual funds, exchange-traded funds (ETFs) are not specifically addressed in Section 53601 nor contemplated under 53601(l); therefore, ETFs are not a permissible investment for local agencies. *See Chapter 2, II. A. Which investments are permissible? Which are prohibited? [Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53635, 53635.2, 53635.8, 53638, 53684, and 57603])*

FIGURE 2

GOVERNMENT CODE REQUIREMENTS FOR LOCAL AGENCY INVESTMENT IN MONEY MARKET AND MUTUAL FUNDS

CONDITIONS ALLOWING FOR INVESTMENT	MONEY MARKET FUNDS	MUTUAL FUNDS
I. Must receive the highest ranking or the highest letter and numerical rating by no less than two nationally recognized rating services; —or— Must retain an investment advisor who is registered or exempt from registration with the SEC and has at least five years' experience investing in specified securities and managing assets in excess of $500 million.[A]	● ●	● ●
II. Must abide by the same investment restrictions and regulations that apply to public agencies in California [Section 53601(a-k, m-o)].		●
III. Must follow regulations specified by the SEC under the investment company act of 1940 (15 U.S.C. Section 80a-1, et seq.).	●	

[A] *The requirement for mutual funds is an investment advisor with experience investing in securities and obligations authorized in Sections 53601 and 53635. For money market funds, the advisor must have experience in managing the types of investments that can be purchased by money market funds as specified in SEC Regulation 2a-7.*

II. N What are the rules affecting the investment of tax and revenue anticipation note (TRAN) and grant anticipation note (GAN) proceeds? [Sections 53821.5, 53841.5, 53852.5 and 53859.02(b)]

Existing statutes prevent agencies from using the proceeds of their temporary borrowing, specifically TRANs and GANs, to purchase long-term securities in order to achieve higher investment yields in a manner which could limit liquidity needed to ensure sufficient cash to repay the temporary borrowing when due.

MINIMUM LEGAL REQUIREMENT:

Government Code Sections 53821.5, 53841.5, 53852.5 and 53859.02(b) prohibit the investment of the proceeds of temporary borrowing in securities that have terms exceeding those of the temporary borrowing itself. In other words, proceeds from a temporary borrowing due June 20 may not be invested in securities that mature after June 20. The minimum legal requirements are clear for securities that have an identifiable term to maturity. However, the law is ambiguous when an agency invests the proceeds of temporary borrowing in items that do not have a specific maturity date, such as investments in county pools or other funds that may have an average maturity that is longer than the temporary borrowing.

CONSENSUS RECOMMENDATION:

The proceeds of temporary borrowing can be placed in investments that have no specific term to maturity so long as the proceeds can be removed within the term of the temporary borrowing without a penalty. Therefore, cash equivalent shares in liquid funds such as LAIF or county pools—where an agency has relatively quick access to its deposits—are legitimate investments for the proceeds of temporary borrowing, as long as withdrawals in amounts sufficient to repay the temporary borrowing when due are not restricted or penalized.

II. O What is an appropriate safekeeping arrangement for securities? [Sections 53601 and 53608]

Sections 53601 and 53608 address the appropriate safekeeping arrangements for securities. While a third party institution is the standard used in safekeeping arrangements, securities may be held by the same firm from which they were purchased as long as the securities for safekeeping are in the name of or under the control of the local agency and kept in a legally separate trust department.

MINIMUM LEGAL REQUIREMENT:

Section 53601 specifically allows local agencies to use a counterparty bank's trust department or separate safekeeping department for the physical delivery of a security if the security is held in the name of the local agency. Section 53608 authorizes general safekeeping arrangements that allows local agencies to use for deposit for safekeeping a federal or state association (as defined by Section 5102 of the Financial Code), a trust company or a state or national bank located within this state or with the Federal Reserve Bank of San Francisco or any branch thereof within this state, or with any Federal Reserve bank or with any state or national bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System, the bonds, notes, bills, debentures, obligations, certificates of indebtedness, warrants, or other evidences of indebtedness in which the money of the local agency is invested pursuant to this article or pursuant to other legislative authority. The local agency shall take from such financial institution a receipt for securities so deposited.

CONSENSUS RECOMMENDATION:

Industry standard is to set up a third-party (an institution other than the party that sold the agency the investment) safekeeping agreement. In order for the securities to be held by the same institution that sold the security, they must be kept in a separate area of the institution such as its trust department. The security must be in the local agency's name or "perfected" by transferring the security through a signed agreement that contains a description of the security.

II. P How does the Municipal Advisor (MA) Rule affect a local agency's relationship with an investment advisor? [Section 53600.3]

The MA Rule provides specific exemptions to public agencies seeking to receive investment advice from broker-dealers, including receiving advice through a request for proposal (RFP) process or by entering into a formal relationship with another independent registered municipal advisor who provides investment advice. The MA Rule states that broker-dealers providing advice to government clients on the investment of bond proceeds have a fiduciary duty to their clients and must be registered as a municipal advisor. In order to avoid becoming a fiduciary to municipal issuers, many broker-dealers, who have a significant municipal underwriting business, have adopted policies prohibiting brokers from providing investment advice. The MA Rule provides specific exemptions to public agencies seeking to receive investment advice from broker-dealers, including receiving advice through a request for proposal (RFP) process or by entering into a formal relationship with another independent registered municipal advisor who provides investment advice.

MINIMUM LEGAL REQUIREMENT:

The MA Rule places no legal obligations on public agencies. The regulations address only the responsibility of broker-dealers with respect to bond proceeds.

It is important to note that a local agency's fiduciary responsibilities cannot be delegated regardless of the fiduciary standards imposed on other members of the municipal market. Section 53600.3 provides that a finance officer or treasurer can delegate duties to an external investment manager via a principal-agent relationship, but they cannot delegate fiduciary responsibility.

CONSENSUS RECOMMENDATION:

Local agencies rely on municipal advisors to help make decisions about issuing municipal securities and investing bond proceeds. Registered investment advisors hold a fiduciary responsibility to their clients by virtue of their registration with the SEC under the Investment Advisor Act of 1940. Nonetheless, the fiduciary responsibility that ultimately rests with the legislative body and the treasurer cannot be wholly delegated to an external investment manager.

Under the MA Rule, when an investment adviser consents to act in the capacity of an Independent Registered Municipal Advisor (IRMA), the local agency is able to exchange information with broker-dealers that do not have a fiduciary duty to the agency. When a local agency retains an IRMA, it agrees to consult the IRMA when considering information provided by broker-dealers. Further, when a local agency has an IRMA they should communicate that information to the market. Local agencies should ensure that the professionals they use are registered with the SEC and MSRB by checking the MSRB's Municipal Advisor Registration webpage.

II. Q What are the rules regarding the payment of interest earned on non-general fund deposits to an agency's general fund? [Section 53647]

Many local agencies have the opportunity to earn interest on funds held in governmental accounts other than the general fund.

MINIMUM LEGAL REQUIREMENT:

Section 53647 provides that interest earned on a local agency's deposits shall be paid quarterly to the general fund of the agency unless otherwise directed by law. Alternatively, if directed by the governing body of the local agency, interest shall be paid to the fund containing the principal upon which the interest accrued.

CONSENSUS RECOMMENDATION:

Although all interest earned on its deposits should be paid to the agency's general fund on a quarterly basis, the governing body may direct that the interest be allocated to the fund in which the interest earning principal was deposited. It is important to note that other directives provided in law or contract for the payment of interest to a specific fund (e.g., funds held by a trustee) are overriding exceptions.

II. R Should local agencies invest in financial futures and option contracts? If so, in what manner should they be utilized? [Sections 53601.1]

In addition to the permitted investments in Section 53601 such as treasuries, agencies, money markets, medium-term notes, and pooled investments, local agencies are permitted to invest in financial futures and option contracts in relation to any of these authorized investments. Local agencies can use a financial futures contract to potentially hedge risk because the buyer/seller are obligated to purchase/sell an asset at a predetermined future date and price thereby limiting a local agency's exposure to price fluctuations.[10] Financial options contracts, which allows the buyer to buy or sell an obligation at a specified price for a specified time, are more risky and usually expire with a zero value.[11]

MINIMUM LEGAL REQUIREMENT:

Section 53601.1 states that the authority of a local agency to invest funds pursuant to Section 53601 includes, in addition thereto, authority to invest in financial futures or financial option contracts in any of the investment categories enumerated in that section.

CONSENSUS RECOMMENDATION:

Although the language in Section 53601.1 is very broad in its application to execute option and futures contracts on any investment categories enumerated in Section 53601, extreme care should be taken when using these strategies. Option and futures strategies are complicated and should only be used to hedge matched positions in securities currently held in the portfolio as a means to limit the risk of adverse price movements of a given security. Option and futures contracts should not be utilized in the public portfolio as a high-yield strategy.

An imprudent high-yield options and future strategy involves taking "naked" positions. "Naked" positions are those option and futures contract strategies placed on securities that are not covered by matched positions held in the portfolio. A "naked" position will require acquisition of securities in the marketplace at the prevailing market price in order to close out the position, which could result in unlimited risk and large asset losses. A high-risk, high-yield option and futures strategy is not consistent with the prudent investor standards established in Section 53600.3 and safety-liquidity-yield objectives established under Section 53600.5.

[10] *Brian Beers. "How are Futures Used to Hedge a Position?" Investopedia (Updated October 3, 2021)). Accessed January 2023.* ***www.investopedia.com/ask/answers/06/futureshedge.asp****.*

[11] *Beth Gaston Moon. "Understanding Options Risk." InvestorPlace (April 12, 2012). Accessed February 2018.* ***https://investorplace.com/2012/04/understanding-options-risk/#.WnSdQK6nG70****.*

II. S How long should a local agency retain trade ticket information?

Pursuant to SEC's Rules 17a-3 and 17a-4 detailing the record-keeping requirements for broker-dealers, trade blotters or records of sales and purchases are required to be retained for six years. Trade confirmations, on the other hand, are required to be kept for three years. Given that there is no specific state requirement requiring a period of time that trade ticket information should be retained, local agencies may consider adopting such guidelines.

MINIMUM LEGAL REQUIREMENT:

There are no existing legal requirements pertaining to the retention of trade tickets.

CONSENSUS RECOMMENDATION:

Trade ticket information includes the price, yield, Committee on Uniform Securities Identification Procedures (CUSIP) reference number of the security as well as net money including principal, accrued interest, and total money. It also identifies the broker-dealer with whom the trade was done. It is important to retain trade ticket information for several reasons, most importantly for compliance and audit reasons. In addition, if there are any questions regarding a particular trade, it would be beneficial to have documentation. To be prudent, trade tickets should be kept for at least six years. Local agencies should consider adopting their own agency guidelines for retention of financial records, including trade ticket information.

Chapter III. Reporting Requirements

Reporting requirements and recommendations are imposed on local agencies in Sections 53646 and 53607.

Section 53646 states that the treasurer or chief fiscal officer of a local agency may file reports on the status of their investment portfolios with their respective legislative body, internal auditor, and chief executive officer. These reports generally are intended to provide the legislative body the ability to meet its fiduciary obligations as a trustee and to increase the disclosure of the agency's investment activities to those outside the agency. Section 53646 states that if the quarterly investment portfolio report is submitted, it must contain, among other things, a listing of investments, fund balances, activity, and return on investments made by the local agency. Quarterly reports should reflect the current positions and past performance of a portfolio of investments for the period of time under consideration.

Section 53646(e) states that for local agency funds that have been placed in a county investment pool, LAIF, FDIC-insured bank deposits, National Credit Union Shared Insurance Fund-insured accounts in a credit union, accounts insured or guaranteed pursuant to California Financial Code Section 14858, or some combination of the above, the treasurer may substitute the most recent account statement received from those entities in lieu of the information on these investments that is otherwise required by this section. Section 53646(f) states that securities, investments, or monies held by a school district or county office of education in individual accounts that are less than twenty-five thousand dollars ($25,000) may be excluded from the report.

Local agency treasurers to whom the authority to invest or reinvest funds or to sell or exchange securities has been delegated by the legislative body of a local agency are required by Section 53607 to submit a monthly report of transactions to the legislative body.

III. A What specific information regarding portfolio investments needs to be included in the report to the legislative body? [Section 53646(b)(1-4) and 53607]

Section 53646 specifically encourages treasurers to prepare the quarterly investment report to enable the legislative body to perform its fiduciary duty and provide full disclosure of the public entity's investment activities.

MINIMUM LEGAL REQUIREMENTS:

If the treasurer or chief fiscal officer of a local agency elects to submit or if the legislative body mandates the submission of a quarterly investment report to the legislative body pursuant to Section 53646, it must do so within 45 days after the end of the quarter and include the following information:

- Type of investment (i.e. U.S. Treasury security, commercial paper);[12]
- Issuer name;
- Date of maturity;
- Par amount;
- Dollar amount invested in all securities, and investments and monies held by the local agency;[13]
- A description of the funds, investments, and programs (including lending programs) managed by contracted parties (i.e. LAIF, investment pools, outside money managers, and securities lending agents);
- Current market value as of the date of the report of all funds held by the local agency and under the management of any outside party that is not also a local agency or LAIF and the source of the valuation;
- A statement of compliance with the investment policy or an explanation for non-compliance; and
- A statement of the local agency's ability to meet its pool's expenditure requirements for the next six months, as well as an explanation of why sufficient money will not be available if that is the case.

The legislative body of the local agency may elect to require this report on a monthly basis. Furthermore, the legislative body may require the treasurer to provide additional information beyond that listed above.

[12] *Refer to CDIAC publication* ***California Public Fund Investment Primer*** *for definitions of investment types.*

[13] *"Dollar amount invested" is defined as cost, however, best practice uses amortized cost or book value. Confusion exists as to the meaning of the words "held by the local agency" found in Government Code Section 53646(b)(1). Several standards have been suggested to clarify this phrase, including "ownership," "control," "under direct management by," "possession," and "accountability for the funds." Each of these suggestions would lead to different determinations as to the specific funds required to be reported. The apparent intent of the Legislature in enacting this requirement was to provide for comprehensive disclosure of local agency investments.*

If the local agency's legislative body delegates, to the local agency's treasurer, its authority to invest or reinvest the agency's funds or sell or exchange the agency's securities, the treasurer shall make a monthly report of those transactions to the legislative body, pursuant to Section 53607. The delegation of authority may be made for a period of one year. The requirement to submit the transaction report lasts until the authority is revoked or expires. In contrast to the specific information required in the quarterly report under Section 53646(b), the contents of the monthly report of transactions required under Section 53607 are not enumerated.

CONSENSUS RECOMMENDATION:

Based upon the public benefits achieved by reporting, it is recommended that the treasurer or designated official provide the local agency's legislative body a quarterly investment report that provides a clear picture of the status of the current investment portfolio. The quarterly investment report should include the following:

1. A listing of individual securities held at the end of the reporting period by authorized investment category.
2. Average life and final maturity of all investments listed.
3. Coupon, discount or earnings rate.
4. Par value, amortized book value and market value.
5. Percentage of the portfolio represented by each investment category.
6. A description of the funds, investments, and programs (including lending programs) managed by contracted parties (i.e. LAIF, investment pools, outside money managers, and securities lending agents).
7. A statement of compliance with the investment policy or an explanation for non-compliance.
8. A statement of the local agency's ability to meet its pool's expenditure requirements for the next six months, as well as an explanation of why sufficient money will not be available if that is the case.

Local agency funds that have been placed in a county investment pool, LAIF, FDIC insured bank deposits, National Credit Union Shared Insurance Fund-insured accounts in a credit union, accounts insured or guaranteed pursuant to California Financial Code Section 14858, or some combination of the above, may substitute the most recent account statement received from those entities in lieu of the information recommended above.

In addition to the reporting requirement set forth by Section 53646, a local agency treasurer who has been delegated authority to invest or reinvest funds of the local agency by the legislative body under Section 53607 must submit a report to the legislative body accounting for transactions made during the month. This reporting requirement is separate and distinct from the quarterly report submitted under Section 53646. If the legislative body has delegated authority to the treasurer and has elected to require the quarterly report under Section 53646 on a monthly basis, it may be very practical and efficient to merge the elements of

the quarterly report with the month's transactions and provide a combined report on a monthly basis. While the elements of each reporting requirement may be different they may be combined in one report.

III. B Should the report include market value measures for individual securities? [Section 53646(b)(1)]

The market value of each security in a portfolio must be computed before determining the portfolio's overall market value.

MINIMUM LEGAL REQUIREMENT:

Section 53646(b)(1) states: "With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the LAIF, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation."

CONSENSUS RECOMMENDATION:

The law is not clear whether "all" securities implies the market value of the overall portfolio or each security. The level of detail to be presented in the report depends on the portfolio activity and the audience. The report for internal treasury staff and the oversight committee should list the individual market value for each security. This approach gives a more complete picture of the health of a portfolio and brings individual investment performance to the attention of those responsible for compliance oversight. For the legislative body, the report should be a summary with aggregate market value listed and include a footnote stating that data on particular investments is available upon request.

HOW SHOULD THE MARKET VALUE OF THE PORTFOLIO BE DETERMINED?

In establishing market value of the portfolio as required by Section 53646(b)(1), the Government Finance Officers Association recommends that local entities obtain independent third-party assessment of investments and risk from a reputable source.

The most common approach is to request pricing information from the agency's safekeeping service, custodial service, or trustee. Agencies may need to contract with pricing service companies for more complex securities. These companies specialize in giving the current market price for a broad range of securities.

An alternative way to determine the value of securities in a portfolio is to perform an in-house analysis by collecting information from different sources such as dealer quotes, online computer information, and certain publications that provide price estimates. These sources may not be as up-to-date or accurate as a pric-

ing service, but they offer a relatively inexpensive method to make price estimates. Finally, to assess the value of securities where specific prices are not available, a treasurer can either tie the spread of a recent investment to a benchmark security that is easy to value or use a matrix pricing formula. A matrix pricing formula displays the prices of a variety of different securities which are then used as a basis for approximating the value of the security in question. These formulas are particularly useful for short-term securities that mature between 90 and 180 days.

MINIMUM LEGAL REQUIREMENT:

Section 53646(b)(1) provides that the agency shall include the current market value as of the reporting period date and the source of the valuation.

CONSENSUS RECOMMENDATION:

To provide the most unbiased method of reporting current market values, the local agency should obtain an independent valuation of the portfolio from a reputable source, such as, a broker or other financial institution, custodial bank, available publications or other pricing services. The independent sources should not be a party to the transaction. For example, the broker that sold the security should not be used to provide the valuation. The agency should use the best sources of market price information available. Prices for securities are estimates that carry a certain degree of error regardless of the approach used and will fluctuate over time due to market conditions. It is imperative that local officials pay extra attention to estimates on complex, infrequently traded, or highly customized securities.

HOW FREQUENTLY SHOULD MARKET VALUE BE CHECKED?

MINIMUM LEGAL REQUIREMENT:

None. Government Code does not specify frequency of market valuation.

CONSENSUS RECOMMENDATION:

Frequency of market valuation will be dependent on the complexity of the securities in the portfolio and the frequency of trading. For infrequent or passive investors, market value should be "marked-to-market" quarterly at a minimum. For a more active portfolio, the industry standard is monthly.

III. C Should an analysis of cash flows be prepared by the local agency in order to validate the six-month liquidity certification? [Section 53646]

A public agency is required to include a statement indicating that the projected cash flow is adequate to meet expected obligations over the next six months or provide an explanation as to why sufficient money may or may not be available.

MINIMUM LEGAL REQUIREMENT:

Section 53646(b)(3) addresses the requirement for the local agency to include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months or provide an explanation as to why sufficient money may or may not be available. There are no other requirements for identifying cash flows and setting liquidity targets at the local agency.

Section 53646(c) requires the treasurer or chief fiscal officer to report whatever additional information or data may be required by the legislative body of the local agency.

CONSENSUS RECOMMENDATION:

An analysis of cash flows is not required. However, the treasurer should be prepared to discuss cash flow projections and methodology at the request of legislative or oversight bodies. This analysis may list basic projections—based on historical data, market sensitivity or other relevant information—that support the cash flow liquidity statement. There are no guarantees when it comes to predicting future obligations. A sound justification for the expenditure statement gives the finance officer added protection against decisions that originally looked good but turned out poorly because of unforeseen circumstances.

The nature of the analysis will vary greatly depending on the size, sophistication, and complexity of the local agency staff and portfolio. Best practices dictate that cash flow statements should be prepared on a regular basis. However, in some agencies it may not be practicable or necessary, for instance, for LAIF-only participants. An analysis of cash flows is the precursor to portfolio management and should be prepared and updated, as needed, at least for internal investment staff use.

Those who manage investment pools need to pay close attention to the needs and accuracy of the requests of participants to ensure accurate cash flow projections. Incomplete information about a pool's investors not only compromises the legitimacy of the six-month cash flow statement, but also adds substantially to the liquidity risk of the pool.

In the case of investment pools, all participants' cash flow needs must be taken into account in preparing the six month cash flow statement. The pool administrator or manager should keep close tabs on mandatory and voluntary pool participants' cash flows needs and establish clear criteria for the deposit and withdrawal of their funds. Also, the pool administrator or manager should obtain expected deposit/disbursement information from pool participants at the time of major fund deposits or updates of cash flow projections.

III. D What tools can be used to measure interest rate risk?

Interest rate risk, also known as market risk, is the risk that a security's value or price will decline as interest rates rise in the general market. Weighted average maturity (WAM) and duration are commonly used measures of interest rate risk. WAM measures the portfolio's "average life." Duration considers all of the cash flow receipts not just the last cash flow as in WAM and provides an approximate percentage change in the value of a security or portfolio for a given change in interest rates.[14] Some local agencies have inquired whether they should include this information in their report.

MINIMUM LEGAL REQUIREMENT:

Existing statutes do not require local agencies to report an interest rate risk measure in their portfolios. Section 16480.7 requires the State Treasurer to submit a quarterly report to the Pooled Money Investment Board that includes the weighted average maturity of the investments in the Pooled Money Investment Account.

CONSENSUS RECOMMENDATION:

Local agencies should consider including the WAM or duration measurement in the report. The type of duration measure (e.g. modified and/or effective duration) used will depend on the type of investments being analyzed and the capacity of the agency to perform or source the calculations. While duration will present greater precision than WAM in the measurement of interest rate risk, given the need for specialized software to perform calculations or an external source for duration information, an agency may find greater utility in the easier to calculate WAM. The decision on which metric to use will be based on the needs and resources of the local agency.

Local agencies also should consider whether their investment policies should provide guidance on acceptable ranges or limits for the respective measure used. These figures trigger a number of valuable considerations about the status of the portfolio for both internal and external purposes including liquidity, cash flow, and average maturity (for example, WAM). WAM is a relatively simple calculation which may be determined by dividing the sum of the days to maturity multiplied by the book value for each security by the total book value of the portfolio. Figure 3 shows an example of how WAM is calculated:

[14] *Refer to CDIAC publications* ***California Public Fund Investment Primer*** *and* ***Duration Basics****.*

FIGURE 3

CALCULATION OF WEIGHTED AVERAGE MATURITY

PAR VALUE	SECURITY DESCRIPTION	DAYS TO MATURITY	BOOK VALUE	DAYS BY BOOK VALUE
$1,350,000	Repurchase Agreements	1	$1,350,000	1,350,000
5,000,000	Local Agency Inv. Fund	1	5,000,000	5,000,000
5,000,000	Fed Natl. Mtg. Assn.	185	4,886,108	903,930,041
5,000,000	Fed Home Loan Bank	550	5,000,000	2,750,000,000
5,000,000	U.S. Treasury Note	720	4,985,156	3,589,312,500
5,000,000	Fed Natl. Mtg. Assn.	822	5,000,000	4,110,000,000
5,000,000	Fed Farm Credit Bank	910	4,988,941	4,539,936,255
TOTAL			$31,210,206	15,899,528,796

$$\text{WAM} = \frac{\textit{Σ Days to Maturity Multiplied by Book Value of Each Investment}}{\textit{Total Book Value}} = \frac{\textit{15,899,528,796}}{\textit{\$31,210,206}} = \textit{509 Days or 1.42 Years}$$

Duration is a more complex computation and requires the proper software to perform the specific calculations for each security and then for the entire portfolio. Three types of duration are commonly used.

MACAULAY DURATION. The simplest method of calculating duration which measures the number of years required to recover the true cost of a security and is the only type of duration measurement quoted in "years."

MODIFIED DURATION. Builds upon Macaulay duration to measure the price sensitivity of an investment to interest rate changes and assumes the cash flows of an investment do not change as interest rates change. Modified duration is quoted as a percentage of value change as interest rates change. Figure 4 is an example of a basic modified duration application.

EFFECTIVE DURATION. Further refines modified duration using an iterative estimation process and is typically used with floating rate, asset-backed, and pass-through securities and more generally, with securities that have call option features. Effective duration takes into account embedded options of a security (e.g., call features or sinking fund schedule) and adjusts the price of the investment to reflect changes in the value of those embedded options.[15] Thus, effective duration requires simulations of many possible interest rate scenarios to calculate the duration to call and provides a wider assessment of risk for a portfolio containing more than fixed rate securities. Due to the complexity of calculating effective duration, no example appears below.

[15] *Refer to CDIAC publication* ***Investing in Callable Securities – September 2020 Update*** *for a summary of callable securities. Refer to CDIAC publication* ***Issue Brief: Benefits and Limitations of Option-Adjusted Spread Analysis*** *for general guidance about option-adjusted spread (OAS) and how to interpret OAS values.*

FIGURE 4

DURATION–GAIN/LOSS OF MARKET VALUE MATRIX
FOR A $100,000,000 PORTFOLIO

		PORTFOLIO MODIFIED DURATION			
		1.2	2.7	5.0	6.0
RATE CHANGE	.25%	$300,000	$675,000	$1,250,000	$1,500,000
	.50%	600,000	1,350,000	2,500,000	3,000,000
	1.50%	1,800,000	4,050,000	7,500,000	9,000,000
	2.00%	2,400,000	5,400,000	10,000,000	12,000,000
	5.00%	6,000,000	13,500,000	25,000,000	30,000,000

Modified duration measures the approximate change in the market value of assets as a result of a change in market interest rates. Thus, for a portfolio with a market value of $100,000,000 and a duration of 1.2, as interest rates increase by 1.5%, the portfolio's market value would be expected to decrease by $1,800,000. Specifically:

$$\frac{\$100{,}000{,}000}{\text{portfolio size}} \times \frac{1.2}{\text{duration}} \times \frac{0.015}{\text{interest rate increase}} = \frac{\$1{,}800{,}000}{\text{portfolio market value decrease}}$$

Conversely, for the same portfolio, if interest rates were to decrease by 2%, the portfolio's market value increases by approximately $2,400,000. Specifically:

$$\frac{\$100{,}000{,}000}{\text{portfolio size}} \times \frac{1.2}{\text{duration}} \times \frac{0.02}{\text{interest rate increase}} = \frac{\$2{,}400{,}000}{\text{portfolio market value increase}}$$

Securities or portfolios with higher duration carry more interest rate risk and have higher price volatility (i.e., sensitivity of the security's price to changes in market interest rates) than those with lower durations. For example, if the same $100,000,000 portfolio had a duration of 2.7, a 1.5% increase in market interest rates will produce a greater change in the portfolio's market value:

$$\frac{\$100{,}000{,}000}{\text{portfolio size}} \times \frac{2.7}{\text{duration}} \times \frac{0.015}{\text{interest rate increase}} = \frac{\$4{,}050{,}000}{\text{portfolio market value decrease}}$$

For a 2% decrease in interest rates:

$$\frac{\$100{,}000{,}000}{\text{portfolio size}} \times \frac{2.7}{\text{duration}} \times \frac{0.02}{\text{interest rate increase}} = \frac{\$5{,}400{,}000}{\text{portfolio market value decrease}}$$

III. E What action should the legislative body take with the report? [Section 53646]

Section 53646(b) states that the "treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, internal auditor, and the legislative body" within 45 days of the quarter's end. Questions arise as to whether the legislative body needs to discuss and approve the report during a regular meeting, have it placed on the consent calendar, or only receive a copy.

MINIMUM LEGAL REQUIREMENT

Section 53646(b) only states that the report may be rendered to the legislative body. It does not require the legislative body to take action on this report.

CONSENSUS RECOMMENDATION

If presented to the legislative body of the local agency, it should discuss the report as necessary and take action on the report in public session. The report could be listed as a consent calendar item or as a non-consent calendar item, depending on the preferences of the legislative body. Possible actions of the governing body on the report could include: receiving and filing the report, approving or disapproving the report (with or without amendments), or asking staff for further information/clarification. In addition, if presented to an investment oversight body, the oversight body should discuss the reports at their own meetings.

III. F How should agencies address difficulties in meeting the 45-day requirement for submitting quarterly investment reports to the legislative body? [Section 53646(b)]

It can be difficult for an agency to collect all the appropriate information for the report, have an oversight committee (if a jurisdiction has one) review or approve it, and present it to the legislative body within 45 days of the quarter's end. Various factors such as the length and diversity of the portfolio, size of staff, and type and availability of computer software can influence the amount of time it takes to compile a report.

MINIMUM LEGAL REQUIREMENT:

Section 53646(b) requires that if the quarterly investment report is submitted to the legislative body, it may be rendered within 45 days of the end of the quarter.

CONSENSUS RECOMMENDATION:

A report, as complete as possible, should be submitted within the allotted 45 days. If current values for certain investments are not available within the time frame to complete the report in a timely fashion, submit the report on time and indicate in the report the most recent valuation and its date and then submit updated values to the legislative body at the soonest possible date thereafter. It should be available for individual legislative body members to review within 45 days of quarter end. This may include providing a copy to each member, including it in agenda materials for a public meeting, or actually presenting the report at a public meeting of the legislative body.

Chapter IV. Treasury Oversight Committees

Section 27131 and 27132 through 27132.4 consider the formation, composition, and role of a county treasury oversight committee. These code sections provide that the function of the treasury oversight committee is to monitor and review the county investment policy by conducting or causing an annual audit and discussing its findings at a public meeting. The rationale behind the creation of an oversight committee is to give local agencies and private sector citizens a say in the policies governing the investment pool.

IV. A What options are available for structuring the county treasury oversight committee? [Sections 27131 and 27132 through 27132.4]

The statutes governing the structure of county treasury oversight committees are meant to bring together a representative and knowledgeable committee while limiting conflicts of interest with the treasurer and the treasury functions subject to oversight. However the composition is subject to specific requirements that can make it difficult for local agencies to recruit and staff a committee. Specifically, the statutes prohibit individuals from employment with or securing employment within one year of serving on a county treasury oversight committee with underwriting, bond counsel or broker-dealer firms doing business with the county treasurer. Committee members are also prohibited from making individual political contributions to, or being employed by an entity that makes political contributions to, or from doing any fund raising on behalf of any candidate for office of the governing board of any agency that deposits funds in the county treasury in the previous three years.

MINIMUM REQUIREMENT:

Section 27131(a) states that the board of supervisors in any county that invests surplus money may establish a treasury oversight committee. If established, the committee must consist of three to eleven members, the exact number determined by the board of supervisors in consultation with the county treasurer. Members must be appointed from the following categories:

1. County treasurer.
2. County auditor, auditor-controller, or finance director as the case may be.
3. A representative appointed by the board of supervisors.
4. A representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the county.
5. County superintendent of schools or their designee.
6. A representative selected by a majority of the presiding officers of the legislative bodies of the special districts that are required or authorized to deposit funds in the county treasury.

A majority of the public members of the committee shall have expertise in or an academic background in public finance. The other public members shall be economically diverse and bipartisan in political registration. Committee members cannot:

- Be employed by an entity that has contributed to the campaign of a candidate for the office of local treasurer;
- Be employed by an entity that has contributed to the campaign of a candidate for membership on a legislative body of any local agency that has deposited funds in the county treasury in the previous three years or during the period the employed person is a member of the committee;
- Directly or indirectly raise money for a candidate for local treasurer or a member of the governing board of any local agency that has deposited funds in the county treasury while a member of the committee; and
- Secure employment with, or be employed by, bond underwriters, bond counsel, security brokerages or dealers, or financial services firms, with whom the treasurer is doing business during the period that the person is a member of the committee or for one year after leaving the committee.

CONSENSUS RECOMMENDATION:

County legislative bodies should decide if an oversight committee is necessary and if they should have private sector individuals from the restricted firm types serve on the committee. If so, the county may choose one of three options to compose the committee (Figure 5).

If the committee is composed of public and private sector members (Option 1), the members, for their term of service and one year following, cannot work for firms doing business with the treasurer. As a way to obtain the participation of private sector professions employed by firms doing business with the treasurer, a county may create an advisory board of the county treasury oversight committee (Option 2). However, a county that chooses Option 2 and forms an advi-

FIGURE 5

APPROACHES TO ESTABLISHING THE COUNTY TREASURY OVERSIGHT COMMITTEE

VARIOUS OPTIONS AVAILABLE TO LOCAL GOVERNMENTS
1. A committee of both public and private sector members.
2. A committee of public sector officials that has an advisory board made up of private sector professionals and citizens.
3. A committee that only consists of individuals who work for agencies that have funds invested in the pool.

sory board whose membership criteria is less stringent than the criteria used to compose an oversight committee is advised to consult legal counsel. Finally, the county may establish an oversight committee composed exclusively of individuals unaffiliated with private sector firms doing business with the treasurer. The easiest way to do so is to draw members of the committee from the public agencies investing funds with the county treasurer (Option 3).

IV. B Does the appointment of the treasurer to the county treasury oversight committee create a conflict of interest? [Sections 27131 and 27132]

Since the oversight committee's central task is to oversee the treasurer's policies, some believe that allowing the treasurer to sit on the oversight committee represents a conflict of interest. Others claim that a treasurer who donates money to their own campaign cannot be on the county treasury oversight committee because the law bars those who contribute to the campaign of someone running for treasurer while serving on the committee from participation.

MINIMUM LEGAL REQUIREMENT:

None. Sections 27131 and 27132 do not specify whether or not the county treasurer should be a member of the oversight committee. Section 27132 specifically lists the county treasurer as a potential member of the county treasury oversight committee.

CONSENSUS RECOMMENDATION:

The question of whether or not a county treasurer should sit on the treasury oversight committee must be made by the county board of supervisors and the treasurer. Their answer should consider the advantages and disadvantages of having someone with the treasurer's influence and expertise sit on the committee and the future employment implications to the treasurer since any person who serves on a county treasury oversight committee is prohibited from seeking employment with the financial services industry for one year after leaving the

committee. It should not in any way hinge on whether a treasurer donated money to his or her own campaign. Contributing money to one's own campaign does not represent a legitimate conflict of interest in the context of the treasury oversight committee.

Specifying that the treasurer does not serve as the chair of the oversight committee is one approach to lessening the "conflict of interest" concern.

IV. C What is the role of the county treasury oversight committee? [Sections 27134 and 27137]

MINIMUM LEGAL REQUIREMENT:

Sections 27134 and 27137 limit the oversight committee's functions to monitoring and reviewing the county treasury's compliance with the investment policy and reporting provisions of the Government Code through an annual audit.

CONSENSUS RECOMMENDATION:

The statutes address concerns that individuals serving on the treasury oversight committees may try to micro-manage decisions that should be left to the treasurer. Considerations by the committee regarding the risk and structure of a portfolio are permitted in the law, however, any attempts to direct individual investment decisions, select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the county treasurer are discouraged. The local agency should clearly stipulate that the responsibilities of the treasury oversight committee are to focus on investment policy issues and to audit the portfolio for compliance with the policy.

IV. D Should other local agencies have treasury oversight committees?

It is not uncommon to find treasury oversight committees in cities and other local agencies even though the law does not require them to have such a committee. An important issue in the decision to establish a committee is the level of discretion accorded the agency treasurer in making investment decisions: the more discretion, the greater the need for oversight procedures. However, even in situations where an agency has a great deal of discretion, some believe an oversight committee merely duplicates work that can be better performed by the governing board or auditors. Others support the view that an oversight committee provides valuable information to the investment staff and involves members of the com-

munity in an important government function. If other local agencies decide that they want to engage an oversight committee, its role with respect to reviewing investment policies and quarterly investment reports should be clearly specified.

MINIMUM LEGAL REQUIREMENT:

There are no legal requirements for local agencies to have oversight committees.

CONSENSUS RECOMMENDATION:

Local agencies that are not counties should consider if an oversight committee is appropriate based on its current oversight procedures, complexity of its portfolio, frequency with which it purchases securities, and skill level of its staff. The limitations and restrictions associated with membership on a county treasury oversight committee do not apply to committees formed by other local government entities.

California Government Code

CODE SECTION	TITLE DESCRIPTION
ACQUISITION OF BONDS	
5925	Repurchase investment
LOCAL AGENCY INVESTMENT FUND (LAIF)	
16340	Voluntary Investment Program Fund
16429.1	Creation, maintenance, and operation
16429.2	Local investment advisory board
16429.3	Deposits; prohibited transfers and loans; impoundment or seizure
16429.4	Right of withdrawal
COUNTY TREASURER - DUTIES GENERALLY	
27000	Custody and payment of moneys
27000.1	Investment of county funds; delegation and revocation of authority by board of supervisors; responsibility for transactions
27000.3	Prudent investor standard; use in transactions with public funds
27000.5	Objectives; managing public funds
27000.6	Effective date of specified provisions; candidate eligibility and continuing education programs; county ordinances; authority to repeal ordinances
27000.7	Eligibility for offices of county treasurer and tax collector; criteria; application of section
27000.8	County treasurers and tax collectors serving on January 1, 1996; service for remaining term; continuing education; certification; violation
27000.9	Continuing education; requirements beginning in 2000; certification; violation
27001	Certificates of auditor; filing; preservation
27002	Accounts of receipts and expenditures; requisites
27002.1	Photographic records of receipts and expenditures
27003	Separate accounts; general account

27005	Disbursements on warrants; checks or electronic funds transfers; exception
27006	Disbursements on warrants based on orders; payment of warrants
27007	Possession of money; special deposits
27008	Certificates of auditor necessary for receipt of money
27009	Receipt for deposit of moneys into county treasury
27010	Receipt of gifts and bequests
27011	Deposit of private money prohibited; penalty
27012	Conferences between controller and treasurers regarding administration of applicable law; expenses
27013	Administrative cost of investing, depositing or handling funds; reimbursement of county

COUNTY TREASURY OVERSIGHT COMMITTEES

27130	Legislative findings and declarations
27131	Establishment; determinations of size and membership
27132	Membership; pool of candidates
27132.1	Member employment by campaign contributors
27132.2	Member fundraising
27132.3	Member employment in financial services industry
27132.4	Open meetings; Ralph M. Brown Act
27133	Periodic investment policy; preparation by treasurer; committee review and oversight
27134	Periodic audits by committee; article compliance
27135	Costs of compliance; reimbursement
27136	Withdrawal of funds from county treasury pool; requests; evaluation; approval criteria
27137	Day-to-day operations and decisions; committee involvement

INVESTMENT OF SURPLUS

53600	Local agency
53600.3	Prudent investor standard; investments on behalf of local agencies
53600.5	Objectives; managing public funds
53600.6	Legislative findings and declarations; solvency and creditworthiness
53601	Local agencies; authorized investments
53601.1	Investment in financial futures or financial option contracts
53601.2	Limited liability corporation
53601.5	Investments; qualified purchase agent
53601.6	Prohibited investments
53601.8	Investment in placement service assisted deposits, including certificates of deposit

53602	Investment in legal investments for savings banks; securities of public districts
53603	Direct purchase of securities
53604	Sale or exchange of securities; reinvestment of proceeds
53605	Sale of securities; application of proceeds to original purposes
53606	Cancellation of bonds issued by purchaser; resale
53607	Delegation of duties to treasurer; monthly report
53608	Deposit of securities; receipt; delegation of authority
53609	Eligible securities for investment of funds held by local agency pursuant to deferred compensation plans
53610	Proposition 1A receivables; purchase by local agency
57603	Investments in public bank obligations

HEALTH FUND INVESTMENTS

53620	Investment funds designated for employee retiree health benefits' payments
53621	Delegation of the governing body's investment authority to designated officers
53622	Funds to pay employee retiree health benefits; discharge of duties of the governing body or designated officer

DEPOSIT OF FUNDS

16340	The Voluntary Investment Program Fund
53630	Definitions
53630.1	Legislative findings and declarations; solvency and creditworthiness
53630.5	Additional definitions
53631	Deposits to pay principal, interest or warrants of bonds; electronic funds disbursement
53632	Classes of deposits
53632.5	Classes of security for deposits
53633	Determination of amounts to be deposited in each class
53634	Transfers from inactive to active deposits
53635	Local agency investments; commercial paper; concentration limits
53635.2	Deposit of money belonging to or in custody of local agency
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Government Code Section 5925

5925

The purchase or other acquisition of bonds by or on behalf of the state or local government that issued the bonds does not cancel, extinguish, or otherwise affect the bonds and the bonds shall be treated as outstanding bonds for all purposes except to the extent otherwise determined by the issuer or otherwise provided in the constituent instruments defining the rights of the holders of the bonds.

Government Code Section 16340

16340

(a) (1) The Voluntary Investment Program Fund is hereby created within the State Treasury, for the receipt of voluntary deposits from local entities.

(2) For purposes of this section, a "local entity" includes, but is not limited to, any city, county, school district, or special district.

(b) Each local entity that is approved by its governance body to deposit moneys in the fund shall deposit no less than a total of two hundred million dollars ($200,000,000). The total amount of moneys that may be deposited in the fund from all eligible sources shall not exceed, at any point in time, a total of ten billion dollars ($10,000,000,000), or lesser amount as determined by the Director of Finance, in consultation with the Treasurer.

(c) The terms and conditions of deposits made into the fund shall be set by the Director of Finance, in consultation with the Treasurer. Those terms shall include, but not be limited to, the size of the deposit from a particular local entity, the length of time those moneys shall be held in deposit in the fund, the availability of funds for withdrawal by the local entity depositing the funds, and the annual rate of interest paid on deposits, as described in subdivision (e). However, the director and the Treasurer may only permit deposits that do not exceed funds needed to address an actual or anticipated cash shortfall in the General Fund not exceeding the amounts of existing appropriations, including continuing and continuous appropriations, to which resulting proceeds are to be applied.

(d) Moneys held in the Fund shall be invested by the Treasurer in investments authorized pursuant to Sections 16430 and 16480 through the Pooled Money Investment Account, and whenever the Controller determines that moneys in the General Fund, after allowing for internal borrowing from other funds are, or are expected to be, insufficient for the payment of all appropriations made by the Legislature which are to be paid out of the moneys in the General Fund, the State Controller may, based upon his or her estimate of the probable income to the General Fund during the then fiscal year and the probable dates of receipt thereof, may draw a demand or demands against appropriations made from the General Fund to be paid in the then current fiscal year prior to the receipt of the income, and deliver the demand or demands to the Treasurer. The Treasurer

shall register the demand or demands for nonpayment and may borrow moneys from the fund in an amount or amounts that is no greater than the demand or demands provided. The borrowing, together with the interest owed upon the account thereon, shall be paid exclusively from moneys in the General Fund on probable or reasonably anticipated revenues that are expected to be forthcoming within a short period of time, but not excepting recourse to internal borrowing from other funds in the event insufficient moneys are available from the General Fund. Repayment of any of those borrowings shall be considered a priority payment, equivalent to any other loan repayment made from the General Fund to another state fund.

(e) Notwithstanding any other law, the rate of interest to be earned by the depositors shall be the base apportionment rate based on their pro rata share of the earnings of the Pooled Money Investment Account on a quarterly basis at the end of each quarter plus an enhanced amount. The pro rata share shall be determined by a dollar day participation. The base apportionment rate applied to dollar day participation in the fund shall be the quarter-to-date average yield of the Pooled Money Investment Account for the current quarter. The enhancement amount paid to depositors in the fund shall be determined by the Director of Finance, in consultation with the Treasurer, and shall be added to the base rate earned by the Pooled Money Investment Account at the time the apportionment is made. The total interest cost described in this subdivision shall not exceed that provided for in paragraph (1) of subdivision (d) of Section 16731.

(f) Notwithstanding Section 13340, moneys in the fund are hereby continuously appropriated for payment of interest expenditures to depositors calculated in accordance with subdivision (e), other related expenses as determined by the Department of Finance, and return of deposits to depositors according to terms and conditions set by the Director of Finance, in consultation with the Treasurer. The amounts paid for interest and other related expenses shall be attributable to the fiscal year in which the borrowing occurred which is also the fiscal year upon which the appropriations against which the demand or demands were made.

(g) The Department of Finance shall determine the budget items to be used for the recording and reporting of interest expenditures and other related expenses pursuant to this section.

(h) Deposits in the fund shall be tracked separately for each participant in the state's accounting system, and shall be deemed to be assets of each participant. These assets shall be reflected as such on each participant's individual financial statements.

(i) These deposits are, and may only be used, to cover short-term cash needs of the state and are, and shall be, in compliance with the provisions of Proposition 58 of March 2004 as stated in subdivision (c), Section 1.3 of Article XVI of the California Constitution. Deposits and borrowing from the fund shall comply with the state's debt limit restrictions.

(j) Actions by the Director of Finance, in consultation with the Treasurer, in implementing and administering the investment program provided for in this

section and the Treasurer's and Controller's actions in borrowing from the fund shall be exempt from the provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3).

(k) Upon projection of insufficient cash in the General Fund, the Director of Finance, in consultation with the Treasurer and Controller, may utilize provisions similar to Section 16381 to facilitate the implementation of the program.

Government Code Section 16429.1-16429.4

16429.1

(a) There is in trust in the custody of the Treasurer the Local Agency Investment Fund, which fund is hereby created. The Controller shall maintain a separate account for each governmental unit having deposits in this fund.

(b) Notwithstanding any other provisions of law, a local governmental official, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

(c) Notwithstanding any other provisions of law, an officer of any nonprofit corporation whose membership is confined to public agencies or public officials, or an officer of a qualified quasi-governmental agency, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

(d) Notwithstanding any other provision of law or of this section, a local agency, with the approval of its governing body, may deposit in the Local Agency Investment Fund proceeds of the issuance of bonds, notes, certificates of participation, or other evidences of indebtedness of the agency pending expenditure of the proceeds for the authorized purpose of their issuance. In connection with these deposits of proceeds, the Local Agency Investment Fund is authorized to receive and disburse moneys, and to provide information, directly with or to an authorized officer of a trustee or fiscal agent engaged by the local agency, the Local Agency Investment Fund is authorized to hold investments in the name and for the account of that trustee or fiscal agent, and the Controller shall maintain a separate account for each deposit of proceeds.

(e) The local governmental unit, the nonprofit corporation, or the quasi-governmental agency has the exclusive determination of the length of time its money will be on deposit with the Treasurer.

(f) The trustee or fiscal agent of the local governmental unit has the exclusive determination of the length of time proceeds from the issuance of bonds will be on deposit with the Treasurer.

(g) The Local Investment Advisory Board shall determine those quasi-governmental agencies which qualify to participate in the Local Agency Investment Fund.

(h) The Treasurer may refuse to accept deposits into the fund if, in the judgment of the Treasurer, the deposit would adversely affect the state's portfolio.

(i) The Treasurer may invest the money of the fund in securities prescribed in Section 16430. The Treasurer may elect to have the money of the fund invested through the Surplus Money Investment Fund as provided in Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2.

(j) Money in the fund shall be invested to achieve the objective of the fund which is to realize the maximum return consistent with safe and prudent treasury management.

(k) All instruments of title of all investments of the fund shall remain in the Treasurer's vault or be held in safekeeping under control of the Treasurer in any federal reserve bank, or any branch thereof, or the Federal Home Loan Bank of San Francisco, with any trust company, or the trust department of any state or national bank.

(l) Immediately at the conclusion of each calendar quarter, all interest earned and other increment derived from investments shall be distributed by the Controller to the contributing governmental units or trustees or fiscal agents, nonprofit corporations, and quasi-governmental agencies in amounts directly proportionate to the respective amounts deposited in the Local Agency Investment Fund and the length of time the amounts remained therein. An amount equal to the reasonable costs incurred in carrying out the provisions of this section, not to exceed a maximum of 5 percent of the earnings of this fund and not to exceed the amount appropriated in the annual Budget Act for this function, shall be deducted from the earnings prior to distribution. The amount of this deduction shall be credited as reimbursements to the state agencies, including the Treasurer, the Controller, and the Department of Finance, having incurred costs in carrying out the provisions of this section.

(m) The Treasurer shall prepare for distribution a monthly report of investments made during the preceding month.

(n) As used in this section, "local agency," "local governmental unit," and "local governmental official" includes a campus or other unit and an official, respectively, of the California State University who deposits moneys in funds described in Sections 89721, 89722, and 89725 of the Education Code.

16429.2

There is created the Local Investment Advisory Board consisting of five members. The chairman shall be the State Treasurer or his or her designated representative. Two members who are qualified by training and experience in the field of investment or finance, shall be appointed by the State Treasurer. Two members who are treasurers, finance or fiscal officers or business managers, employed by any county, city or local district or municipal corporation of this state, shall be appointed by the Treasurer.

The term of office of each appointed member of the board is two years, but each appointed member serves at the pleasure of the appointing authority. A vacancy

in the appointed membership, occurring other than by expiration of term, shall be filled in the same manner as the original appointment, but for the unexpired term only.

Members of the board who are not state officers or employees shall not receive a salary, but shall be entitled to a per diem allowance of fifty dollars ($50) for each day's attendance at a meeting of the board, not to exceed three hundred dollars ($300) in any month. All members shall be entitled to reimbursement for expenses incurred in the performance of their duties under this part, including travel and other necessary expenses.

The board's primary purpose shall be to advise and assist the State Treasurer in formulating the investment and reinvestment of moneys in the Local Agency Investment Fund, and the acquisition, retention, management, and disposition of investments of the fund. The board, from time to time, shall review those policies and advise therein as it considers necessary or desirable. The board shall advise the State Treasurer in the management of the fund and consult the State Treasurer on any matter relating to the investment and reinvestment of moneys in the fund.

16429.3

Moneys placed with the Treasurer for deposit in the Local Agency Investment Fund by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following:

(a) Transfer or loan pursuant to Sections 16310, 16312, or 16313.

(b) Impoundment or seizure by any state official or state agency.

16429.4

The right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency to withdraw its deposited moneys from the Local Agency Investment Fund, upon demand, may not be altered, impaired, or denied, in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year.

Government Code Section 27000-27013

27000

The county treasurer shall receive and keep safely all money belonging to the county and all other money directed by law to be paid to him and apply and pay it out, rendering the account as required by law.

27000.1

Subject to Section 53607, the board of supervisors may, by ordinance, delegate to the county treasurer the authority to invest or reinvest the funds of the county

and the funds of other depositors in the county treasury, pursuant to Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of title 5. The county treasurer shall thereafter assume full responsibility for those transactions until the board of supervisors either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation, as provided in Section 53607. Nothing in this section shall limit the county treasurer's authority pursuant to Section 53635 or 53684.

27000.3

(a) With regard to county funds deposited in the county treasury, the board of supervisors is the agent of the county who serves as a fiduciary and is subject to the prudent investor standard, unless a delegation has occurred pursuant to Section 53607 in which case the county treasurer shall be the agent of the county with respect to these funds, serve as a fiduciary, and be subject to the prudent investor standard and the board of supervisors shall not be the agent, serve as a fiduciary, or be subject to the prudent investor standard.

(b) With regard to funds deposited in the county treasury that are deposited by local agencies other than the county and at the discretion of those local agencies, the county treasurer serves as a fiduciary subject to the prudent investor standard.

(c) When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors. Within the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law. Nothing in this chapter is intended to grant investment authority to any person or governing body except as provided in Sections 53601, 53607, and 53635.

27000.5

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of the county treasurer or the board of supervisors, as the case may be, shall be to safeguard the principal of the funds under the treasurer's or the board's control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under his or her control.

27000.6

The provisions of Sections 27000.7, 27000.8, and 27000.9 shall become effective only in those counties in which, prior to the first date of the period for filing declarations of candidacy for the office of county treasurer, county tax collector, or county treasurer-tax collector, the board of supervisors by majority vote at

a regular meeting with all members present, enact an ordinance adopting the provisions of those sections. That ordinance may be repealed by the board of supervisors at any time.

27000.7

(a) A person shall not be eligible for election or appointment to the office of county treasurer, county tax collector, or county treasurer-tax collector of any county unless that person meets at least one of the following criteria:

(1) The person has served in a senior financial management position in a county, city, or other public agency dealing with similar financial responsibilities for a continuous period of not less than three years, including, but not limited to, treasurer, tax collector, auditor, auditor-controller, or the chief deputy or an assistant in those offices.

(2) The person possesses a valid baccalaureate, masters, or doctoral degree from an accredited college or university in any of the following major fields of study: business administration, public administration, economics, finance, accounting, or a related field, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.

(3) The person possesses a valid certificate issued by the California Board of Accountancy pursuant to Chapter 1 (commencing with Section 5000) of Division 3 of the Business and Professions Code, showing that person to be, and a permit authorizing that person to practice as, a certified public accountant.

(4) The person possesses a valid charter issued by the Institute of Chartered Financial Analysts showing the person to be designated a Chartered Financial Analyst, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.

(b)(1) This section shall only apply to any person duly elected or appointed as a county treasurer, county tax collector, or county treasurer-tax collector on or after January 1, 1998.

(2) The amendments made by the act adding this paragraph apply to any person duly elected or appointed as a county treasurer, county tax collector, or county treasurer-tax collector on or after January 1, 2024.

27000.8

Any duly elected county treasurer, county tax collector, or county treasurer-tax collector serving in that office on January 1, 1996, may serve for his or her remaining term of office during which period of time the requirements of this section shall not apply. After the election of a county treasurer, county tax collector, or county treasurer-tax collector to office, that person shall complete a valid continuing course of study as prescribed in this section, and shall during the person's four-year term of office on or before June 30 of the fourth year, render to the Controller a certification indicating that the person has successfully completed a continuing education program consisting of, at a minimum, 48 hours, or an

equivalent amount of continuing education units within the discipline of treasury management, tax collection, public finance, public administration, governmental accounting, or directly related subjects, offered by a recognized state or national association, institute, or accredited college or university, or the California Debt and Investment Advisory Commission, that provides the requisite educational programs prescribed in this section. The willful or negligent failure of any elected county treasurer, county tax collector, or county treasurer-tax collector to comply with the requirements of this section shall be deemed a violation of this section.

27000.9

Notwithstanding any other requirement of law, any duly appointed county officer serving in the capacity of county treasurer, county tax collector, or county treasurer-tax collector shall, beginning in 2000, complete a valid continuing course of study as prescribed in this section, and shall, on or before June 30 of each two-year period, render to the Controller, a certification indicating that the county officer has successfully completed a continuing education program consisting of, at a minimum, 24 hours or an equivalent amount of continuing education units within the discipline of treasury management, tax collection, public finance, public administration, governmental accounting, or directly related subjects, offered by a recognized state or national association, institute, or accredited college or university, or the California Debt and Investment Advisory Commission, that provides the requisite educational programs prescribed in this section. The willful or negligent failure of any county officer serving in the capacity of county treasurer, county tax collector, or county treasurer-tax collector to comply with the requirements of this section shall be deemed a violation of this section.

27001

The treasurer shall file and keep the certificates of the auditor delivered to him or her when money is paid into the treasury.

Notwithstanding Sections 26201, 26202, and 26205, the treasurer may destroy any certificate pursuant to this section under either of the following circumstances:

(a) The certificate has been filed for more than five years.

(b) The certificate has been filed for more than one year, and all of the following conditions are complied with:

(1) The record, paper, or document is photographed, microphotographed, reproduced by electronically recorded video images on magnetic surfaces, or recorded on optical disk or reproduced on any other medium that does not permit additions, deletions, or changes to the original document and is produced in compliance with Section 12168.7 for recording of permanent records or nonpermanent records if the copy is kept or maintained for five years from the date of the document.

(2) The device used to reproduce the record, paper, or document on film or any other medium is one that accurately reproduces the original thereof in all details. A duplicate copy of any record reproduced in compliance with Section 12168.7

for recording of permanent or nonpermanent records, whichever applies, shall be deemed an original.

(3) The photographs, microphotographs, or other reproductions on film or any other medium are placed in conveniently accessible files and provision is made for preserving, examining, and using the same.

(4) The record, paper, or document is reproduced and preserved utilizing other information technology.

27002

The treasurer shall keep an account of the receipt and expenditure of all money received or paid out by him or her in books provided for the purpose. He or she shall enter in the books the amount, the time, from whom, and on what account all money was received by him or her, and the warrant number, the amount, time, and on what account all disbursements were made by him or her.

27002.1

(a) The treasurer may, in lieu of entering in books an account of the receipt and expenditure of all money received or paid out by him or her as provided in Section 27002, photograph, microphotograph, photocopy, or enter into an electronic data-processing system that utilizes optical transmission and filing, all receipts for money received by him or her and all warrants paid out by him or her.

(b) Every reproduction described in subdivision (a) shall be deemed and considered an original, and a transcript, exemplification, or certified copy of any of those reproductions shall be deemed and considered a transcript, exemplification, or certified copy, as the case may be, of the original.

(c) All reproductions described in subdivision (a) shall be properly indexed and placed in convenient, accessible files. Each roll of microfilm shall be deemed and constitute a book, and shall be designated and numbered, and provision shall be made for preserving, examining, and using it. A duplicate of each roll of microfilm shall be made and kept in a safe and separate place.

27003

The treasurer shall keep his or her books or any other authorized form of record so that the amounts received and paid out on account of separate funds or specific appropriations are exhibited in separate and distinct accounts, and the whole receipts and expenditures shown in one general or cash account.

27005

The treasurer shall disburse the county money and all other money placed in his or her custody by official authority only on county warrants, checks, or electronic fund transfers issued by the county auditor, except for the making of legal investments.

27006

The treasurer shall disburse the money in the treasury on county warrants only when they are based on orders of the board of supervisors, upon order of the superior court, or as otherwise provided by law. In the payment of the warrants he may issue his order, check, or draft drawn upon proper funds that are on deposit in any bank.

27007

The treasurer shall keep all money belonging to the State, or any county of the State in his own possession until disbursed according to law. He shall not place the money in the possession of any person to be used for any purpose, nor shall he loan or in any manner use, or permit any person to use it, except as provided by law. This section does not prohibit him from making special deposits for the safe-keeping of public money, but he is liable therefore on his official bond.

27008

(a) The treasurer shall not receive money into the treasury or for deposit with him or her as treasurer, unless it is accompanied by the certificate of the auditor.

(b) Notwithstanding subdivision (a), the auditor and treasurer may establish alternate control procedures for the treasurer to receive or deposit money without the certificate of the auditor.

27009

The treasurer shall give a receipt to each person who deposits money into the county treasury.

27010

The treasurer may receive any money constituting gift, bequest, or devise, and pay it out in accordance with the terms thereof, or, if none are fixed, according to law.

27011

Any county officer who knowingly accepts or allows any deposit in the county treasury of money from any private and unofficial source is guilty of a misdemeanor, punishable by imprisonment in the county jail for not less than six months nor more than one year, or by a fine of not less than five hundred dollars ($500) and not more than five thousand dollars ($5,000), or by both that fine and imprisonment, and shall forfeit his or her office.

27012

The Controller may summon county treasurers or the authorized representative of any county treasurer to meet with the Controller or his or her duly

authorized representatives, in those groups and at that place or those places within the state as may be designated by the Controller for the purpose of discussing the interpretation, procedures, uniformity of operation, and efficient administration of the Revenue and Taxation Code and the Government Code. The actual and necessary expenses of any county officer or his or her authorized representative that are incurred while traveling to and from or while attending any meeting called pursuant to this section by the Controller shall be a charge against the county, to be paid in the same manner as other county charges are paid, provided that prior approval of the board of supervisors has been obtained.

27013

Notwithstanding any other provision of law, any treasurer, or other authorized county officer, who invests, deposits or otherwise handles funds for public agencies for the purpose of earning interest or other income on such funds as permitted by law, may deduct from such interest or income, before distribution thereof, the actual administrative cost of such investing, depositing or handling of funds and of distribution of such interest or income. Such cost reimbursement shall be paid into the county general fund.

Government Code Section 27130-27137

27130

The Legislature finds and declares that local agencies, including school districts, should participate in reviewing the policies that guide the investment of those funds. The Legislature further finds and declares that by pooling deposits from local agencies and other participants, county treasuries operate in the public interest when they consolidate banking and investment activities, reduce duplication, achieve economies of scale, and carry out coherent and consolidated investment strategies. The Legislature further finds and declares that the creation of county treasury oversight committees will promote the public interest by involving depositors in the management of their funds and by enhancing the security and investment return on their funds by providing a more stable and predictable balance for investment by establishing criteria for the withdrawal of funds.

27131

(a) The board of supervisors in each county or city and county may, if the county or city and county is investing surplus funds, establish a county treasury oversight committee. The board of supervisors, in consultation with the county treasurer, shall determine the exact size of the committee, which shall consist of from 3 to 11 members, and the categories from which the members shall be represented, as specified in subdivisions (a) to (g), inclusive, of Section 27132. Members shall be nominated by the treasurer and confirmed by the board of supervisors.

(b) In recognition of the state and local interests served by the action made optional in subdivision (a), the Legislature encourages local agencies to continue taking the action formerly mandated by this section. However, nothing in this subdivision may be construed to impose any liability on a local agency that does not continue to take the formerly mandated action.

27132

The county treasury oversight committee, pursuant to Section 27131, shall consist of members appointed from the following:

(a) The county treasurer.

(b) The county auditor, auditor-controller, or finance director, as the case may be.

(c) A representative appointed by the county board of supervisors.

(d) The county superintendent of schools or his or her designee.

(e) A representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the county.

(f) A representative selected by a majority of the presiding officers of the legislative bodies of the special districts in the county that are required or authorized to deposit funds in the county treasury.

(g) Up to five other members of the public.

(1) A majority of the other public members shall have expertise in, or an academic background in, public finance.

(2) The other public members shall be economically diverse and bipartisan in political registration.

27132.1

A member may not be employed by an entity that has (a) contributed to the campaign of a candidate for the office of local treasurer, or (b) contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the committee.

27132.2

A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the governing board of any local agency that has deposited funds in the county treasury while a member of the committee.

27132.3

A member may not secure employment with, or be employed by, bond underwriters, bond counsel, security brokerages or dealers, or financial services firms,

with whom the treasurer is doing business during the period that the person is a member of the committee or for one year after leaving the committee.

27132.4

Committee meetings shall be open to the public and subject to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5).

27133

In any county that establishes a county treasury oversight committee pursuant to this article, the county treasurer shall annually prepare an investment policy that will be reviewed and monitored by the county treasury oversight committee. The investment policy shall include all of the following:

(a) A list of securities or other instruments in which the county treasury may invest, according to law, including the maximum allowable percentage by type of security.

(b) The maximum term of any security purchased by the county treasury.

(c) The criteria for selecting security brokers and dealers from, to, or through whom the county treasury may purchase or sell securities or other instruments. The criteria shall prohibit the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.

(d) Limits on the receipt of honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business by any member of the county treasury oversight committee. These limits may be in addition to the limits set by a committee member's own agency, by state law, or by the Fair Political Practices Commission.

(e) A requirement that the county treasurer provide the county treasury oversight committee with an investment report as required by the board of supervisors.

(f) The manner of calculating and apportioning the costs, authorized by Section 27013, of investing, depositing, banking, auditing, reporting, or otherwise handling or managing funds.

(g) The terms and conditions under which local agencies and other entities that are not required to deposit their funds in the county treasury may deposit funds for investment purposes.

(h) Criteria for considering requests to withdraw funds from the county treasury, pursuant to Section 27136. The criteria shall include an assessment of the effect of a proposed withdrawal on the stability and predictability of the investments in the county treasury.

27134

The county treasury oversight committee shall cause an annual audit to be conducted to determine the county treasury's compliance with this article. The audit may include issues relating to the structure of the investment portfolio and risk.

27135

The costs of complying with this article shall be county charges and may be included with those charges enumerated under Section 27013.

27136

(a) Notwithstanding any other provision of law, any local agency, public agency, public entity, or public official that has funds on deposit in the county treasury pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the county treasury pool, shall first submit the request for withdrawal to the county treasurer before withdrawing funds from the county treasury pool.

(b) The county treasurer shall evaluate each proposed withdrawal for its consistency with the criteria adopted pursuant to subdivision (h) of Section 27133. Prior to approving a withdrawal, the county treasurer shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the county treasury pool.

27137

Nothing in this article shall be construed to allow the county treasury oversight committee to direct individual investment decisions, select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the county treasury.

Government Code Section 53600-53610

53600

As used in this article, "local agency" means county, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

53600.3

Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public

funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

53600.5

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.

53600.6.

The Legislature hereby finds that the solvency and creditworthiness of each individual local agency can impact the solvency and creditworthiness of the state and other local agencies within the state. Therefore, to protect the solvency and creditworthiness of the state and all of its political subdivisions, the Legislature hereby declares that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern.

53601.

This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable

only at the date of purchase. For purposes of compliance with this section, an investment's term or remaining maturity shall be measured from the settlement date to final maturity. A security purchased in accordance with this section shall not have a forward settlement date exceeding 45 days from the time of investment. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

(a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

(b) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

(d) Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

(e) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(f) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

(g) Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days' maturity or 40 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 30 percent of the agency's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing moneys in its treasury in a manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(h) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

(1) The entity meets the following criteria:

(A) Is organized and operating in the United States as a general corporation.

(B) Has total assets in excess of five hundred million dollars ($500,000,000).

(C) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.

(2) The entity meets the following criteria:

(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

(B) Has program wide credit enhancements including, but not limited to, over-collateralization, letters of credit, or a surety bond.

(C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO. Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, that have less than one hundred million dollars ($100,000,000) of investment assets under management, may invest no more than 25 percent of their moneys in eligible commercial paper. Local agencies, other than counties or a city and county, that have one hundred million dollars ($100,000,000) or more of investment assets under management may invest no more than 40 percent of their moneys in eligible commercial paper. A local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decision-making authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit

committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(j)(1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of any securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on an investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the everse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4)(A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, "significant banking relationship" means any of the following activities of a bank:

(i) Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.

(ii) Financing of a local agency's activities.

(iii) Acceptance of a local agency's securities or funds as deposits.

(5)(A) "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

(B) "Securities," for purposes of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

(k) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. A local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

(l)(1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the United States Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the United States Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and with assets under management in excess of five hundred million dollars ($500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the United States Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that the companies may charge and shall not exceed 20 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(m) Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of

those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(n) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the pupose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(o)(1) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond.

(2) For securities eligible for investment under this subdivision not issued or guaranteed by an agency or issuer identified in subdivision (b) or (f), the following limitations apply:

(A) The security shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less.

(B) Purchase of securities authorized by this paragraph shall not exceed 20 percent of the agency's surplus moneys that may be invested pursuant to this section.

(p) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the United States Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

(q) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent

or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

(r) Commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.

This section shall remain in effect only until January 1, 2026, and as of that date is repealed.

53601.1

The authority of a local agency to invest funds pursuant to Section 53601 includes, in addition thereto, authority to invest in financial futures or financial option contracts in any of the investment categories enumerated in that section.

53601.2

As used in this article, "corporation" includes a limited liability company.

53601.5

The purchase by a local agency of any investment authorized pursuant to Section 53601 or 53601.1, not purchased directly from the issuer, shall be purchased either from an institution licensed by the state as a broker-dealer, as defined in Section 25004 of the Corporations Code, or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from a savings association or federal association (as defined by Section 5102 of the Financial Code) or from a brokerage firm designated as a primary government dealer by the Federal Reserve bank.

53601.6

(a) A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes, or mortgage-derived, interest-only strips.

(b) (1) Except as provided in paragraph (2), a local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) that are authorized for investment pursuant to subdivision (l) of Section 53601.

(2) Notwithstanding the prohibition in paragraph (1), a local agency may invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. A local agency may hold these instruments until their maturity dates.

(c) This section shall remain in effect only until January 1, 2026, and as of that date is repealed.

53601.8

Notwithstanding any other provision of this code, a local agency that has the authority under law to invest funds, at its discretion, may invest a portion of its surplus funds in deposits at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of deposits. The following conditions shall apply:

(a) The local agency shall choose a nationally or state-chartered commercial bank, savings bank, savings and loan association, or credit union in this state to invest the funds, which shall be known as the "selected" depository institution.

(b) The selected depository institution may use a private sector entity to help place local agency deposits with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States and are within the network used by the private sector entity for this purpose.

(c) The selected depository institution shall request that the local agency inform it of depository institutions at which the local agency has other deposits, and the selected depository institution shall provide that information to the private sector entity.

(d) Any private sector entity used by a selected depository institution to help place its local agency deposits shall maintain policies and procedures requiring all of the following:

(1) The full amount of each deposit placed pursuant to subdivision (b) and the interest that may accrue on each such deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(2) Every depository institution where funds are placed shall be capitalized at a level that is sufficient, and be otherwise eligible, to receive such deposits pursuant to regulations of the Federal Deposit Insurance Corporation or the National Credit Union Administration, as applicable.

(3) At the time of the local agency's investment with a selected depository institution and no less than monthly thereafter, the private sector entity shall ensure that the local agency is provided with an inventory of all depository institutions in which deposits have been placed on the local agency's behalf, that are within the private sector entity's network.

(4) Within its network, the private sector entity shall ensure that it does not place additional deposits from a particular local agency with any depository institution identified pursuant to subdivision (c) as holding that local agency's deposits if those additional deposits would result in that local agency's total amount on deposit at that depository institution exceeding the Federal Deposit Insurance Corporation or the National Credit Union Administration insurance limit.

(e) If a selected depository uses two or more private sector entities to assist in the placement of a local agency's deposits, the selected depository shall ensure that it does not place additional deposits from a particular local agency with a depository institution if those additional deposits would result in that local agency's total amount on deposit at that depository institution exceeding the Federal Deposit Insurance Corporation or the National Credit Union Administration insurance limit.

(f) The selected depository institution shall serve as a custodian for each such deposit.

(g) On the same date that the local agency's funds are placed pursuant to subdivision (b) by the private sector entity, the selected depository institution shall receive an amount of insured deposits from other financial institutions that, in total, are equal to, or greater than, the full amount of the principal that the local agency initially deposited through the selected depository institution pursuant to subdivision (b).

(h) Notwithstanding subdivisions (a) to (g), inclusive, a credit union shall not act as a selected depository institution under this section unless both of the following conditions are satisfied:

(1) The credit union offers federal depository insurance through the National Credit Union Administration.

(2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally insured credit unions in one or more deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.

(i) It is the intent of the Legislature that this section shall not restrict competition among private sector entities that provide placement services pursuant to this section.

(j) The deposits placed pursuant to this section shall be subject to Section 53638 and shall not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose.

(k) (1) On or before January 1, 2030, the California Debt and Investment Advisory Commission shall submit a report to the appropriate policy committees of the Legislature on the deposit of surplus funds pursuant to this section by local agencies. The report shall include, but is not limited to, the following information:

(A) An overview of local agency surplus funds invested in depository institutions that use private-entity placement services pursuant to this section, including information regarding the number of agencies that have deposited more than 30 percent of their surplus funds in depository institutions that use private-entity placement services and whether any local agencies have deposited funds in more than one depository institution pursuant to this section.

(B) A recommendation for a limitation, if any, on the share of deposits that a local agency can invest in depository institutions that use private-entity placement services pursuant to this section for consideration by the Legislature.

(2) The report to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795.

(l) This section shall remain in effect only until January 1, 2031, and as of that date is repealed.

53602

The legislative body shall invest only in notes, bonds, bills, certificates of indebtedness, warrants, or registered warrants which are legal investments for savings banks in the State, provided, that the board of supervisors of a county may, by a four-fifths vote thereof, invest in notes, warrants or other evidences of indebtedness of public districts wholly or partly within the county, whether or not such notes, warrants, or other evidences of indebtedness are legal investments for savings banks.

53603

The legislative body may make the investment by direct purchase of any issue of eligible securities at their original sale or after they have been issued.

53604

The legislative body may sell, or exchange for other eligible securities, and reinvest the proceeds of, the securities purchased.

53605

From time to time, the legislative body shall sell the securities so that the proceeds may be applied to the purposes for which the original purchase money was placed in the sinking fund or the treasury of the local agency.

53606

The bonds purchased, which were issued by the purchaser, may be canceled either in satisfaction or sinking fund obligations or otherwise. When canceled, they are no longer outstanding, unless in its discretion, the legislative body holds then uncanceled. While held uncanceled, the bonds may be resold.

53607

The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transac-

tions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

53608

The legislative body of a local agency may deposit for safekeeping with a federal or state association (as defined by Section 5102 of the Financial Code), a trust company or a state or national bank located within this state or with the Federal Reserve Bank of San Francisco or any branch thereof within this state, or with any Federal Reserve bank or with any state or national bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System, the bonds, notes, bills, debentures, obligations, certificates of indebtedness, warrants, or other evidences of indebtedness in which the money of the local agency is invested pursuant to this article or pursuant to other legislative authority. The local agency shall take from such financial institution a receipt for securities so deposited. The authority of the legislative body to deposit for safekeeping may be delegated by the legislative body to the treasurer of the local agency; the treasurer shall not be responsible for securities delivered to and receipted for by a financial institution until they are withdrawn from the financial institution by the treasurer.

53609

Notwithstanding the provisions of this chapter or any other provisions of this code, funds held by a local agency pursuant to a written agreement between the agency and employees of the agency to defer a portion of the compensation otherwise receivable by the agency's employees and pursuant to a plan for such deferral as adopted by the governing body of the agency, may be invested in the types of investments set forth in Sections 53601 and 53602 of this code, and may additionally be invested in corporate stocks, bonds, and securities, mutual funds, savings and loan accounts, credit union accounts, life insurance policies, annuities, mortgages, deeds of trust, or other security interests in real or personal property. Nothing herein shall be construed to permit any type of investment prohibited by the Constitution.

Deferred compensation funds are public pension or retirement funds for the purposes of Section 17 of Article XVI of the Constitution.

53610

(a) For purposes of this section, "Proposition 1A receivable" means the right to payment of moneys due or to become due to a local agency, pursuant to clause (iii) of subparagraph (B) of paragraph (1) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution and Section 100.06 of the Revenue and Taxation Code.

(b) Notwithstanding any other law, a local agency may purchase, with its revenue, Proposition 1A receivables sold pursuant to Section 53999.

(c) A purchaser of Proposition 1A receivables pursuant to this section shall not offer them for sale pursuant to Section 6588.

Government Code Section 53620-53622

53620

Notwithstanding Section 53601 or 53635, the governing body of a local agency may invest funds designated for the payment of employee retiree health benefits in any form or type of investment deemed prudent by the governing body pursuant to Section 53622.

53621

The authority of the governing body to invest or to reinvest funds intended for the payment of employee retiree health benefits, or to sell or exchange securities purchased for that purpose, may be delegated by the governing body to designated officers.

53622

(a) Funds intended for the payment of employee retiree health benefits shall only be held for the purpose of providing benefits to participants in the retiree health benefit plan and defraying reasonable expenses of administering that plan.

(b) The governing body or designated officer, when making investments of the funds, shall discharge its duties with respect to the investment of the funds.

(1) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants in the retiree health benefit plan, minimizing employer contributions thereto, and defraying reasonable expenses of administering the plan.

(2) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

(3) Shall diversify the investments of the funds so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

Government Code Section 53630-53686

53630

As used in this article:

(a) "Local agency" means county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state.

(b) "Treasurer" means treasurer of the local agency.

(c) "Depository" means a state or national bank, savings association or federal association, a state or federal credit union, or a federally insured industrial loan company, in this state in which the moneys of a local agency are deposited.

(d) "Agent of depository" means a trust company or trust department of a state or national bank located in this state, including the trust department of a depository where authorized, and the Federal Home Loan Bank of San Francisco, which is authorized to act as an agent of depository for the purposes of this article pursuant to Section 53657.

(e) "Security" means any of the eligible securities or obligations listed in Section 53651.

(f) "Pooled securities" means eligible securities held by an agent of depository for a depository and securing deposits of one or more local agencies.

(g) "Administrator" means the Administrator of Local Agency Security of the State of California.

(h) "Savings association or federal association" means a savings association, savings and loan association, or savings bank as defined by Section 5102 of the Financial Code.

(i) "Federally insured industrial loan company" means an industrial loan company licensed under Division 7 (commencing with Section 18000) of the Financial Code, the investment certificates of which are insured by the Federal Deposit Insurance Corporation.

(j) "Corporation" includes a limited liability company.

53630.1

The Legislature hereby finds that the solvency and creditworthiness of each individual local agency can impact the solvency and creditworthiness of the state and other local agencies within the state. Therefore, to protect the solvency and creditworthiness of the state and all of its political subdivisions, the Legislature hereby declares that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern.

53630.5

(a) The definitions in Section 1750 of, and Chapter 1 (commencing with Section 99) of Division 1 of, the Financial Code apply to this section.

(b) In this article, for purposes of being a depository of moneys belonging to or being in the custody of a local agency, the phrases "state or national bank located in this state," "state or national bank," "state or national bank in this state," and "state or national banks in the state" include, without limitation, any of the following:

(1) Any California branch office of a foreign (other state) state bank that the bank is authorized to maintain under the law of its domicile and federal law.

(2) Any California branch office of a foreign (other state) national bank that the bank is authorized to maintain under federal law.

(3) Any California branch office of a foreign (other nation) bank that the bank is licensed to maintain under Article 3 (commencing with Section 1800) of Chapter 20 of Division 1.1 of the Financial Code.

(4) Any California federal branch of a foreign (other nation) bank that the bank is authorized to maintain under federal law.

53631

Under those conditions as the treasurer of a local agency fixes with the approval of the legislative body, he or she may establish accounts at banks within or without the state and deposit money in those accounts to the extent necessary to pay the principal and interest of bonds to pay any warrant that has been presented for payment, or to fund any electronic disbursement of funds from the treasury of the local agency. This article does not apply to deposits for those purposes.

53632

There are three classes of deposits:

(a) Inactive deposits.

(b) Active deposits.

(c) Interest-bearing active deposits.

53632.5

There are three classes of security for deposits:

(a) Securities described in subdivision (m) of Section 53651.

(b) Securities described in subdivision (p) of Section 53651.

(c) Securities enumerated in Section 53651, except for those described in subdivisions (m) and (p) of that section.

53633

The treasurer shall determine the amounts of money to be deposited as inactive, active, and interest-bearing active deposits, except as otherwise provided in Section 53679.

53634

The treasurer may call in money from inactive deposits and place it in active deposits as current demands require. When there is money in his possession for which there is no demand as inactive deposits, he may place it as active deposits.

53635

(a) This section shall apply to a local agency that is a county, a city and a county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. However, Section 53601 shall apply to all local agencies that pool money in deposits or investments exclusively with local agencies that have the same governing body.

This section shall be interpreted in a manner that recognizes the distinct characteristics of investment pools and the distinct administrative burdens on managing and investing funds on a pooled basis pursuant to Article 6 (commencing with Section 27130) of Chapter 5 of Division 2 of Title 3.

A local agency that is a county, a city and county, or other local agency that pools money in deposits or investments with other agencies may invest in commercial paper pursuant to subdivision (h) of Section 53601, except that the local agency shall be subject to the following concentration limits:

(1) No more than 40 percent of the local agency's money may be invested in eligible commercial paper.

(2) No more than 10 percent of the total assets of the investments held by a local agency may be invested in any one issuer's commercial paper.

(b) Notwithstanding Section 53601, the City of Los Angeles shall be subject to the concentration limits of this section for counties and for cities and counties with regard to the investment of money in eligible commercial paper.

(c) A local agency subject to this section may invest in commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.

53635.2

As far as possible, all money belonging to, or in the custody of, a local agency, including money paid to the treasurer or other official to pay the principal, interest, or penalties of bonds, shall be deposited for safekeeping in state or national banks, public banks, savings associations, federal associations, credit unions, or federally insured industrial loan companies in this state selected by the treasurer or other official having legal custody of the money; or may be invested in the investments set forth in Section 53601. To be eligible to receive local agency money, a bank, savings association, federal association, or federally insured industrial loan company shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. Sections 53601.5 and 53601.6 shall apply to all investments that are acquired pursuant to this section.

53635.7

In making any decision that involves borrowing in the amount of one hundred thousand dollars ($100,000) or more, the legislative body of the local agency shall discuss, consider, and deliberate each decision as a separate item of business on the agenda of its meeting as prescribed in Chapter 9 (commencing with Section 54950). As used in this section, "borrowing" does not include bank overdrafts or security lending.

53635.8

Notwithstanding any other provision of this code, a local agency that has the authority under law to invest funds, at its discretion, may invest a portion of its surplus funds in deposits at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of deposits. The following conditions shall apply:

(a) The local agency shall choose a nationally or state-chartered commercial bank, savings bank, savings and loan association, or credit union in this state to invest the funds, which shall be known as the "selected" depository institution.

(b) The selected depository institution may use a private sector entity to help place local agency deposits with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States and are within the network used by the private sector entity for this purpose.

(c) The selected depository institution shall request that the local agency inform it of depository institutions at which the local agency has other deposits, and the selected depository institution shall provide that information to the private sector entity.

(d) Any private sector entity used by a selected depository institution to help place its local agency deposits shall maintain policies and procedures requiring all of the following:

(1) The full amount of each deposit placed pursuant to subdivision (b) and the interest that may accrue on each such deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(2) Every depository institution where funds are placed shall be capitalized at a level that is sufficient, and be otherwise eligible, to receive such deposits pursuant to regulations of the Federal Deposit Insurance Corporation or the National Credit Union Administration, as applicable.

(3) At the time of the local agency's investment with a selected depository institution and no less than monthly thereafter, the private sector entity shall ensure that the local agency is provided with an inventory of all depository institutions in which deposits have been placed on the local agency's behalf, that are within the private sector entity's network.

(4) Within its network, the private sector entity shall ensure that it does not place additional deposits from a particular local agency with any depository

institution identified pursuant to subdivision (c) as holding that local agency's deposits if those additional deposits would result in that local agency's total amount on deposit at that depository institution exceeding the Federal Deposit Insurance Corporation or the National Credit Union Administration insurance limit.

(e) If a selected depository uses two or more private sector entities to assist in the placement of a local agency's deposits, the selected depository shall ensure that it does not place additional deposits from a particular local agency with a depository institution if those additional deposits would result in that local agency's total amount on deposit at that depository institution exceeding the Federal Deposit Insurance Corporation or the National Credit Union Administration insurance limit.

(f) The selected depository institution shall serve as a custodian for each such deposit.

(g) On the same date that the local agency's funds are placed pursuant to subdivision (b) by the private sector entity, the selected depository institution shall receive an amount of insured deposits from other financial institutions that, in total, are equal to, or greater than, the full amount of the principal that the local agency initially deposited through the selected depository institution for investment pursuant to subdivision (b).

(h) Notwithstanding subdivisions (a) to (g), inclusive, a credit union shall not act as a selected depository institution under this section unless both of the following conditions are satisfied:

(1) The credit union offers federal depository insurance through the National Credit Union Administration.

(2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally insured credit unions in one or more deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.

(i) It is the intent of the Legislature that this section shall not restrict competition among private sector entities that provide placement services pursuant to this section.

(j) The deposits placed pursuant to this section shall be subject to Section 53638 and shall not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose.

53636

Money so deposited is deemed to be in the treasury of the local agency.

53637

The money shall be deposited in any bank, savings association or federal association, state or federal credit union, or federally insured industrial loan company with the objective of realizing maximum return, consistent with prudent financial management, except that money shall not be deposited in any state or federal credit union if a member of the legislative body of a local agency, or any person with investment decision making authority of the administrative office, manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the state or federal credit union.

53638

(a) The deposit shall not exceed the shareholder's equity of any depository bank. For the purposes of this subdivision, shareholder's equity shall be determined in accordance with Section 463 of the Financial Code, but shall be deemed to include capital notes and debentures.

(b) The deposit shall not exceed the total of the net worth of any depository savings association or federal association, except that deposits not exceeding a total of five hundred thousand dollars ($500,000) may be made to a savings association or federal association without regard to the net worth of that depository, if such deposits are insured or secured as required by law.

(c) The deposit to the share accounts of any regularly chartered credit union shall not exceed the total of the unimpaired capital and surplus of the credit union, as defined by rule of the Commissioner of Financial Protection and Innovation, except that the deposit to any credit union share account in an amount not exceeding five hundred thousand dollars ($500,000) may be made if the share accounts of that credit union are insured or guaranteed pursuant to Section 14858 of the Financial Code or are secured as required by law.

(d) The deposit in investment certificates of a federally insured industrial loan company shall not exceed the total of the unimpaired capital and surplus of the insured industrial loan company.

53639

Except as otherwise provided in Section 53682, the depository shall bear the expenses of transportation of money to and from the depository.

53640

Except as otherwise provided in Section 53682, the depository shall handle, collect, and pay all checks, drafts, and other exchange without cost to the local agency.

53641

When money is deposited in a depository, the treasurer or other authorized official shall take and preserve a receipt, certificate of deposit, or other evidence of the deposit as he or she requires.

53642

The money deposited may be drawn out by check or order of the treasurer or other official authorized to make such deposit.

53643

The treasurer may deposit any part of the money as agreed upon between the treasurer and the depository.

53644

If an agreement is not made:

(a) Active deposits and interest thereon are subject to withdrawal upon the demand of the treasurer or other authorized official, subject to any penalties which may be prescribed by federal law or regulation.

(b) Inactive deposits are subject to notice of at least thirty days before withdrawal.

53645

Interest shall be computed and paid by the depository, as follows:

(a) For active deposits upon which interest is payable, interest shall be computed on the average daily balance for the calendar quarter, and shall be paid quarterly.

(b) For inactive deposits, interest shall be computed on a 360-day basis, and shall be paid quarterly.

53646

(a)(1) In the case of county government, the treasurer may annually render to the board of supervisors and any oversight committee a statement of investment policy, which the board shall review and approve at a public meeting. Any change in the policy shall also be reviewed and approved by the board at a public meeting.

(2) In the case of any other local agency, the treasurer or chief fiscal officer of the local agency may annually render to the legislative body of that local agency and any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting. Any change in the policy shall also be considered by the legislative body of the local agency at a public meeting.

(b)(1) The treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 45 days following the end of the quarter covered by the report. Except as provided in subdivisions (e) and (f), this report shall include the type of investment, issuer, date of maturity par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation.

(2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.

(3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

(4) In the quarterly report, a subsidiary ledger of investments may be used in accordance with accepted accounting practices.

(c) Pursuant to subdivision (b), the treasurer or chief fiscal officer shall report whatever additional information or data may be required by the legislative body of the local agency.

(d) The legislative body of a local agency may elect to require the report specified in subdivision (b) to be made on a monthly basis instead of quarterly.

(e) For local agency investments that have been placed in the Local Agency Investment Fund, created by Section 16429.1, in National Credit Union Share Insurance Fund-insured accounts in a credit union, in accounts insured or guaranteed pursuant to Section 14858 of the Financial Code, or in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, the treasurer or chief fiscal officer may supply to the governing body, chief executive officer, and the auditor of the local agency the most recent statement or statements received by the local agency from these institutions in lieu of the information required by paragraph (1) of subdivision (b) regarding investments in these institutions.

(f) The treasurer or chief fiscal officer shall not be required to render a quarterly report, as required by subdivision (b), to a legislative body or any oversight committee of a school district or county office of education for securities, investments, or moneys held by the school district or county office of education in individual accounts that are less than twenty-five thousand dollars ($25,000).

(g) In recognition of the state and local interests served by the actions made optional in subdivisions (a) and (b), the Legislature encourages the local agency officials to continue taking the actions formerly mandated by this section. However, nothing in this subdivision may be construed to impose any liability on a local agency that does not continue to take the formerly mandated action.

53647

(a) Interest on all money deposited belongs to, and shall be paid quarterly into the general fund of, the local agency represented by the officer making the deposit, unless otherwise directed by law.

(b) Notwithstanding the provisions of subdivision (a), and except as otherwise directed by law, if the governing body of the local agency represented by the officer making the deposit so directs, such interest shall be paid to the fund which contains the principal on which the interest accrued.

53647.5

Notwithstanding any other provision of law, interest earned on any bail money deposited by a court in a bank account pursuant to Section 1463.1 of the Penal Code and Section 53679 of this code shall, be allocated for the support of that court.

53648

Notwithstanding this article, the treasurer may deposit moneys in, and enter into contracts with, a state or national bank, savings association or federal association, federal or state credit union, or federally insured industrial loan company, pursuant to a federal law or a rule of a federal department or agency adopted pursuant to the law if the law or rule conflicts with this article in regulating the payment of interest on deposits of public moneys by any of the following:

(a) Banks which are Federal Reserve System members or whose deposits are insured by the Federal Deposit Insurance Corporation.

(b) Savings associations or federal associations which are federal home loan bank members or whose deposits are insured by the Federal Savings and Loan Insurance Corporation.

(c) State or federal credit unions whose accounts are insured by the National Credit Union Share Insurance Fund or guaranteed by the California Credit Union Share Guaranty Corporation or insured or guaranteed pursuant to Section 14858 of the Financial Code, unless a member of the legislative body of a local agency, or any person with investment decision making authority of the administrative office, manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the state or federal credit union.

(d) A federally insured industrial loan company.

53648.5

Upon the removal by federal law of the conflicting federal law or rule the agreement between the treasurer or other authorized official and a depository may be terminated by either party.

53649

The treasurer is responsible for the safekeeping of money in his or her custody and shall enter into any contract with a depository relating to any deposit which in his or her judgment is to the public advantage. The depository, and the agent of depository to the extent the agent of depository has been notified of deposits and the amount thereof, are responsible for securing moneys deposited pursuant to such a contract in accordance with Section 53652. One copy of each contract shall be filed with the auditor, controller, secretary, or corresponding officer of the local agency. The contract shall:

(a) Fix the duration of deposits, if appropriate.

(b) Fix the interest rate, if any.

(c) Provide conditions for withdrawal and repayment.

(d) Provide for placement of pooled securities in a named agent of depository in accordance with Section 53656.

(e) Grant authority for agent of depository to place securities for safekeeping in accordance with Section 53659.

(f) Set forth in accordance with Section 53665 the conditions upon which the administrator shall order pooled securities converted into money for the benefit of the local agency, and the procedure therefor.

(g) Provide for compliance in all respects with the provisions of this article and other applicable provisions of law.

(h) Provide, upon notice to the treasurer from the administrator, that a treasurer may withdraw deposits in the event a depository fails to pay the assessments, fines, or penalties assessed by the administrator or may withdraw authorization for the placement of pooled securities in an agent of depository in the event that the agent of depository fails to pay the fines or penalties assessed by the administrator.

53651

Eligible securities are any of the following:

(a) United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest, including the guaranteed portions of small business administration loans, so long as the loans are obligations for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Bonds of this state or of any local agency or district of the State of California having the power, without limit as to rate or amount, to levy taxes or assessments to pay the principal and interest of the bonds upon all property within its boundaries subject to taxation or assessment by the local agency or district, and in addition, limited obligation bonds pursuant to Article 4 (commencing with Section 50665) of Chapter 3 of Division 1, senior obligation bonds pursuant to Article 5 (commencing with Section 53387) of Chapter 2.7, and revenue bonds and other obligations payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the state, local agency or district or by a department, board, agency or authority thereof.

(d) Bonds of any public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured by a pledge of annual contributions under an annual contribution contract between the public housing agency and the Public Housing Administration if such contract shall contain the covenant by the Public Housing Administration which is authorized by subsection (b) of Section 22 of the United States Housing Act of 1937, as amended, and if the maximum sum and the maximum period specified in the contract pursuant to that subsection 22(b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on the obligations.

(e) Registered warrants of this state.

(f) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, consolidated obligations of the federal home loan banks established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association or of the Government National Mortgage Association established under the National Housing Act, as amended, bonds of any federal home loan bank established under that act, bonds, debentures and other obligations of the Federal Home Loan Mortgage Corporation established under the Emergency Home Finance Act of 1970, and obligations of the Tennessee Valley Authority.

(g) Notes, tax anticipation warrants or other evidence of indebtedness issued pursuant to Article 7 (commencing with Section 53820), Article 7.5 (commencing with Section 53840) or Article 7.6 (commencing with Section 53850) of this Chapter 4.

(h) State of California notes.

(i) Bonds, notes, certificates of indebtedness, warrants or other obligations issued by: (1) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or any local agency thereof having the power to levy taxes, without limit as to rate or amount, to pay the principal and interest of such obligations, or (2) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or a department, board, agency or authority

thereof except bonds which provide for or are issued pursuant to a law which may contemplate a subsequent legislative appropriation as an assurance of the continued operation and solvency of the department, board, agency or authority but which does not constitute a valid and binding obligation for which the full faith and credit of such state or the Commonwealth of Puerto Rico are pledged, which are payable solely out of the revenues from a revenue-producing source owned, controlled or operated thereby; provided the obligations issued by an entity described in (1), above, are rated in one of the three highest grades, and such obligations issued by an entity described in (2), above, are rated in one of the two highest grades by a nationally recognized investment service organization that has been engaged regularly in rating state and municipal issues for a period of not less than five years.

(j) Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank, the Government Development Bank of Puerto Rico, the Asian Development Bank, the International Finance Corporation, or the African Development Bank.

(k) Participation certificates of the Export-Import Bank of the United States.

(l) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 51350) of Part 3 of Division 31 of the Health and Safety Code.

(m) Promissory notes secured by first mortgages and first trust deeds which comply with Section 53651.2.

(n) Any bonds, notes, warrants, or other evidences of indebtedness of a nonprofit corporation issued to finance the construction of a school building or school buildings pursuant to a lease or agreement with a school district entered into in compliance with the provisions of Section 39315 or 81345 of the Education Code, and also any bonds, notes, warrants or other evidences of indebtedness issued to refinance those bonds, notes, warrants, or other evidences of indebtedness as specified in Section 39317 of the Education Code.

(o) Any municipal securities, as defined by Section 3(a)(29) of the Securities Exchange Act of June 6, 1934, (15 u.s.c. Sec. 78, as amended), which are issued by this state or any local agency thereof.

(p) With the consent of the treasurer, letters of credit issued by the Federal Home Loan Bank of San Francisco which comply with Section 53651.6.

53651.2

(a) To be an eligible security under subdivision (m) of Section 53651, a promissory note placed in a securities pool on or after January 1, 1987, shall comply with all of the following provisions:

(1) Each promissory note shall be secured by a first mortgage or first trust deed on improved 1 to 4 unit residential real property located in California, shall be fully amortized over the term of the note, and shall have a term of no more than 30 years. Any first mortgage or first trust deed which secures a promissory note

providing for negative amortization shall be removed from the securities pool and replaced with an eligible security under subdivision (m) of Section 53651 if the loan to value ratio exceeds 85 percent of the original appraised value of the security property as a consequence of negative amortization.

(2) Each promissory note shall be eligible for sale to the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation; provided, however, that up to 25 percent of the total dollar amount of any promissory note securities pool established pursuant to Section 53658 may consist of promissory notes with loan amounts which exceed the maximum amounts eligible for purchase by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, but which do not exceed: (i) five hundred thousand dollars ($500,000) in the case of a single family dwelling; (ii) one million dollars ($1,000,000) in the case of a 2, 3, or 4 unit dwelling.

(b) The following shall not constitute eligible securities under subdivision (m) of Section 53651:

(1) Any promissory note on which any payment is more than 60 days past due.

(2) Any promissory note secured by a mortgage or deed of trust as to which there is a lien prior to the mortgage or deed of trust. For the purposes of this paragraph, no lien specified in Section 766 of the Financial Code shall be considered a prior encumbrance unless any installment or payment thereunder (other than a rental or royalty under a lease) is due and delinquent.

(3) Any promissory note secured by a mortgage or deed of trust as to which a notice of default has been recorded pursuant to Section 2924 of the Civil Code or an action has been commenced pursuant to Section 725a of the Code of Civil Procedure.

(c) The depository may exercise, enforce, or waive any right granted to it by the promissory note, mortgage, or deed of trust.

(d) For purposes of this article, the market value of a promissory note which is an eligible security under subdivision (m) of Section 53651, shall be determined in accordance with the regulations adopted by the Treasurer under paragraph (2) of subdivision (m) of Section 53651, as the regulations and statute were in effect on December 31, 1986. However, if and when regulations on the subject are adopted by the administrator, the market value shall be determined in accordance with those regulations of the administrator.

53651.4

(a) A depository that uses eligible securities of the class described in subdivision (m) of Section 53651 shall, within 90 days after the close of each calendar year or within a longer period as the administrator may specify, file with the administrator a report of an independent certified public accountant regarding compliance with this article and with regulations and orders issued by the administrator under this article with respect to eligible securities of that class. The report shall be based upon the audit, shall contain the information, and shall be in the form the

administrator may prescribe. The depository shall provide a copy of the report to the treasurer on request.

(b) If a depository that is a state bank files with the administrator, not less than 90 days before the beginning of the calendar year, a notice that it elects to be examined by the administrator instead of filing a report of an independent certified public accountant under subdivision (a) for that calendar year, the depository shall be exempt from subdivision (a) for that calendar year and shall for that calendar year be subject to examination by the administrator regarding compliance with this article and with regulations and orders under this article with respect to eligible securities of the class described in subdivision (m) of Section 53651. The administrator shall provide a report to a treasurer with deposits in the examined state bank upon request of the treasurer.

(c) A national bank may apply to the administrator to be examined, and the administrator, in his or her discretion, may examine a national bank for the purposes of satisfying the requirements of subdivision (a). The administrator shall provide a report to a treasurer with deposits in the examined national bank upon request of the treasurer.

(d) Whenever the administrator examines a depository pursuant to subdivision (b) or (c), the depository shall pay, within 30 days after receipt of a statement from the administrator, a fee of seventy-five dollars ($75) per hour for each examiner engaged in the examination.

53651.6

(a) To be an eligible security under subdivision (p) of Section 53651, a letter of credit shall be in such form and shall contain such provisions as the administrator may prescribe, and shall include all of the following terms:

(1) The administrator shall be the beneficiary of the letter of credit.

(2) The letter of credit shall be clean and irrevocable and shall provide that the administrator may draw upon it up to the total amount in the event of the failure of the depository savings association or federal association or if the depository savings association or federal association refuses to permit the withdrawal of funds by a treasurer.

53652

To secure active or inactive deposits a depository shall at all times maintain with the agent of depository eligible securities in securities pools, pursuant to Sections 53656 and 53658, in the amounts specified in this section. Uncollected funds shall be excluded from the amount deposited in the depository when determining the security requirements for the deposits.

(a) Eligible securities, except eligible securities of the classes described in subdivisions (m) and (p) of Section 53651, shall have a market value of at least 10 percent in excess of the total amount of all deposits of a depository secured by the eligible securities.

(b) Eligible securities of the class described in subdivision (m) of Section 53651 shall have a market value at least 50 percent in excess of the total amount of all deposits of a depository secured by those eligible securities.

(c) Eligible securities of the class described in subdivision (p) of Section 53651 shall have a market value of at least 5 percent in excess of the total amount of all deposits of a depository secured by those eligible securities. For purposes of this article, the market value of a letter of credit which is an eligible security under subdivision (p) of Section 53651 shall be the amount of credit stated in the letter of credit.

53653

When in his or her discretion local conditions so warrant, the treasurer may waive security for the portion of any deposits as is insured pursuant to federal law, notwithstanding this article. For deposits equivalent to and not less than the maximum amount insured pursuant to federal law for which a treasurer has waived security under this section, a treasurer at his or her discretion may also waive security for the interest accrued on the deposits which, when added to the deposits, would cause the sum of the interest and deposits to exceed the maximum amount insured pursuant to federal law, provided that the interest is computed by the depository on the average daily balance of the deposits, paid monthly and computed on a 360-day basis.

53654

(a) The depository may add securities to the pool or substitute securities of equal value for those in the pool at any time, but shall not interchange classes of security, as defined in Section 53632.5, without prior approval of the treasurer.

(b) Withdrawal of securities from the pool without replacement at equal value may be ordered only by two duly authorized officers or employees of the depository who satisfy the requirements as may be set by the administrator.

(c) The agent of depository is responsible for the safekeeping and disbursement of securities placed in its custody by a depository. It shall release securities only upon presentation by the depository of the most reasonably current statement of the total deposits subject to this article held by the depository, such statement to be verified and countersigned by two duly authorized officers, other than those who ordered the withdrawal of securities. A copy of this statement shall be forwarded to the administrator concurrently by the agent of depository.

53655

A placement of securities by a depository with an agent of depository pursuant to this article shall have the effect of perfecting a security interest in those securities in the local agencies having deposits in that depository notwithstanding provisions of the Uniform Commercial Code to the contrary and notwithstanding that the agent of depository may be the trust department of the depository.

53656

(a) At the time the treasurer enters into a contract with the depository pursuant to Section 53649, he or she shall authorize the agent of depository designated by the depository, but including the trust department of the depository only when acceptable to both the treasurer and the depository, to hold securities of the depository in accordance with this article to secure the deposit of the local agency.

(b) Only those trust companies and trust departments, or the Federal Home Loan Bank of San Francisco, which have been authorized by the administrator pursuant to Section 53657 shall be authorized by treasurers to act as agents of depository.

(c) The securities are subject to order of the depository in accordance with Section 53654 except when the provisions of subdivision (i) of Section 53661 and Section 53665 are in effect.

(d) An agent of depository shall not release any security held to secure a local agency deposit in a depository unless the administrator issues an order authorizing the release where either of the following occurs:

(1) A state or federal regulatory agency has taken possession of the depository.

(2) A conservator, receiver, or other legal custodian has been appointed for the depository.

53657

(a) No person shall act as an agent of depository unless that person is a trust company located in this state, the trust department of a bank located in this state, or the Federal Home Loan Bank of San Francisco, and is authorized by the administrator to act as an agent of depository.

(b)(1) An application for authorization shall be in such form, shall contain such information, shall be signed in such manner, and shall (if the administrator so requires) be verified in such manner, as the administrator may prescribe.

(2) The fee for filing an application for authorization with the administrator shall be five hundred dollars ($500).

(3) If the administrator finds, with respect to an application for authorization, that the applicant is competent to act as an agent of depository and that it is reasonable to believe the applicant will comply with all applicable provisions of this article and of any regulation or order issued under this article, the administrator shall approve the application. If the administrator finds otherwise, the administrator shall deny the application.

(4) When an application for authorization has been approved, the applicant shall file with the administrator an agreement to comply with all applicable provisions of this article and of any regulation or order issued under this article. The agreement shall be in such form, shall contain such provisions, and shall be signed in such manner as the administrator may prescribe.

(5) When an application for authorization has been approved, the applicant has complied with paragraph (4), and all conditions precedent to authorizing the applicant to act as agent of depository have been fulfilled, the administrator shall authorize the applicant to act as agent of depository.

53658

An agent of a depository may hold and pool securities to secure deposits for one or more depositories pursuant to Section 53656, but shall maintain a separate pool for each said depository. Each local agency shall have an undivided security interest in the pooled securities in the proportion that the amount of its deposits bears to the total amount of deposits secured by the pooled securities.

53659

Whenever an agent of depository accepts securities pursuant to Section 53656 it may, with the authorization of the depository, place such securities for safekeeping with a Federal Reserve Bank or branch thereof or with any bank located in a city designated as a reserve city by the Board of Governors of the Federal Reserve System or with the Federal Home Loan Bank of San Francisco or with a trust company located in this state. Authority for such placement together with the names of the banks or, including the Federal Home Loan Bank of San Francisco, trust companies to be so used, shall be contained in the contract between the treasurer and the depository required in Section 53649.

53660

When deposits of a local agency are secured by pooled securities pursuant to Section 53656, the agent of depository shall make available to the treasurer for review at a mutually agreed upon time and location all of the following information which may be in the form of a copy of the report required in subdivision (e) of Section 53661:

(a) A certification that there are securities in the pool in the amounts required by Section 53652 to secure deposits.

(b) A certified report of the individual securities then on deposit in the pool with the location and total market value thereof.

(c) The total amount of deposits then reported by the depository to be secured by the pool.

53661

(a) The Commissioner of Business Oversight shall act as Administrator of Local Agency Security and shall be responsible for the administration of Sections 53638, 53651, 53651.2, 53651.4, 53651.6, 53652, 53654, 53655, 53656, 53657, 53658, 53659, 53660, 53661, 53663, 53664, 53665, 53666, and 53667.

(b) The administrator shall have the powers necessary or convenient to administer and enforce the sections specified in subdivision (a).

(c)(1) The administrator shall issue regulations consistent with law as the administrator may deem necessary or advisable in executing the powers, duties, and responsibilities assigned by this article. The regulations may include regulations prescribing standards for the valuation, marketability, and liquidity of the eligible securities of the class described in subdivision (m) of Section 53651, regulations prescribing procedures and documentation for adding, withdrawing, substituting, and holding pooled securities, and regulations prescribing the form, content, and execution of any application, report, or other document called for in any of the sections specified in subdivision (a) or in any regulation or order issued under any of those sections.

(2) The administrator, for good cause, may waive any provision of any regulation adopted pursuant to paragraph (1) or any order issued under this article, where the provision is not necessary in the public interest.

(d) The administrator may enter into any contracts or agreements as may be necessary, including joint underwriting agreements, to sell or liquidate eligible securities securing local agency deposits in the event of the failure of the depository or if the depository fails to pay all or part of the deposits of a local agency.

(e) The administrator shall require from every depository a report certified by the agent of depository listing all securities, and the market value thereof, which are securing local agency deposits together with the total deposits then secured by the pool, to determine whether there is compliance with Section 53652. These reports may be required whenever deemed necessary by the administrator, but shall be required at least four times each year at the times designated by the Comptroller of the Currency for reports from national banking associations. These reports shall be filed in the office of the administrator by the depository within 20 business days of the date the administrator calls for the report.

(f) The administrator may have access to reports of examination made by the Comptroller of the Currency insofar as the reports relate to national banking association trust department activities which are subject to this article.

(g)(1) The administrator shall require the immediate substitution of an eligible security, where the substitution is necessary for compliance with Section 53652, if (i) the administrator determines that a security listed in Section 53651 is not qualified to secure public deposits, or (ii) a treasurer, who has deposits secured by the securities pool, provides written notice to the administrator and the administrator confirms that a security in the pool is not qualified to secure public deposits.

(2) The failure of a depository to substitute securities, where the administrator has required the substitution, shall be reported by the administrator promptly to those treasurers having money on deposit in that depository and, in addition, shall be reported as follows:

(A) When that depository is a national bank, to the Comptroller of the Currency of the United States.

(B) When that depository is a state bank, to the Commissioner of Business Oversight.

(C) When that depository is a federal association, to the Office of the Comptroller of the Currency.

(D) When that depository is a savings association, to the Commissioner of Business Oversight.

(E) When that depository is a federal credit union, to the National Credit Union Administration.

(F) When that depository is a state credit union or a federally insured industrial loan company, to the Commissioner of Business Oversight.

(h) The administrator may require from each treasurer a registration report and at appropriate times a report stating the amount and location of each deposit together with other information deemed necessary by the administrator for effective operation of this article. The facts recited in any report from a treasurer to the administrator are conclusively presumed to be true for the single purpose of the administrator fulfilling responsibilities assigned to him or her by this article and for no other purpose.

(i)(1) If, after notice and opportunity for hearing, the administrator finds that any depository or agent of depository has violated or is violating, or that there is reasonable cause to believe that any depository or agent of depository is about to violate, any of the sections specified in subdivision (a) or any regulation or order issued under any of those sections, the administrator may order the depository or agent of depository to cease and desist from the violation or may by order suspend or revoke the authorization of the agent of depository. The order may require the depository or agent of depository to take affirmative action to correct any condition resulting from the violation.

(2)(A) If the administrator makes any of the findings set forth in paragraph (1) with respect to any depository or agent of depository and, in addition, finds that the violation or the continuation of the violation is likely to seriously prejudice the interests of treasurers, the administrator may order the depository or agent of depository to cease and desist from the violation or may suspend or revoke the authorization of the agent of depository. The order may require the depository or agent of depository to take affirmative action to correct any condition resulting from the violation.

(B) Within five business days after an order is issued under subparagraph (a), the depository or agent of depository may file with the administrator an application for a hearing on the order. The administrator shall schedule a hearing at least *30* days, but not more than 40 days, after receipt of an application for a hearing or within a shorter or longer period of time agreed to by a depository or an agent of depository. If the administrator fails to schedule the hearing within the specified or agreed to time period, the order shall be deemed rescinded. Within 30 days after the hearing, the administrator shall affirm, modify, or rescind the order; otherwise, the order shall be deemed rescinded. The right of a depository or agent of depository to which an order is issued under subparagraph (a) to petition for judicial review of the order shall not be affected by the failure of the depository or agent of depository to apply to the administrator for a hearing on the order pursuant to this subparagraph.

(3) Whenever the administrator issues a cease and desist order under paragraph (1) or (2), the administrator may in the order restrict the right of the depository to withdraw securities from a security pool; and, in that event, both the depository to which the order is directed and the agent of depository which holds the security pool shall comply with the restriction.

(4) In case the administrator issues an order under paragraph (1) or (2) suspending or revoking the authorization of an agent of depository, the administrator may order the agent of depository at its own expense to transfer all pooled securities held by it to such agent of depository as the administrator may designate in the order. The agent of depository designated in the order shall accept and hold the pooled securities in accordance with this article and regulations and orders issued under this article.

(j) In the discretion of the administrator, whenever it appears to the administrator that any person has violated or is violating, or that there is reasonable cause to believe that any person is about to violate, any of the sections specified in subdivision (a) or any regulation or order issued thereunder, the administrator may bring an action in the name of the people of the State of California in the superior court to enjoin the violation or to enforce compliance with those sections or any regulation or order issued thereunder. Upon a proper showing a permanent or preliminary injunction, restraining order, or writ of mandate shall be granted, and the court may not require the administrator to post a bond.

(k) In addition to other remedies, the administrator shall have the power and authority to impose the following sanctions for noncompliance with the sections specified in subdivision (a) after a hearing if requested by the party deemed in noncompliance. Any fine assessed pursuant to this subdivision shall be paid within 30 days after receipt of the assessment.

(1) Assess against and collect from a depository a fine not to exceed two hundred fifty dollars ($250) for each day the depository fails to maintain with the agent of depository securities as required by Section 53652.

(2) Assess against and collect from a depository a fine not to exceed one hundred dollars ($100) for each day beyond the time period specified in subdivision (b) of Section 53663 the depository negligently or willfully fails to file in the office of the administrator a written report required by that section.

(3) Assess against and collect from a depository a fine not to exceed one hundred dollars ($100) for each day beyond the time period specified in subdivision (e) that a depository negligently or willfully fails to file in the office of the administrator a written report required by that subdivision.

(4) Assess and collect from an agent of depository a fine not to exceed one hundred dollars ($100) for each day the agent of depository fails to comply with any of the applicable sections specified in subdivision (a) or any applicable regulation or order issued thereunder.

(l)(1) In the event that a depository or agent of depository fails to pay a fine assessed by the administrator pursuant to subdivision (k) within 30 days of receipt of the assessment, the administrator may assess and collect an addi-

tional penalty of 5 percent of the fine for each month or part thereof that the payment is delinquent.

(2) If a depository fails to pay the fines or penalties assessed by the administrator, the administrator may notify local agency treasurers with deposits in the depository.

(3) If an agent of depository fails to pay the fines or penalties assessed by the administrator, the administrator may notify local agency treasurers who have authorized the agent of depository as provided in Sections 53649 and 53656, and may by order revoke the authorization of the agent of depository as provided in subdivision (i).

(m) The amendments to this section enacted by the Legislature during the 1999–2000 Regular Session shall become operative on January 1, 2001.

53663

(a) Each agent of depository shall report in writing to the administrator within two business days after any withdrawal, substitution or addition of pooled securities and shall state the name and market value of the securities withdrawn, substituted or added together with the total deposits then secured by the pool. This information shall be available from the administrator to the treasurer upon request.

(b) Each depository shall report in writing to the administrator weekly, giving the total amount of all deposits held by the depository pursuant to this article. The report shall be as of close of business on Wednesday of each week and shall be delivered to the office of the administrator, deposited in the United States mail, postage prepaid, or delivered electronically via email, or other electronic means approved by the administrator, addressed to the office of the administrator, within five business days. Where there has occurred no change in the deposits required to be held by the depository pursuant to this article, the report required by this subdivision need only state that fact.

53664

The individual reports specified in Sections 53654, 53660, 53661, and 53663 are not public documents and are not open to inspection by the public.

53665

If a depository fails to pay all or part of the deposits of a local agency secured by pooled securities in accordance with the contract provided for in Section 53649, and on demand of its treasurer or other authorized official and the treasurer files a report with the administrator, or if the depository fails:

(a) In case the pooled securities consist of securities other than securities of the class described in subdivision (p) of Section 53651, the administrator shall order the agent of depository holding the pooled securities to convert into money that portion of the pooled securities necessary to produce an amount equal to the sum of (i) the deposits of the local agency, (ii) any accrued interest

due on the deposits, and (iii) the reasonable expenses of the agent of depository in complying with the order of the administrator and to pay the sum of items (i) and (ii) to the treasurer in satisfaction of the deposits. The agent of depository shall be reimbursed out of the proceeds of the conversion for its reasonable expenses in complying with the order of the administrator, as approved by the administrator. Any excess moneys resulting from the conversion shall be retained by the agent of depository as part of the securities pool until the depository substitutes for the excess moneys securities having a market value sufficient to bring the total of pooled securities up to the amount required by Section 53652.

(b) In case the pooled securities consist of a security of the class described in subdivision (p) of Section 53651, the administrator shall draw on the letter of credit an amount equal to the sum of (i) the deposits of the local agency, (ii) any accrued interest on the deposits, and (iii) the reasonable expenses of the administrator in paying the deposits and pay the sum of items (i) and (ii) to the treasurer in satisfaction of the deposits.

53666

The only liability that shall attach to the administrator as the result of the operation of this article is that which would attach as a result of other laws of this state.

53667

(a) Expenses incurred by the administrator in carrying out the duties and responsibilities assigned to the administrator by the sections specified in subdivision (a) of Section 53661, shall be borne by the Local Agency Deposit Security Fund, which is hereby created and continuously appropriated to the administrator for the administration of the sections specified in subdivision (a) of Section 53661. This fund shall consist of fines levied pursuant to Section 53661, fees collected pursuant to the sections specified in subdivision (a) of Section 53661, and assessments levied pursuant to this section.

(b) Each fiscal year the administrator shall levy an assessment on a pro rata basis on those depositories which at any time during the preceding fiscal year held local agency deposits. The total assessment levied on all of those depositories shall be in an amount which, when added to the amount of fines and fees that the administrator estimates will be collected during the fiscal year when the assessment is levied, is sufficient in the judgment of the administrator to meet the expenses of the administrator in administering the sections specified in subdivision (a) of Section 53661 and to provide a reasonable reserve for contingencies. The basis of the apportionment of the assessment among the depositories assessed shall be the proportion that the average amount of local agency deposits held by each of those depositories bears to the average total amount of local agency deposits held by all of those depositories as shown by the reports of depositories to the administrator for the preceding fiscal year, as required in subdivision (e) of Section 53661; provided, however, that the amount of the assessment levied on each of those depositories shall be not less than twenty-five dollars ($25).

(c) The administrator shall notify each depository by mail of the amount levied against it. The depository shall pay the amount levied within 20 days after such notice into the Local Agency Deposit Security Fund for the administration of the sections specified in subdivision (a) of Section 53661. If payment is not made to the administrator within such time, the administrator shall assess and collect, in addition to the annual assessment, a penalty of 5 percent of the assessment for each month or part thereof that the payment is delinquent. If a depository fails to pay the assessment or penalties assessed by the administrator, the administrator may notify local agency treasurers with deposits in the depository.

53669

The treasurer or other authorized official is not responsible for money while it is deposited pursuant to this article.

53676

The treasurer is not responsible for securities delivered to and receipted for by any bank, savings and loan association, credit union, federally insured industrial loan company, or trust company.

53678

The charges for the handling and safekeeping of any such securities are not a charge against the treasurer but shall be paid by the depository owning the securities.

53679

So far as possible, all money belonging to a local agency under the control of any of its officers or employees other than the treasurer shall, and money deposited as bail coming into the possession of a judge or officer of a superior court may, be deposited as active deposits in the state or national bank, inactive deposits in the state or national bank or state or federal association, federal or state credit union, or federally insured industrial loan company in this state selected by the officer, employee, or judge of the court. For purposes of this section, an officer or employee of a local agency and a judge or officer of a superior court are prohibited from depositing local agency funds or money coming into their possession into a state or federal credit union if an officer or employee of the local agency, or a judge or officer of a superior court, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the particular state or federal credit union. That money is subject to this article except:

(a) Deposits in an amount less than that insured pursuant to federal law are not subject to this article.

For deposits in excess of the amount insured under any federal law a contract in accordance with Section 53649 is required and the provisions of this article shall apply.

(b) Interest is not required on money deposited in an active deposit by a judge or officer of a superior court.

(c) Interest is not required on money deposited in an active deposit by an officer having control of a revolving fund created pursuant to Chapter 2 (commencing with Section 29300) of Division 3 of Title 3.

(d) Interest is not required on money deposited in an active deposit by an officer having control of a special fund established pursuant to Article 5 (commencing with Section 29400) or Article 6 (commencing with Section 29430) of Chapter 2 of Division 3 of Title 3.

53679.1

Notwithstanding any other provision of law, the accounting practices of each county utilized prior to the effective date of this section relating to interest on trust funds shall be deemed appropriate and to have been made under the direction of the board of supervisors of that county. This section is declaratory of the law in existence prior to the enactment of this section.

53680

A tax collector of a local agency shall immediately deposit with the treasurer all money under his control, unless he deposits the money in a depositary pursuant to this article under permission and instructions of the treasurer having authority to make such deposit.

53681

An officer or employee of a local agency who deposits money belonging to, or in the custody of, the local agency in any other manner than that prescribed in this article is subject to forfeiture of his office or employment.

53682

Notwithstanding any other provision in this article except Section 53652, the treasurer may deposit moneys in and enter into contracts with any depository, as defined in subdivision (c) of Section 53630, for services to be rendered by that depository that in the treasurer's judgment are to the public advantage. One copy of each contract entered into under this section shall be filed with the auditor or corresponding officer of the local agency. The contract shall:

(a) Fix the duration of compensating deposits, if any.

(b) Fix the interest rate of that compensating deposit, if any.

(c) Specify the services to be rendered by the depository.

(d) Indicate whether the depository shall bear the expenses of transportation of the money to and from the depository.

(e) Fix the consideration payable by the agency for such services.

(f) Specify who may deposit moneys into the treasurer's active account and how those persons are to make those deposits.

53683

Notwithstanding any other provision in this article, the consideration payable by the agency as specified in subdivision (e) of Section 53682 shall be paid by the treasurer by applying such consideration as costs applied on a pro rata basis against the interest earned by all the agencies for which the treasurer invests.

53684

(a) Unless otherwise provided by law, if the treasurer of any local agency, or other official responsible for the funds of the local agency, determines that the local agency has excess funds which are not required for immediate use, the treasurer or other official may, upon the adoption of a resolution by the legislative or governing body of the local agency authorizing the investment of funds pursuant to this section and with the consent of the county treasurer, deposit the excess funds in the county treasury for the purpose of investment by the county treasurer pursuant to Section 53601 or 53635, or Section 20822 of the Revenue and Taxation Code.

(b) The county treasurer shall, at least quarterly, apportion any interest or other increment derived from the investment of funds pursuant to this section in an amount proportionate to the average daily balance of the amounts deposited by the local agency and to the total average daily balance of deposits in the investment pool. In apportioning and distributing that interest or increment, the county treasurer may use the cash method, the accrual method, or any other method in accordance with generally accepted accounting principles. Prior to distributing that interest or increment, the county treasurer may deduct the actual costs incurred by the county in administering this section in proportion to the average daily balance of the amounts deposited by the local agency and to the total average daily balance of deposits in the investment pool.

(c) The county treasurer shall disclose to each local agency that invests funds pursuant to this section the method of accounting used, whether cash, accrual, or other, and shall notify each local agency of any proposed changes in the accounting method at least 30 days prior to the date on which the proposed changes take effect.

(d) The treasurer or other official responsible for the funds of the local agency may withdraw the funds of the local agency pursuant to the procedure specified in Section 27136.

(e) Any moneys deposited in the county treasury for investment pursuant to this section are not subject to impoundment or seizure by any county official or agency while the funds are so deposited.

(f) This section is not operative in any county until the board of supervisors of the county, by majority vote, adopts a resolution making this section operative in the county.

(g) It is the intent of the Legislature in enacting this section to provide an alternative procedure to Section 51301 for local agencies to deposit money in the county treasury for investment purposes. Nothing in this section shall, therefore, be construed as a limitation on the authority of a county and a city to contract for the county treasurer to perform treasury functions for a city pursuant to Section 51301.

53686

(a) Any audit conducted relating to the investment of local agency funds and other funds by the county treasurer in the county fund maintained pursuant to Section 53684 shall be rendered to the depositary, the auditor, the controller, the secretary, or the corresponding officer of the local agency, the treasurer or other official responsible for the funds of any local agency that has funds on deposit in the county treasury, and the presiding judge of any superior court that has ordered, pursuant to Section 3412, Section 3413, or Section 3611 of the Probate Code, that assets of an estate be deposited with the county treasurer for deposit or investment.

(b) Any report rendered pursuant to Section 53646 shall be provided to the treasurer or other official responsible for the funds of any local agency that has funds on deposit in the county treasury.

Government Code Section 53820 – 53821.5

53820

As used in this article, "local agency" means county, city, regional park district, school district, community college district, or any other municipal or public corporation or district.

53821.

Subsequent to approval of the final budget and levy of taxes, if funds are needed for the immediate requirements of a local agency in any fiscal year to pay obligations lawfully incurred in the fiscal year and before the receipt of income for the fiscal year sufficient to meet the payments, money may be borrowed by:

(a) The legislative body of a county on the recommendation of the auditor and treasurer.

(b) The legislative body of the county having the largest area within the regional park district on the recommendation of the auditor and treasurer.

(c) A school district, county board of education, or community college district on the request of two-thirds of the members of its governing board, approved by the county auditor and treasurer.

(d) A regional park district on the request of four-fifths of the members of its legislative body, approved by the auditor and treasurer of the county having the largest area within the district.

(e) The legislative body of a city on the recommendation of the city treasurer and chief accounting officer.

(f) The legislative body of any other municipal or public corporation or district on the recommendation of the officers performing the functions of auditor and treasurer.

53821.5

Proceeds of sales or funds set aside for the repayment of any notes issued pursuant to this article shall not be invested for a term that exceeds the term of the notes.

Government Code Section 53840-53841.5

53840

It is hereby declared the intention of the Legislature by the enactment of this article to provide an alternative procedure under which short term loans may be procured by those counties in which the board of supervisors has declared it to be county policy to make advances of current operating requirements to subsidiary political subdivisions required by law to deposit their funds in the county treasury as such advances are authorized by the provisions of Section 25 of Article XIII of the State Constitution. In any such county the board of supervisors, upon recommendation of the county treasurer with the approval of the county auditor, may borrow on July 1st or thereafter such amounts as may be required to meet current obligations payable by the county treasury, pending collection of the revenue provided for the year in progress. Amounts so borrowed shall be evidenced by notes signed by the chairman of the board of supervisors, the county auditor and the county treasurer, and the liability created thereby shall be secured by a lien on all revenue to accrue to the county treasury from any source during the year then in progress.

53841

Any amounts borrowed by a county as provided in the preceding section shall not exceed 85 percent of the total of taxes levied for all purposes on said county's tax roll for the next preceding fiscal year, and at no time during the year for which borrowed shall the unpaid total of the amounts so borrowed as shown by the auditor's accounts at the close of any month be allowed to remain at more than 85 percent of the uncollected balance of taxes for the current year as shown by said accounts.

53841.5

Proceeds of sales or funds set aside for the repayment of any notes issued pursuant to this article shall not be invested for a term that exceeds the term of the notes.

Government Code Section 53850-53851.5

53850

(a) As used in this article, "local agency" means a county, city and county, city, school district of any type, community college district, county board of education, or any other municipal or public corporation or district.

(b) For purposes of this article only, "local agency" also includes a charter school. This subdivision does not make a charter school a local agency for any purpose other than for this article.

53851

The powers conferred by this article are in addition to and an alternative to any power conferred by any other law for borrowing by a local agency and any amount borrowed hereunder shall not be considered in any limitation on the amount which may be borrowed by any such local agency under any other law.

53852

On or after the first day of any fiscal year a local agency may borrow money pursuant to this article, the indebtedness to be represented by a note or notes issued to the lender pursuant to this article. The money borrowed may be used and expended by the local agency for any purpose for which the local agency is authorized to use and expend moneys, including but not limited to current expenses, capital expenditures, investment and reinvestment, and the discharge of any obligation or indebtedness of the local agency.

53852.5

Proceeds of sales or funds set aside for the repayment of any notes issued pursuant to this article shall not be invested for a term that exceeds the term of the notes.

Government Code Section 53859-53859.02

53859

As used in this article: (a) "local agency" means county, city and county, city, school district, community college district, or any other municipal or public corporation or district.

(b) "Grant anticipation note" means a note issued upon the security of specified accounts receivable from state or federal governments, including, without limitation, grants, loans, or a combination of both, for which funds have been appropriated and committed to a local agency.

(c) "Loan" includes, but is not limited to, a borrowing by a local agency represented or to be represented by bonds of a local agency.

53859.01

The powers conferred by this article are in addition to an alternative to any powers conferred by any other law for borrowing by a local agency and any amount borrowed hereunder shall not be considered in any limitation on the amount which may be borrowed by any such local agency under any other law.

53859.02

(a) A local agency may borrow money pursuant to this article, the indebtedness to be represented by a grant anticipation note or notes issued to the lender pursuant to this article. The money borrowed may be used and expended by the local agency solely for the purpose for which the grant or loan is to be received.

(b) Proceeds of sales or funds set aside for the repayment of any notes issued pursuant to this article shall not be invested for a term that exceeds the term of the notes.

Government Code Section 57600-57607

57600

For purposes of this division:

(a) "Local financial institution" means a certified community development financial institution, a credit union, as defined in Section 165 of the Financial Code, or a small bank or an intermediate small bank, as defined in Section 25.12 of Title 12 of the Code of Federal Regulations.

(b) (1) "Public bank" means a corporation, organized under the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code) or the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code) for the purpose of engaging in the commercial banking business or industrial banking business, that is wholly owned by a local agency, local agencies, or a joint powers authority formed pursuant to the Joint Exercise of Powers Act (Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1) that is composed only of local agencies.

(2) A local agency located within a county with a population of less than 250,000 may organize a public bank only if it does so as part of a joint powers authority formed for those purposes.

(3) For purposes of paragraph (2), population shall be based on the most recent estimate of population data determined by the Demographic Research Unit of the Department of Finance.

(c) "Public bank license" means a certificate of authorization to transact business as a bank as described in Section 1042 of the Financial Code.

57601

(a) If a public bank is organized as a nonprofit mutual benefit corporation, the articles of incorporation shall include the following purpose statement: "This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law as a public bank. The purpose of the corporation is to engage in the commercial banking business or industrial banking business and any other lawful activities which are not prohibited to a public bank by applicable laws or regulations."

(b) If a public bank is organized as a nonprofit public benefit corporation, the articles of incorporation shall include the following purpose statement: "This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for the public purpose of engaging in the commercial banking business or industrial banking business as a public bank."

(c) Notwithstanding Sections 5410 and 7411 of the Corporations Code, a public bank may make distributions to its members.

(d) All provisions of law applicable to nonprofit corporations generally, including, but not limited to, the Nonprofit Corporation Law (Division 2 (commencing with Section 5000) of Title 1 of the Corporations Code) shall apply to public banks. Whenever a provision of this division applicable to public banks is inconsistent with a provision of law applicable to nonprofit mutual benefit corporations or nonprofit public benefit corporations generally, the provision of this division shall apply, and the inconsistent provision of law applicable to nonprofit mutual benefit corporations or nonprofit public benefit corporations generally shall not apply to a public bank.

57602

(a) A public bank shall obtain and maintain deposit insurance provided by the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act (12 U.S.C. Sec. 1811 et seq.).

(b) In seeking and retaining insurance, a public bank may do all things and assume and discharge all obligations required of it that are not in conflict with state law.

57603

(a) Before engaging in business, a public bank shall obtain a certificate of authorization to transact business as a bank pursuant to Division 1.1 of the Financial Code (commencing with Section 1000).

(b) A local agency shall comply with the requirements of Section 53638 with respect to its deposits in a public bank unless, with the prior approval of the Commissioner of Business Oversight, the public bank and the local agency depositor agree otherwise.

(c) Notwithstanding Section 23010, a county may lend any of its available funds to any public bank.

(d) Notwithstanding Section 53601, any local agency that does not pool money in deposits or investments with other local agencies that have separate governing bodies may invest in debt securities or other obligations of a public bank.

(e) Notwithstanding Section 53635, any local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body, may invest in debt securities or other obligations of a public bank.

(f) Notwithstanding Section 53635.2, a public bank shall be eligible to receive local agency money.

57604

(a) As used in this section:

(1) "Conducted in partnership with" means pursuant to a written agreement with a local financial institution to provide financial products and services to the public located within the jurisdiction of the public bank.

(2) "Infrastructure lending" means granting a loan or extending credit to a local agency for the purpose of building or improving public infrastructure, including housing projects, as defined in Section 34212 of the Health and Safety Code, and affordable housing, as defined in subdivision (a) of Section 62250.

(3) "Local agency banking" means providing any of the following services to a local agency:

(A) Accepting a deposit of any kind.

(B) Granting a loan or extension of credit of any kind.

(4) "Participation lending" means purchasing or selling an interest in a loan or loans originated by or sold to a local financial institution, or originating, leading, or directing a loan transaction involving a local financial institution pursuant to a written agreement with the local financial institution.

(5) "Person" means a person as defined in Section 127 of the Financial Code, except that a person does not mean a local agency as defined in Section 50001 of the Government Code, but includes any individual employed by a local agency.

(6) "Retail activities" means providing any kind of financial product or service to a person that is typically offered or provided by a local financial institution, including, but not limited to, all of the following:

(A) Accepting a deposit of any kind from a person, including the issuance of shares by a credit union.

(B) Granting a loan or extension of credit, of any kind, to a person.

(7) "Wholesale lending" means granting a loan or extension of credit to a local financial institution.

(b) Except as provided in paragraph (2) of subdivision (c), a public bank shall conduct retail activities in partnership with local financial institutions and shall not compete with local financial institutions.

(c) A public bank may do both of the following:

(1) Engage in all of the following banking activities:

(A) Local agency banking.

(B) Infrastructure lending.

(C) Wholesale lending.

(D) Participation lending.

(2) Engage in retail activities without partnering with a local financial institution, if those retail activities are not offered or provided by local financial institutions in the jurisdiction of the local agency or agencies that own the public bank.

57605

For the purposes of Section 1280 of the Financial Code, any person or entity, including a local agency, that owns, controls, or holds an ownership interest in a public bank is not a bank holding company by reason of that ownership interest.

57606

(a) Before submitting an application to organize and establish a public bank pursuant to Section 1020 of the Financial Code, a local agency shall conduct a study to assess the viability of the proposed public bank. The study shall include, but is not limited to, all of the following elements:

(1) A discussion of the purposes of the bank including, but not limited to, achieving cost savings, strengthening local economies, supporting community economic development, and addressing infrastructure and housing needs for localities.

(2) A fiscal analysis of costs associated with starting the proposed public bank.

(3) An estimate of the initial amount of capital to be provided by the local agency to the proposed public bank.

(4) Financial projections, including a pro forma balance sheet and income statement, of the proposed public bank for at least the first five years of operation. The financial projections shall include an estimate of the time period for when expected revenues meet or exceed expected costs and an estimate of the total operating subsidy that the local agency may be required to provide until the proposed public bank generates sufficient revenue to cover its costs. In addition to projections that assume favorable economic conditions, the analysis shall also include a downside scenario that considers the effect of an economic recession

on the financial results of the proposed public bank. The projections may include the downside scenario of continuing to do business with the local government's current banker or bankers.

(5) A legal analysis of whether the proposed structure and operations of the public bank would likely comply with Section 6 of Article XVI of the California Constitution, but nothing herein shall compel the waiver of any attorney-client privilege attaching to that legal analysis.

(6) An analysis of how the proposed governance structure of the public bank would protect the bank from unlawful insider transactions and apparent conflicts of interest.

(b) The study may include any of the following elements:

(1) A fiscal analysis of benefits associated with starting the proposed public bank, including, but not limited to, cost savings, jobs created, jobs retained, economic activity generated, and private capital leveraged.

(2) A qualitative assessment of social or environmental benefits of the proposed public bank.

(3) An estimate of the fees paid to the local agency's current banker or bankers.

(4) A fiscal analysis of the costs, including social and environmental, of continuing to do business with the local agency's current banker or bankers.

(c) (1) The study required by subdivision (a) shall be presented to and approved by the governing body of the local agency, and a motion to move forward with an application for a public banking charter shall be approved by a majority vote of the governing body at a public meeting prior to the local agency submitting an application pursuant to Section 1020 of the Financial Code. In addition, the local agency shall include a copy of the study required by subdivision (a) in the application submitted to the Commissioner of Business Oversight.

(2) Before the local agency submits an application pursuant to Section 1020 of the Financial Code, the motion to move forward with an application for a public banking charter shall be subject to voter approval at the next regularly scheduled election held at least 180 days following the vote of the governing body.

(3) The voter approval requirement described in paragraph (2) shall apply to a local agency entering into a joint powers authority formed pursuant to the Joint Exercise of Powers Act (Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1) after the study required in subdivision (a) has been completed and before submitting an application to organize and establish a public bank pursuant to Section 1020 of the Financial Code.

(4) As used in paragraphs (2) and (3), "local agency" does not include a charter city.

(d) The local agency shall make available to the public the financial models and key assumptions used to estimate the elements described in paragraphs (2) through (4) of subdivision (a) before presenting the study to the governing body of the local agency as required by subdivision (c).

57607

(a) The Commissioner of Business Oversight shall not issue more than two public bank licenses in a calendar year.

(b) The Commissioner of Business Oversight shall not issue a public bank license if issuing that public bank license would cause there to be more than 10 public banks authorized to transact business pursuant to Division 1.1 (commencing with Section 1000) of the Financial Code.

(c) The Commissioner of Business Oversight shall conduct a study of public banking in California within two years after the date upon which the commissioner issues the 10th public bank license.

(d) The Commissioner of Business Oversight shall not issue a public bank license after the expiration of a period of seven years from the date upon which the commissioner first promulgates regulations for the purpose of carrying out the commissioner's duties under this division.

Glossary

A

ACTIVE MANAGEMENT STRATEGY

Investment strategy based on a manager or a team of managers actively managing a fund's portfolio with the goal of outperforming benchmarks through analytical research, forecasts, and their own judgment and experience.

ACCRETION

The accumulation of value that occurs during the duration or time between a bond's issuance and maturity.

ACCRUED INTEREST

Coupon interest accumulated on a bond or note since the last interest payment or, for a new issue, from the dated date to the date of delivery.

AMORTIZATION OF COSTS

Reconciliation of the purchase price of a security and par value resulting in net interest.

ARBITRAGE

Transactions by which securities are bought and sold in different markets at the same time for the sake of the profit arising from a yield difference in the two markets. The 1986 Tax Reform Act made this practice by municipalities illegal solely as a borrowing tactic, except under certain safe-harbor conditions.

ASSET ALLOCATION

The division of an investment portfolio among different asset categories, such as stocks, bonds, and cash.

ASSET-BACKED SECURITIES

Securities that are supported by pools of assets, such as installment loans or leases, or by pools of revolving lines of credits. Asset-backed securities are structured as trusts in order to perfect a security interest in the underlying assets.

AVERAGE

An arithmetic mean of selected stocks intended to represent the behavior of the market or some component of it.

B

BANK DEPOSITS

Deposits in banks or other depository institutions that may be in the form of demand accounts (checking) or investments in accounts that have a fixed term and negotiated rate of interest.

BANK NOTES

A senior, unsecured, direct obligation of a bank or U. S. branch of a foreign bank.

BANKERS' ACCEPTANCE

A draft or bill or exchange accepted by a bank or trust company. The accepting institution, as well as the issuer, guarantees payment of the bill.

BASIS POINTS

Refers to the yield on bonds. Each percentage point of yield in bonds equals 100 basis points (1/100% or 0.01%). If a bond yield changes from 7.25% to 7.39%, that is a rate of 14 basis points.

BENCHMARK

A passive index used to compare the performance, relative to risk and return, of an investor's portfolio.

BOND PROCEEDS

The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These moneys are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

BONDS

A debt obligation of a firm or public entity. A bond represents the agreement to repay the debt in principal and, typically, in interest on the principal.

BOOK RETURN

Book return includes interest, amortization/accretion of premiums/discounts, realized gains and losses, over a given period of time.

BOOK VALUE

The value at which an asset is carried on a balance sheet.

BROKER

A person or firm that acts as an intermediary by purchasing and selling securities for others rather than for its own account.

BUY AND HOLD STRATEGY

A strategy based on holding all securities until maturity, regardless of fluctuations in the market.

C

CALL OPTION

The terms of the bond contract giving the issuer the right to redeem or call an outstanding issue of bonds prior to its stated date of maturity.

CALL RISK

The risk to a bondholder that the bond issuer will exercise a callable bond feature and redeem the issue prior to maturity.

CALLABLE SECURITIES

An investment security that contains an option allowing the issuer to retire the security prior to its final maturity date.

CASH FLOW

A comparison of cash receipts (revenues) to required payments (debt service, operating expenses, etc.).

CERTIFICATE OF DEPOSIT

A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period. Certificates of Deposit (CDs) differ in terms of collateralization and marketability. Those appropriate to public agency investing include:

Negotiable Certificates of Deposit

Generally, short-term debt instrument that usually pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. The majority of negotiable CDs mature within six months while the average maturity is two weeks. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor). Negotiable CDs are insured by FDIC up to $250,000, but they are not collateralized beyond that amount.

Non-Negotiable Certificates of Deposit

CDs that carry a penalty if redeemed prior to maturity. A secondary market does exist for non-negotiable CDs, but redemption includes a transaction cost that reduces returns to the investor. Non-negotiable CDs issued by banks and savings and loans are insured by the Federal Deposit Insurance Corporation up to the amount of $250,000, including principal and interest. Amounts deposited above this amount may be secured with other forms of collateral through an agreement between the investor and the issuer. Collateral may include other securities including Treasuries or agency securities such as those issued by the Federal National Mortgage Association.

CDARS (CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM)

A private CD placement service that allows local agencies to purchase more than $250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than $250,000 each, so that FDIC coverage is maintained.

CD PLACEMENT SERVICE

A service that allows local agencies to purchase more than $250,000 in CDs from a single financial institution while still maintaining FDIC insurance coverage. See “CDARS”.

COLLATERALIZATION OF DEPOSITS

Process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing the repayment of deposited funds.

COMMERCIAL PAPER

An unsecured short-term promissory note issued by corporations or municipalities, with maturities ranging from 2 to 270 days.

CONVEXITY

A measure of the price sensitivity of a fixed income security to changes in interest rates. Convexity is influenced by such factors as the coupon rate, maturity, and any call options that may or may not exist. Prices rise at increasing rates as yields fall and prices decline at decreasing rates as yields rise.

CORPORATE NOTES AND BONDS

Debt instruments, typically unsecured, issued by corporations, with original maturities in most cases greater than one year and less than ten years.

COUNTY POOLED INVESTMENT FUNDS

The aggregate of all funds from public agencies placed in the custody of the county treasurer or chief finance officer for investment and reinvestment.

COUPON

The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value; a certificate attached to a bond evidencing interest due on a payment date.

CREDIT RATING

Various alphabetical and numerical designations used by credit rating or nationally recognized statistical rating organizations (NRSROs), institutional investors, Wall Street underwriters, and commercial rating companies to give relative indications of bond and note creditworthiness.

Long-term Ratings

The three most commonly used NRSROs are Standard & Poor's, Fitch Ratings, and Moody's. Standard & Poor's and Fitch Ratings use the same system, starting with their high¬est rating, of AAA, AA, A, BBB, BB, B, CCC, CC, C, and D for default. Moody's Investors Service uses Aaa, Aa, A, Baa, Ba, B, Caa, and Ca. Each of the services use pluses (+), minuses (-), or numerical modifiers to indicate steps within each category. The S&P ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. The top four letter categories are considered investment grade ratings.

Short-term Ratings

Standard & Poor's short-term ratings system is A-1+, A-3, B, C, and / for default. Fitch Ratings use F1+, F3, B, C, and / for default. Finally, Moody's uses P1 and P3, anything below P3 is considered not prime.

CREDIT RISK

The chance that an issuer will be unable to make scheduled payments of interest and principal on an outstanding obligation. Another concern for investors is that the market's perception of an issuer/borrower's credit will cause the market value of a security to fall, even if default is not expected.

CUSIP NUMBER

The Committee on Uniform Security Information Procedures (CUSIP) Number refers to a security's identification number assigned to each publicly traded security by the CUSIP Service Bureau operated by Standard & Poor's for the American Bankers Association. The CUSIP Number is a nine-character identifier unique to the issuer, the specific issue and the maturity, if applicable (the first six characters identifying the issuer, the next two identifying the security and the last digit providing a check digit to validate the accuracy of the preceding CUSIP number).

CUSTODIAN

A bank or other financial institution that keeps custody of stock certificates and other assets.

D

DEALER

Someone who acts as a principal in all transactions, including underwriting, buying, and selling securities, including from their own account.

DEFAULT RISK

The risk that issuers/borrowers will be unable to make the required payments on their debt obligations.

DEFEASED BOND ISSUES

Issues that have sufficient money to retire outstanding debt when due so that the agency is released from the contracts and covenants in the bond document.

DELIVERY VS. PAYMENT (DVP)

The payment of cash for securities as they are delivered and accepted for settlement.

DERIVATIVE

Securities that are based on, or derived from, some underlying asset, reference date, or index.

DISCOUNT

Discount means the difference between the par value of a security and the cost of the security, when the cost is below par. Investors purchase securities at a discount when return to the investor (yield) is higher than the stated coupon (interest rate) on the investment.

DISCOUNT RATE

The interest rate used in discounted cash flow (DCF) analysis to determine the present value of future cash flows. The discount rate in DCF analysis takes into account not just the time value of money, but also the risk or uncertainty of future cash flows; the greater the uncertainty of future cash flows, the higher the discount rate.

DIVERSIFICATION

The allocation of different types of assets in a portfolio to mitigate risks and improve overall portfolio performance.

DURATION

A measure of the timing of the cash flows to be received from a security that provides the foundation for a measure of the interest rate sensitivity of a bond. Duration is a volatility measure and represents the approximate percentage change in price divided by the percentage change in interest rates. A high duration measure indicates that for a given level of movement in interest rates, prices of securities will vary considerably.

E

EFFECTIVE DURATION

Duration measures the weighted average of the present value of the cash flows of a fixed-income investment. Effective duration measures the price sensitivity of fixed-income investments, especially for those with embedded option features such as call options. As yields rise, the effective duration of a callable investment rises to reflect the fact that it has become less likely to be called. The more rates rise, the longer the effective duration will become, approaching the duration to maturity. The converse is true in a declining interest rate environment (that is, the more rates fall, the shorter the effective duration will become, approaching the duration to call). For securities without an embedded option, the duration to call, maturity, and effective duration

are all the same. The calculation for effective duration is complicated and involves averaging the duration under a simulation of many possible interest rate scenarios in the future.

EVENT RISK

The risk associated with a changing portfolio value due to a market event causing swings in market prices and/or spreads.

EXTENDABLE NOTES

Securities with maturity dates that can be extended by mutual agreement between the issuer and investor. When investing in these types of securities, the maturity date plus the stated extendable option must not exceed the time frames that are allowed in California Government Code or the investment policy for the investment type.

F

FIDUCIARY

An individual who holds something in trust for another and bears liability for its safekeeping.

FIRST TIER SECURITIES

Securities that have received short-term debt ratings in the highest category from the requisite nationally recognized statistical-rating organizations (NRSROs), or are comparable unrated securities, or are issued by money market funds, or government securities. [See SEC Rules: Paragraph (A)(12) of rule 2A-7.]

FLOATING RATE SECURITY

A security that has a variable or "floating" interest rate.

FUTURES

Futures are exchange-traded contracts either to buy (long) or sell (short) a financial instrument, such as a five-year U.S. Treasury note at a specific price and on a specific future date. Although investing in futures is permitted under California Government Code Section 53601.1, few local agencies do, except for specific, limited purposes, usually related to their own debt issuance.

G

GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB)

A standard-setting body, associated with the Financial Accounting Foundation, which prescribes standard accounting practices for governmental units.

GOVERNMENT SPONSORED ENTERPRISES (GSE)

Privately held corporations with public purposes created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy. Securities issued by GSEs carry the implicit backing of the U.S. Government, but they are not direct obligations of the U.S. Government. For this reason, these securities will offer a yield premium over Treasuries.

GUARANTEED INVESTMENT CONTRACT (GIC)

An agreement acknowledging receipt of funds for deposit, specifying terms for withdrawal, and guaranteeing a rate of interest to be paid.

I

IRMA

An independent registered municipal advisor (IRMA) is registered as a municipal advisor with the SEC and MSRB and has a fiduciary duty to the issuer(s) that he/she advises on the issuance of municipal securities and investment of the proceeds of issued debt.

IRMA EXEMPTION

Pursuant to the Municipal Advisor Rule (MA Rule), underwriters may provide advice to municipal issuers only where certain exceptions or exemptions apply. The Independent Registered Municipal Advisor Exemption (IRMA Exemption) applies where: (1) the issuer has retained an IRMA that is not recently associated (within the last two years of seeking to use the exemption) with the underwriter, (2) the underwriter receives a written notice from the issuer that they are represented by the IRMA and will rely on their advice, and the underwriter can reasonably rely on that notice, and (3) the underwriter provides a written notice to the issuer and IRMA stating that the underwriter is not a municipal advisor and has no fiduciary duty to the issuer, and the issuer must have adequate time to review that notice.

INDEX

An index is an indicator that is published on a periodic basis that shows the estimated price and/or yield levels for various groups of securities.

INTEREST

The amount a borrower pays to a lender for the use of his or her money.

INTEREST RATE RISK

Interest rate risk is the risk that an investment's value will change due to a change in the absolute level of interest rates, spread between two rates, shape of the yield curve, or any other interest rate relationship.

INVESTMENT AGREEMENTS

Investment agreements are contracts with respect to funds deposited by an investor. Investment agreements are often separated into those offered by banks and those offered by insurance companies. In the former case, they are sometimes referred to as "bank investment contracts."

INVESTMENT OVERSIGHT COMMITTEE

A committee of three to eleven members formed under Section 27131 to monitor and review a county's investment policy by causing an annual audit and discussing its finding at an open meeting. Although cities and other local agencies are not required to compose an investment oversight committee, the State Legislature has declared that all local agencies "should participate in reviewing the policies that guide the investment of those funds."

INSTITUTIONAL ACCOUNT

As defined by the Financial Industry Regulatory Authority (FINRA), an institutional account includes one of the following: (1) a bank, savings and loan association, insurance company or registered investment company; (2) an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or (3) any other person (whether a natural

person, corporation, partnership, trust or otherwise) with total assets of at least $50 million.

L

LIBOR

Acronym for "London Interbank Offered Rate," which represented the average rate at which a leading bank can obtain unsecured funding in the London interbank market. LIBOR served as a benchmark for various interest rates. Obligations of parties to such transactions are typically expressed as a spread to LIBOR. In response to concerns that the benchmark was being manipulated, the publication for one-week and two-month LIBOR ceased at the end of 2021 and the remaining tenors of LIBOR ceased after June 30, 2023.

LIQUIDITY

The measure of the ability to convert an instrument to cash on a given date at full face or par value.

LIQUIDITY RISK

The risk that a security, sold prior to maturity, will be sold at a loss of value. For a local agency, the liquidity risk of an individual investment may not be as critical as how the overall liquidity of the portfolio allows the agency to meet its cash needs.

LOCAL AGENCY INVESTMENT FUND

A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP)

Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

M

MARKET RISK

The chance that the value of a security will decline as interest rates rise. In general, as interest rates fall, prices of fixed income securities rise. Similarly, as interest rates rise, prices fall. Market risk also is referred to as systematic risk or risk that affects all securities within an asset class similarly.

MARKET VALUE

The price at which a security is trading and presumably could be purchased or sold at a particular point in time.

MATURITY

The date on which the principal or stated value of an investment becomes due and payable.

MEDIUM-TERM NOTE

Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in the California Government Code) with a remaining maturity of five years or less.

MONEY MARKET MUTUAL FUNDS

MMF's are mutual funds that invest exclusively in short-term money market instruments. MMF's seek the preservation of capital as a primary

goal while maintaining a high degree of liquidity and providing income representative of the market for short-term investments.

MORTGAGE BACKED SECURITIES

Mortgage-backed securities (MBS) are created when a mortgagee or a purchaser of residential real estate mortgages creates a pool of mortgages and markets undivided interests or participations in the pool. MBS owners receive a prorata share of the interest and principal cash flows (net of fees) that are "passed through" from the pool of mortgages. MBS are complex securities whose cash flow is determined by the characteristics of the mortgages that are pooled together. Investors in MBS face prepayment risk associated with the option of the underlying mortgagors to pre-pay or payoff their mortgage. Most MBS are issued and/or guaranteed by federal agencies and instrumentalities (e.g., Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC)).

MORTGAGE PASS-THROUGH OBLIGATIONS

Securities that are created when residential mortgages (or other mortgages) are pooled together and undivided interests or participations in the stream of revenues associated with the mortgages are sold.

MUNICIPAL ADVISOR RULE (MA RULE)

A regulation of non-dealer "municipal advisors" such as financial advisors, swap advisors, GIC brokers, etc. In addition, the rule pertains to banks and broker dealers acting as municipal advisors. Municipal advisors have a fiduciary responsibility to the government agency receiving their services and they must register with the Securities Exchange Commission (SEC). Municipal finance professionals that do not have a fiduciary duty to issuers cannot provide advice to governments unless certain exemptions are met. The SEC has published a list of frequently asked questions: **www.sec.gov/info/municipal/mun-advisors-faqs.pdf**.

MUNICIPAL NOTES, BONDS, AND OTHER OBLIGATIONS

Obligations issued by state and local governments to finance capital and operating expenses.

MUTUAL FUNDS

An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments.

N

NET ASSET VALUE

Net asset value (NAV) is a term used in the mutual fund industry to determine the average price per share of a pool or mutual fund. How this measure varies over time provides information on whether the pool is stable or variable. NAV is the market value of all securities in a mutual fund, less the value of the fund's liabilities, divided by the number of shares in the fund outstanding. Shares of mutual funds are purchased at the fund's offered NAV.

NET PRESENT VALUE

An amount that equates future cash flows with their value in present terms.

NEW ISSUE

Securities sold during the initial distribution of an issue in a primary offer-

ing by the underwriter or underwriting syndicate.

NOTE

A written promise to pay a specified amount to a certain entity on demand or on a specified date. Usually bearing a short-term maturity of a year or less (though longer maturities are issued—see "Medium-Term Note").

O

OPTIONS

An option is a contract that gives the buyer the right to buy or sell an obligation at a specified price for a specified time. Exchange Traded Options are standardized option contracts that are actively traded on the Chicago Board of Exchange on a daily basis whereas Over-the-Counter Options are traded directly between the buyer and seller at agreed upon prices and conditions (the former type of option is therefore more liquid than the latter).

P

PAR AMOUNT OR PAR VALUE

The principal amount of a note or bond which must be paid at maturity. Par, also referred to as the "face amount" of a security, is the principal value stated on the face of the security. A par bond is one sold at a price of 100% of its principal amount.

PLACEMENT SERVICE CERTIFICATES OF DEPOSIT

Certificates of deposit placed with a private sector entity that assists in the placement of certificates of deposit with eligible financial institutions located in the United States.

PLACEMENT SERVICE DEPOSIT

Deposits at depository institutions placed by a private sector placement service entity.

PORTFOLIO

Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent, or other asset. The purpose of a portfolio is to reduce risk by diversification.

PREMIUM

Premium means the difference between the par value of a security and the cost of the security, when the cost is above par. Investors pay a premium to purchase a security when the return to the investor (yield) is lower than the stated coupon (interest rate) on the investment.

PRICE

Price is the amount of monetary consideration required by a willing seller and a willing buyer to sell an investment on a particular date.

PRINCIPAL

The face value or par value of a debt instrument, or the amount of capital invested in a given security.

PROSPECTUS

A disclosure document that must be provided to any prospective purchaser of a new securities offering registered with the SEC that typically includes information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements (also known as an "official statement").

PRUDENT INVESTOR STANDARD

A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in such a situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

PUBLIC BANK

A corporation, organized as either a nonprofit mutual benefit corporation or a nonprofit public benefit corporation for the purpose of engaging in the commercial banking business or industrial banking business, that is wholly owned by a local agency, as specified, local agencies, or a joint powers authority.

Q

QUALIFIED INSTITUTIONAL BUYER

Federal regulations define qualified institutional buyer (QIB) as any of the following entities, acting for its own account or the accounts of other QIBs, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with the entity: insurance company, investment company, small business investment company, a Rural Business Investment Company, a plan (established and maintained by a public agency) for the benefit of its employees, employee benefit plan, trust fund (bank or trust company), business development company, 501(c)(3), investment adviser, and dealer, an institution that qualifies as an accredited investor. 17 CFR § 230.144A and 230.145

R

REINVESTMENT RISK

The risk that interest rates may be lower than the yield on a fixed income security when the investor seeks to reinvest interest income or repaid principal from the security.

REPURCHASE AGREEMENTS

An agreement of one party (for example, a financial institution) to sell securities to a second party (such as a local agency) and simultaneous agreement by the first party to repurchase the securities at a specified price from the second party on demand or at a specified date.

REVERSE REPURCHASE AGREEMENTS

An agreement of one party (for example, a financial institution) to purchase securities at a specified price from a second party (such as a public agency) and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

RISK

The uncertainty of maintaining the principal or interest associated with an investment due to a variety of factors.

RULE G-37 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD

Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

S

SAFEKEEPING SERVICE

Offers storage and protection of assets provided by an institution serving as an agent.

SAFETY

In the context of investing public funds, safety relates to preserving the principal of an investment in an investment portfolio; local agencies address the concerns of safety by controlling exposure to risks.

SOFR

Acronym for "Secured Overnight Financing Rate," which represents a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.

SECURITIES AND EXCHANGE COMMISSION (SEC)

The federal agency responsible for supervising and regulating the securities industry.

SECURITIES LENDING AGREEMENT

An agreement of one party (for example, a local agency) to borrow securities at a specified price from a second party (for example, another local agency) with a simultaneous agreement by the first party to return the security at a specified price to the second party on demand or at a specified date. These agreements generally are collateralized and involve a third party custodian to hold the securities and collateral. Economically similar to reverse repurchase agreement.

SETTLEMENT DATE

The date when a trade is final. The ownership of the security is transferred to the buyer and the payment of funds is transferred to the seller. The date establishes a legal transfer of ownership.

SUPRANATIONAL INSTITUTIONS

International institutions formed by two or more governments that transcend boundaries to pursue mutually beneficial economic or social goals. There are three supranational institutions that issue obligations that are eligible investments for California local agencies: the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB).

T

TAX AND REVENUE ANTICIPATION NOTES (TRANS)

Notes issued in anticipation of receiving tax proceeds or other revenues at a future date.

TOTAL RETURN

Total return includes interest, realized gains and losses, and unrealized gains and losses over a given period of time.

TRUSTEE, TRUST COMPANY OR TRUST DEPARTMENT OF A BANK

A financial institution with powers to act in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

U

UNDERWRITER

A dealer that purchases a new issue of municipal securities for resale.

U.S. TREASURY OBLIGATIONS

Debt obligations of the U.S. Government sold by the Treasury Department in the forms of bills, notes, and bonds. Bills are short-term obligations that mature in one year or less and are sold at a discount. Notes are obligations that mature between one year and ten years. Bonds are long-term obligations that generally mature in ten years or more.

W

WEIGHTED AVERAGE MATURITY (WAM)

The average maturity of all the securities that comprise a portfolio, typically expressed in days or years.

Y

YIELD

The current rate of return on an investment security generally expressed as a percentage of the securities current price.

YIELD CURVE

A graphic representation that shows the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity.

YIELD-TO-CALL

The rate of return to the investor earned from payments of principal and interest, with interest compounded semi-annually at the stated yield when the security is redeemed on a specified call date. In addition, if the security is redeemed at a premium call price, the amount of the premium is also reflected in the yield.

YIELD-TO-MATURITY

The rate of return to the investor earned from payments of principal and interest, with interest compounded semi-annually at the stated yield as long as the security remains outstanding until the maturity date.

YIELD-TO-WORST

For a given dollar price on a municipal security, the lowest of the yield calculated to the pricing call, par option or maturity.

Z

ZERO-COUPON BOND

A bond on which interest is not payable until maturity (or earlier redemption), but compounds periodically to accumulate to a stated maturity amount. Zero-interest bonds are typically issued at a discount and repaid at par upon maturity.

Index of Statutory Changes Effective 1996 to Present

1995

SB 564 **AUTHOR: JOHNSTON** **SECTION(S): 53646**

Summary of Changes: Requires treasurers to produce an annual investment policy and provide detailed quarterly investment reports.

SB 866 **AUTHOR: CRAVEN** **SECTION(S): 53601, 53635 AND 53859.02**

Summary of Changes: Authorizes the County Board of Supervisors to delegate investment authority to the County Treasurer and requires board to establish a treasury oversight committee (with specific membership requirements). Requires delivery of securities by book entry, physical delivery or third-party custodial agreement. Specifies funds invested for repayment of notes cannot exceed the term of the notes. Lastly, sets requirements for those elected or appointed to county auditor, director of finance and county treasurer.

1996

SB 864 **AUTHOR: CRAVEN AND KILLEA** **SECTION(S): 27000.7, 27131, 27132.1, 27132.2, 27132.3, 27136, 53601, 53601.6, 53635 AND 53646**

Summary of Changes: Restricts campaign contributions by members of county oversight committees, relaxes restrictions on repurchase agreements, increases the amount of portfolio concentration for investment in mutual funds, and allows for greater use of account statements in quarterly investment reports.

1997

No changes

1998

SB 1793 **AUTHOR: GREENE** **SECTION(S): 53601 AND 53635**

Summary of Changes: Authorizes that where there is a percentage limitation for a particular investment, that percentage is applicable only at the date of purchase. In addition, investments in repurchase agreements are considered to be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day.

1999

AB 323 **AUTHOR: BALDWIN** **SECTION(S): 27132.3**

Summary of Changes: Prohibits a member of an oversight committee from securing employment with a financial service company that does business with the committee's county treasurer for one year after leaving the committee.

AB 343 **AUTHOR: CAMPBELL** **SECTION(S): 53635.7, 53601.2 AND 53635.2**

Summary of Changes: Authorizes counties to increase the amount of commercial paper (CP) held in their portfolios from 15% to 40%, removes the 31-day dollar-weighted maturity requirement for purchases above the original 15%, limits CP investments with any single issuing corporation to 10% of the county's surplus money, and clarifies that "borrowing" does not include bank overdrafts.

AB 530 **AUTHOR: PAPAN** **SECTION(S): 53601 AND 53635**

Summary of Changes: Authorizes local governments to enter into securities lending agreements provided they meet the same statutory requirements as reverse-repurchase agreements. No more than 20% of the investment portfolio may be comprised of securities lending agreements.

AB 1679 **AUTHOR: ASSEMBLY LOCAL GOVERNMENT COMMITTEE** **SECTION(S): 53601 AND 53635**

Summary of Changes: Amends the definition of medium-term notes, specifying that these instruments shall have a remaining maximum maturity of 5 years or less. It also emphasizes that purchases of medium-term notes shall not include other investment instruments allowable under current state law.

2000

AB 2220 **AUTHOR: BATTIN** **SECTION(S): 53601, 53601.2, 53635 AND 53635.2**

Summary of Changes: Revises the maximum maturity for bankers acceptances from 270 to 180 days, and prime quality commercial paper from 180 to 270 days.

AB 2539 **AUTHOR: ASSEMBLY JUDICIARY COMMITTEE** **SECTION(S): 53601 AND 53635**

Summary of Changes: Non-substantive, technical changes including punctuation.

2001

AB 609 **AUTHOR: KELLEY** **SECTION(S): 53601, 53601.5, 53601.6 AND 53635**

Summary of Changes: Authorizes local agencies to invest non surplus money in a sinking fund provided that the money is not required for immediate needs. The bill also revises the definition of commercial paper and prohibits the legislative body of a local agency and the treasurer or other official having custody of the county's money from investing in negotiable certificates of deposit of a state or federal credit union if a member of the legislative body or any other specified city officer or employee also serves on the board of directors or certain committees of that credit union.

2002

AB 2182 **AUTHOR: CAMPBELL** **SECTION(S): 53601.7**

Summary of Changes: Authorizes a county or city and county to invest in high quality money market funds (direct obligations of the United States Treasury or any other obligation guaranteed as to principal and interest by the United States government, bonds, notes, debentures, or other obligations of, or securities issued by, any federal government agency, instrumentality, or government-sponsored enterprise, and state treasury notes, bonds, or registered state warrants).

AB 3034 **AUTHOR: ASSEMBLY JUDICIARY COMMITTEE** **SECTION(S): 53601**

Summary of Changes: Non-substantive, technical changes consisting of grammatical and other errors without substantively changing the law.

SB 1326 **AUTHOR: SENATE LOCAL GOVERNMENT COMMITTEE** **SECTION(S): 53601, 53635 AND 53646**

Summary of Changes: Renames the California Debt and Investment Advisory Commission (CDIAC), deletes a requirement to select a vice-chair and secretary, and requires, by May 1, 2006, a specified report to the Legislature. The bill makes related changes in provisions relating to municipal investments.

2003

SB 787 **AUTHOR: BATTIN** **SECTION(S): 53601 AND 53635**

Summary of Changes: Authorizes local agencies to purchase asset-backed commercial paper of prime quality to be of the highest ranking as provided by a nationally recognized statistical-rating organization and that the entity issuing the commercial paper must meet certain conditions as stated in 53601 (g).

2004

AB 969 **AUTHOR: CORREA** **SECTION(S): 53601**

Summary of Changes: Authorizes a local agency that has surplus money or a sinking fund in its treasury to invest that money in shares of beneficial interest issued by a JPA. In addition, the bill requires a JPA issuing the shares to retain an investment advisor that meets specified criteria.

2005

No changes

2006

AB 1794 **AUTHOR: DEVORE** **SECTION(S): 53635 AND 53601.7**

Summary of Changes: Extends the sunset date to January 1, 2011 for local agencies to invest in short-term unsecured promissory notes issued by corporations for maturities of 270 days or less, and amends statue to state that no more than 10% of the total assets of the investments that a local entity makes may be invested in any one issuer's commercial paper.

AB 2011 **AUTHOR: VARGAS** **SECTION(S): 53601.8 AND 53635.8**

Summary of Changes: The bill authorizes the investment of up to 30% of surplus funds in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit under specified conditions, until January 1, 2012.

2007

AB 1745 **AUTHOR: ASSEMBLY REVENUE AND TAXATION COMMITTEE** **SECTION(S): 53601**

Summary of Changes: This bill authorizes local agencies to invest in registered treasury notes and bonds issued by any of the 50 states.

2008

SB 1124 **AUTHOR: SENATE LOCAL GOVERNMENT COMMITTEE** **SECTION(S): 53601, 53635 AND 53635.8**

Summary of Changes: Repeals the requirement for local governments to provide annual statements of investment policies, and quarterly investment reports to the CDIAC. In addition, the bill corrects various incorrect statutory cross-references regarding local agency investments.

SB 1498 **AUTHOR: SENATE JUDICIARY COMMITTEE** **SECTION(S): 53601**

Summary of Changes: Non-substantive, technical changes consisting mostly of punctuation, correcting spelling errors, updating words, i.e., may to shall, any to a, money to moneys, and use of acronym for Nationally Recognized Statistical Rating Organization.

SB 344 **AUTHOR: MACHADO** **SECTION(S): 5925**

Summary of Changes: Authorizes state and local governments to repurchase or acquire instruments and outstanding bonds issued by or on their behalf.

2009

SB 113 **AUTHOR: SENATE LOCAL GOVERNMENT COMMITTEE** **SECTION(S): 53601.6, 53601.8 AND 53646**

Summary of Changes: Corrects an incorrect cross reference for local agency investments in certificates of deposits and repeals requirement to submit a statement of investment policy to the CDIAC.

2010

SB 1330 **AUTHOR: SENATE JUDICIARY COMMITTEE** **SECTION(S): 53601**

Summary of Changes: Non-substantive, technical changes consisting of changes to references within 53601 due to re-numeration of subsections of 53601 and changing the word subdivision to subdivisions.

SB 1344 **AUTHOR: KEHOE** **SECTION(S): 53601.8 AND 53635.8**

Summary of Changes: Deletes the sunset date associated with the authorization for local agencies to investment up to 30% of their surplus funds in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit.

2011

SB 194 **AUTHOR: SENATE GOVERNANCE AND FINANCE COMMITTEE** **SECTION(S): 53601**

Summary of Changes: Authorizes local agencies to invest in negotiable certificates of deposit issued by a federally licensed branch of a foreign bank.

2012

SB 1033 **AUTHOR: SENATE BUDGET AND FISCAL REVIEW COMMITTEE** **SECTION(S): 16340**

Summary of Changes: Establishes the Voluntary Investment Program Fund within the State Treasury for the receipt of voluntary deposits from local entities.

2013

AB 279 **AUTHOR: DICKINSON** **SECTION(S): 53601.8 AND 53635.8**

Summary of Changes: Authorizes local agencies to invest up to 30% of their surplus funds in deposits at a commercial or savings bank, savings and loan, or credit union using a private sector deposit placement service until January 1, 2017.

2014

AB 1933 **AUTHOR: LEVINE** **SECTION(S): 53601**

Summary of Changes: Authorizes local agencies to invest in United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by certain banks (supranationals), and would require these investments to be rated "AA" or better and to not exceed 30% of the agency's moneys that may be invested.

AB 2298 **AUTHOR: RODRIGUEZ** **SECTION(S): 53663**

Summary of Changes: Authorizes state chartered financial institutions that maintain local agency deposits to submit their weekly reports to the Administrator of Local Agency Security of the State of California electronically via email or other electronic means approved by the administrator.

2015

AB 283 **AUTHOR: DABABNEH** **SECTION(S): 53601.8 AND 53635.8**

Summary of Changes: Extends the authority to use a private sector entity to assist placing deposits to January 1, 2021; allows local agencies to invest up to 30% of its surplus funds in placement service certificates of deposit (CDs) and 30% in negotiable certificates of deposit; and enables a local agency to invest up to 30% with the same deposit placement service provider. Upon the sunset date of January 1, 2021, a public agency may no longer use a placement service provider to place deposits; however, the private entity would be able to assist a local agency with the placement of CDs.

2016

SB 974 **AUTHOR: SENATE LOCAL GOVERNMENT COMMITTEE** **SECTION(S): 53601**

Summary of Changes: Clarifies and amends the statutory rating requirements contained in Government Code 53601. Specifically rating requirements now refer to a rating category which is inclusive of any rating modifiers such as "+"/"-" or numbers and to include equivalent ratings from Nationally Recognized Statistical Rating Organizations (NRSRO). The specific sections of code that are amended are Government Code Sections 53601(h)(1)(C) Commercial Paper, 53601(k) Medium Term Notes, 53601(o) Mortgage Passthrough Securities, and 53601(q) Supranationals.

2017

No changes

2018

AB 1770 **AUTHOR: STEINORTH** **SECTION(S): 53601(O)**

Summary of Changes: Clarifies the statutory maximum remaining maturity requirement of five years applies to all asset-backed securities enumerated in this subdivision and eliminates the issuer rating requirement.

2019

AB 857 **AUTHOR: CHIU** **SECTION(S): 53601(R), 53635(C) AND 53635.2**

Summary of Changes: Adds to Government Code 53601: "(r) Commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600." In addition, Government Code 53635 is amended by the addition of "(c) A local agency subject to this section may invest in commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600." Lastly, Government Code 53635.2 is amended to add public banks to the list of depository institutions.

AB 945 **AUTHOR: MCCARTY** **SECTION(S): 53601.8 AND 53635.8**

Summary of Changes: Amends a local agency's authorization to invest and deposit surplus funds in deposits, certificates of deposit or another form, at specified types of financial institutions. Beginning January 1, 2020, until January 1, 2026, the percentage of surplus funds that can be invested by a city, district, or other local agency that does not pool money in deposits or investments with other local agencies with a different governing body increases to 50%. On and after January 1, 2026, the portfolio limitation of cities, districts, and agencies returns to 30% of the agency's surplus funds.

2020

SB 998 **AUTHOR: MOORLACH** **SECTION(S): 53601(H), 53601(K) AND 53601.6**

Summary of Changes: Amends the authorization of local agencies, other than counties or a city and county pursuant to subdivision (a) of Section 53635, to invest no more than 10% of its total investment assets in commercial paper and the medium-term notes of any single issuer. Authorizes federally recognized Indian tribes in California to invest in JPA investment pools. Beginning January 1, 2021, until January 1, 2026, local agencies that have $100 million or more of investment assets, are authorized to invest up to 40% of their moneys in eligible commercial paper. Also, beginning January 1, 2021, until January 1, 2026, local agencies are authorized to invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. Local agencies are authorized to hold these instruments until their maturity dates. On and after January 1, 2026, the portfolio limitation of local agencies authorized under 53601(h) returns to 25% of eligible commercial paper and local agencies are no longer permitted to invest any funds in securities that could result in zero interest accrual if held to maturity.

2021

No changes

2022

SB 1489 **AUTHOR: SENATE GOVERNANCE AND FINANCE COMMITTEE** **SECTION(S): 53601 AND 53646**

Summary of Changes: Amends an investment's term or remaining maturity to be measured from the settlement forward date to final maturity. A security purchased pursuant to 53601 is prohibited from having a settlement date exceeding 45 days from the time of investment. In addition, Government Code 53646 is amended to extend the time that the treasurer or chief fiscal officer has to render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency by 15 days, from 30 to 45, following the end of the quarter.

2023

SB 882 **AUTHOR: SENATE GOVERNANCE AND FINANCE COMMITTEE** **SECTION(S): 53601(O) AND 27000.7**

Summary of Changes: Clarifies that privately backed securities, which include mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond, are permissible investments by local agencies. The security must be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less. In addition, purchased securities shall not exceed 20% of the agency's surplus moneys that may be invested pursuant to this section. Furthermore, Government Code 27000.7 is amended to eliminate the requirement for the offices of county treasurer, county tax collector, or county treasurer-tax collector to have a valid certificate issued by the Treasury Management Association.

2024

AB 2618 **AUTHOR: CHEN** **SECTION(S): 53601(K)**

Summary of Changes: This bill extends the authority for a local agency to invest up to 50% (rather than 30%) of its surplus funds in deposits at a commercial bank, savings bank, savings and loan association, or credit union under specified conditions, until January 1, 2031. This bill would also require the California Debt and Investment Advisory Commission to submit a prescribed report to the appropriate policy committees of the Legislature on the deposit of surplus funds pursuant to existing law by local agencies on or before January 1, 2030.

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STAFF REPORT

TOWN OF SAN ANSELMO Item #: 3.6

MEETING DATE: April 22, 2025

AGENDA TITLE: FY2025-2027 Draft Work Plan Priorities

FROM: Linda Kenton, Assistant Town Manager
David P. Donery, Town Manager

RECOMMENDATION: Receive report on the draft FY2025-2027 Work Plan and provide feedback to staff.

BACKGROUND

Every two years, in the spring following a Council election, Town staff presents a set of two-year Work Plan priorities to the Town Council in anticipation of the budget. Work Plan priorities are developed to outline departmental goals for the upcoming two years, and are designed to move the organization forward in a number of areas as indicated in the attached draft Plan (Attachments 1 and 2).

In previous years, the process for Council review of the Work Plan has included reviewing initial presentations of the draft Plan at a regular meeting when feedback is provided to staff. This has been followed by dedicated time, usually during a retreat, where Council and staff can focus on the Work Plan goals and priorities and fine tune the Plan for inclusion in the budget document. These retreats are open to the public. Following the retreat, the Work Plan is typically presented for approval at the next Council meeting and included in the budget and Work Plan document.

A progress report for each two-year Work Plan is presented to the Council every six months for review and comment. The most recent update, provided to the Town Council in October of 2024, is attached to this staff report (Attachment 3).

DISCUSSION/ANALYSIS

Work Plan priorities are based on staff knowledge and assessment of Town needs for both the short term and the future and they encompass some projects already underway. Staff work collaboratively within departments but also in partnership across departments to develop joint projects. The Town Manager, Department Heads and senior-level staff gathered on February 13, 2025, at a staff retreat to review and refine the draft Work Plan priorities. These draft priorities for FY2025-27 are presented in two

formats: outlined by Town Department (Attachment 1) and organized within seven categories (Attachment 2).

Each Department Work Plan priority has been developed using the following format:

Department

1. Category (of service)
2. Priority
3. Description
4. Employee Impact
5. Fiscal Impact

Category of Service

Each Work Plan priority is developed to meet one or more of a series of categories of service as seen below. These categories have been updated over the years since this process was initiated with the unifying principle of service to the community. These seven categories have been developed through staff research and analysis conducted within each department and are overlayed by the realities of staff's ongoing daily work experience. The categories include:

1. Livability and Quality of Life
   Create opportunities for lifelong learning and diverse entertainment through innovative Recreation and Library activities for residents of all ages and abilities.

2. Quality Facilities
   Maintaining and improving Town facilities for use by residents and Town staff.

3. Connecting with the Community
   Provide equitable community engagement that includes an outreach approach with intentional effort to engage a representation of the Town's diverse audiences.

4. Sustainable, Natural and Built Environment
   Thoughtful planning and operations that ensure the long-term viability of the Town's infrastructure, facilities, and environment.

5. Excelling in Town Services
   Provide excellent and sustainable delivery of services by making data-driven investments & decisions. Support continuous improvement and cross-departmental collaboration to improve service delivery to residents and provide for their public safety.

6. Planning for the Future

Utilize comprehensive planning efforts to balance the community's character with its evolving needs.

7. Investing in People
   Provide professional management and training that encourages a culture of innovation, collaboration, and transparency to deliver quality service through an exceptional workforce.

General Plan Guiding Principles

Best practices in developing and guiding actionable Work Plans involves the use of a municipality's General Plan document. During the February staff retreat, staff discussed how this shift will happen in relation to the Town's updated General Plan, which is expected to be reviewed and adopted in 2026. In future Work Plans, instead of using the categories of services used to-date and listed previously, staff will endeavor to connect Work Plan priorities to guidance provided by the General Plan. This system will provide a roadmap and guardrails to keep progress on track and effective in serving to adhere and comply to the General Plan.

FY2025-26 Work Plan Development Timeline

As discussed above, the following is the process for review and approval of the FY 2025-27 Work Plan priorities:

April 22 Town Council Meeting:
1. Staff introduces the FY2025-2027 draft Work Plan priorities for initial review by the Town Council.
2. Council provides input, feedback and direction to be incorporated into the Work Plan for discussion at the upcoming Council retreat.

April 25 Town Council Retreat:
1. Updated draft Work Plan priorities presented by department and category.
2. Town Council provides input, feedback and direction on draft Work Plan priorities to be discussed and incorporated into the final Work Plan.

May 13 Town Council Meeting:

1. Final FY2025-27 Draft Work Plan and Priorities considered by the Council for approval.
2. Work Plan incorporated into the FY2025-27 Budget and Work Plan document.

June Town Council Meetings:
The Budget and Work Plan hearing will be held on June 10, 2025 with adoption expected to on June 24, 2025.

FISCAL IMPACT

The fiscal impact of the draft Work Plan priorities varies by department and project. There is no direct fiscal impact to the general fund associated with receiving the draft priorities.

GENERAL PLAN CONSISTENCY

The proposed 2025-27 Work Plan aligns with the Town of San Anselmo's current General Plan, supporting key goals such as maintaining the Town’s character, enhancing quality of life, and promoting sustainable development.

CEQA AND CLIMATE ACTION PLAN CONSISTENCY

Receiving this draft work plan priorities report is not a “project” under the California Environmental Quality Act, because it does not involve an activity which has the potential to cause a direct or reasonably foreseeable indirect physical change in the environment. (Cal. Pub. Res. Code § 21065).

ATTACHMENTS

Attachment 1 – Work Plan Priorities by Department
Attachment 2 – Work Plan Priorities by Category
Attachment 3 – October 2024 Update of FY2023-25 Work Plan

DRAFT— FY2025-27 Work Plan
Priorities by Department

Finance/Admin Services Workplan

1) **Category:** Investing in People

Priority: Implement Town-wide compensation study results
Description: Conducted a Town-wide compensation study. The goal of reviewing employee compensation is to benchmark the Town's salaries to provide competitive compensation to comparable local municipalities and assist in the recruitment and retention of talented employees. Become Employer of Choice.
Employee Impact: High
Fiscal Impact: High

2) **Category:** Investing in People

Priority: Invest in Human Resource management software (NeoGov)
Description: Employ software tailored specifically for public sector organizations that will offer several key benefits such as streamlined recruitment and onboarding, improved compliance, enhanced employee management, and analytics and reporting**.** Removes manual tasks like data entry, paper filings, and communication follow-ups. It will allow HR to modernize operations and improve employee and candidate experience.
Employee Impact: High
Fiscal Impact: High

3) **Category:** Excelling in Town Services

Priority: Update Finance/Payroll/HR Systems
Description: Review the options for a change in Town's software to a cloud-based system more suited for a smaller local municipality. This will also allow for critical work to continue such as processing payroll or paying vendors in the event of an emergency.
Employee Impact: High
Fiscal Impact: Medium

4) **Category:** Investing in People, Excelling in Town Services

Priority: Enhance Technology Infrastructure and Cybersecurity
Description: Modernize and maintain the Town's IT infrastructure to ensure reliable, efficient, and secure systems that support all departments and community needs. Implement advanced cybersecurity measures to protect sensitive data and safeguard against emerging threats. Prioritize sustainable and energy-efficient technologies while exploring innovative solutions to improve accessibility, user experience, and operational efficiency across digital platforms. Collaborate with departments to identify and deploy tools that enhance service delivery and communication with the community.
Employee Impact: Medium
Fiscal Impact: Medium

5) **Category:** Excelling in Town Services

Priority: Evaluate and Implement use of Robotic Process Automation
Description: Robotic Process Automation (RPA), which staff had the opportunity to see in action at the California Society of Municipal Finance Officers (CSMFO) conference in San Jose earlier this year, offers benefits in efficiency. Based on the demonstration, staff believes that RPA could significantly benefit our operations, particularly by automating recurring journal entries, running financial reports, and streamlining other repetitive tasks for both the Town and Ross Valley Fire Department.
Employee Impact: High
Fiscal Impact: Medium

Community Development—Planning Department Work Plan Priorities

1) **Category:** Planning for the Future

Priority: Comprehensive General Plan Update, including the Circulation Update
Description: Complete the comprehensive General Plan Update of the 1988 current General Plan. This will update all elements of the General Plan (exception of the Housing Element and Safety Element) and include new optional elements, such as Environmental Justice and Economic Development.
Employee Impact: High
Fiscal Impact: High

2) **Category:** Sustainable, Natural and Built Environment

Priority: Continue to advance Economic Development and Housing Element Implementation
Description: The Planning Department will enhance economic development and housing initiatives by refining policies, including potential zoning code amendments, to adapt to evolving business and housing needs while implementing structured actions to achieve the Town's goals.
Employee Impact: Medium
Fiscal Impact: Medium

3) **Category:** Excelling in Town Services and Investing in People

Priority: Continue to enhance Service Levels and Professional Development
Description: The Planning Department will improve customer service by refining its website for better navigation, streamlining processing timelines, ensuring prompt responses, and proactively guiding projects through discretionary processes. Efforts will include ongoing staff training, professional development opportunities, and cross-training where feasible within existing constraints.
Employee Impact: Medium
Fiscal Impact: Medium

Community Development—Building Department Work Plan Priorities

1) **Category:** Sustainable, Natural and Built Environment

Priority: Develop and implement residential Seismic Program and fire home hardening.
Description: Provide homeowners with information on earthquake strengthening for existing one- and two-family dwellings, develop a soft-story program for existing structures, and an automatic gas shutoff valve program. The Building Department is interested in the possible allocation of fire abatement funding to help homeowners in the WUI to add WUI compliant vents and siding to reduce the potential of fires or the spread of fire within San Anselmo and Marin County.
Employee Impact: Medium
Fiscal Impact: Low

2) **Category:** Excelling in Town Services

Priority: Customer Service and Online Accessibility
Description: Enhance the Building Department's responsiveness and public interface by improving customer service practices and updating web content. Tasks include developing online customer feedback tools, updating permit guides and FAQs, implementing digital appointment and callback request features, and training staff on service protocols. A key component of this initiative is establishing and adhering to a 24 to 48-hour response time for all public inquiries. These efforts aim to make the permit process more transparent, timely, and user-friendly.
Employee Impact: High
Fiscal Impact: Low

3) **Category:** Excelling in Town Services

Priority: Economic Development Support
Description: Simplify and expedite the tenant improvement (TI) permit process to attract and support local businesses. This initiative includes publishing a TI Permit Guide, creating a fast-track option for small-scale improvements, coordinating interdepartmental reviews, including the Marin County Environmental Health Department, and continuing to offer no charge pre-submittal meetings. The objective is to lower entry barriers for businesses and contribute to downtown revitalization and economic growth.
Employee Impact: Medium
Fiscal Impact: Low

4) **Category:** Excelling in Town Services

Priority: Building Permit Process Improvements
Description: Streamline the building permit review process to improve efficiency and reduce turnaround times. Key actions include conducting a workflow analysis, implementing internal checklists and review templates, updating all third-party plan check review contracts to include reduced plan check timeframes, and increasing the number of in-house plan check reviews for projects that do not require structural review. The department will also explore digital plan check tools and coordinate interdepartmental training. The goal is to provide a more predictable and efficient permitting experience for applicants while maintaining compliance and quality control.
Employee Impact: Medium
Fiscal Impact: Medium

Library – Department Work Plan Priorities

1) **Category:** Planning for the Future, Excelling in Town Services

Priority: Explore and adapt emerging technologies to provide opportunities for residents to learn and for staff to incorporate into workflow.
Description: Explore emerging technologies, including artificial intelligence, by participating in trainings, conferences, and hands-on learning. Apply new knowledge to improve workflows and create educational opportunities for the local community. Stay adaptable and responsive to evolving technologies and the community's changing needs.
Employee Impact: High
Fiscal Impact: Medium

2) **Category:** Livability and Quality of Life

Priority: Foster Community Connection and Sustainability
Description: Focus on age-friendly and sustainability programs and collections that unite the community while supporting the needs of diverse groups within San Anselmo.
Employee Impact: Low
Fiscal Impact: Low

3) **Category:** Quality Facilities

Priority: Improve the organization of physical public space and implement plans to improve services.
Description: Enlist architectural services to help redesign the public library space to modernize and maximize use of space. Identify funding and contractors to implement the plan, in phases.
Employee Impact: Medium
Fiscal Impact: High

Interdepartmental—Library and Public Works

1) **Category:** Quality Facilities

Priority: Remodel Library public space.
Description: Update and modernize the public area to best serve San Anselmo Library patrons, specifically expanding the children's area to meet the needs of local families and creating a single point of service desk to streamline and improve patron experience.

Employee Impact: High
Fiscal Impact: High

2) **Category:** Quality Facilities

Priority: Install modern HVAC system and replace roof.
Description: Construct new roof to repair numerous leaks that have impacted physical materials. Replace aged and inefficient HVAC system to provide high quality climate control for patrons, staff, and materials.
Employee Impact: High
Fiscal Impact: High

Police – Department Work Plan Priorities

1) **Category:** Investing in People

Priority: Address Staffing Issues: Retention and Recruiting
Description: The Central Marin Police is still facing significant staffing issues at an impact to patrol staffing and its specialty positions. It is struggling to get officers trained and on the streets by themselves before the next officer retires or resigns. The two-year plan is to not only fill all the vacancies, but to get officers through the academy and the field training program at a pace quicker than we are losing officers.
Employee Impact: High
Fiscal Impact: Medium

2) Category: Climate Action, Resilience, and Sustainability

Priority: Continue to transition fleet to all electric models
Description: Continue to convert the fleet of vehicles away from sole combustion engines to fully electric models. This will include patrol vehicles, CSO/Cadet vehicles, and unmarked vehicles. Add electric vehicle charging heads to all department parking spots at the Main Station in Larkspur.
Employee Impact: Low
Fiscal Impact: High

3) **Category:** Excelling in Town Services

Priority: Improve emergency ingress and egress into neighborhoods on problematic streets in Town.
Description: Work with the Ross Valley Fire Department to identify problematic neighborhoods and streets in Town for first responder responses and evacuations. Work with the San Anselmo Public Works Department to modify existing parking ordinances to make the neighborhoods and streets as efficient as possible during emergency first responder responses and evacuations.
Employee Impact: High
Fiscal Impact: Low

4) **Category:** Investing in People

Priority: Increase Training for Frontline Supervisors and Field Training Officers
Description: CMPA is currently a very untenured agency due to high staff turnover over the last few years. Currently only 18 of 42 officers have eight years or more experience as a police officer. And 13 of 42 officers have less than three years' experience. CMPA will increase training and workshops for frontline supervisors to ensure the less tenured officers continue our tradition of providing high quality and safe police services.
Employee Impact: High
Fiscal Impact: Medium

Public Works – Department Work Plan Priorities

1) **Category:** Sustainable, Natural and Built Environment

Priority: Improve all modes of transportation throughout Town with an emphasis on bicycling and walking.
Description: Through improvements such as paving projects, sidewalk improvements, safe routes to school projects, bike and pedestrian paths throughout Town and Open Space, this goal is meant to continue to enhance access for bikes and pedestrians.
Employee Impact: Medium
Fiscal Impact: Low

2) **Category:** Planning for the Future

Priority: Greening of Town Infrastructure and improving infrastructure to be more resilient both for energy reduction and emergency preparedness
Description: Look at ways to reduce energy use and water usage while improving infrastructure to adapt to climate change.

Employee Impact: Medium
Fiscal Impact: Medium

3) **Category:** Sustainable, Built and Natural Environment

Priority: Improving public parks, open space access, and community buildings throughout Town.
Description: Achieved through updating and building playgrounds, public parking lots, renovation of park facilities, developing new trails in open space, and making building upgrades and improvements
Employee Impact: High
Fiscal Impact: High

Recreation – Department Work Plan Priorities

1) **Category:** Investing in People

Priority: Develop and strengthen community partnerships to enhance and grow sports programs.
Description: To expand the reach, impact, and sustainability of our sports programs, the department will work diligently to strengthen existing relationships with volunteers, organizations, and community leaders while also cultivating new partnerships that will ensure long-term growth and success.
Employee Impact: High
Fiscal Impact: Low

2) **Category:** Connecting with the Community

Priority: Develop and implement a comprehensive marketing strategy
Description: Modernize and streamline communications with constituents to maintain engagement and build a strong sense of community. The development and execution of a comprehensive marketing strategy will ensure that the Recreation Department effectively promotes its programs, events, and activities to a broad and diverse audience.
Employee Impact: High
Fiscal Impact: Medium

3) **Category:** Livability and Quality of Life

Priority: Evaluate and enhance Age & Disability Friendly Programs and Spaces
Description: The Recreation Department will prioritize the evaluation and enhancement of its programs and spaces to ensure they are accessible, inclusive, and welcoming for individuals of all ages and abilities. This initiative will focus on both the expansion of age-specific and disability-friendly programs, as well as the creation of physical environments that accommodate these programs.
Employee Impact: Medium
Fiscal Impact: Medium

4) **Category:** Livability and Quality of Life

Priority: Sustainably fund and produce Live on The Avenue
Description: The Recreation Department is committed to ensuring the continued success and growth of the *Live on The Avenue* event series. The event series brings people together, celebrating music, arts, culture, and local talent in a lively, inclusive environment. However, to sustain its future, it is essential to explore diverse and sustainable funding sources and to strategically plan for its long-term viability.
Employee Impact: High
Fiscal Impact: High

Interdepartmental Projects - Recreation & Public Works

1) **Category:** Quality Facilities

Priority: Commitment to maintaining and enhancing Recreation Facilities
Description: The Recreation Department is dedicated to preserving and improving the quality of its facilities to ensure they remain safe, accessible, and enjoyable for the community. In collaboration with the Public Works Department, the Recreation Department will focus on a series of key facility upgrades and restorations.
Employee Impact: Medium
Fiscal Impact: High

Ross Valley Fire – Department Work Plan Priorities

Ross Valley Fire

1) **Category**: Excelling in Town Services, Quality Facilities

Priority: Fire Station 20 Remodel Project
Description: Complete Fire Station 20 remodel. Continue to work collaboratively with the Town of San Anselmo to ensure project is completed while remaining fiscally responsible.
Employee Impact: High
Fiscal Impact: High

2) **Category:** Excelling in Town Services

Priority: Closing of Fire Station 18
Description: Complete the closure and transfer of personnel due to the closure of Fire Station 18 on July 1, 2025. Ensure minimal operational impacts are felt by proactive planning and communication.
Employee Impact: High
Fiscal Impact: Low

3) **Category:** Excelling in Town Services

Priority: Fill current Firefighter/Paramedic positions
Description: Continue to take an aggressive recruitment approach to enhance recruitment strategy to fill three open Firefighter/Paramedic positions.
Employee Impact: High
Fiscal Impact: High

4) **Category:** Excelling in Town Services

Priority: Expand the current Finance contract to include Human Resources functions
Description: Work with San Anselmo Town Staff and the RVFD Fire Board on a new agreement with the Town of San Anselmo that expands the current Finance agreement while also including a new responsibility of Human Resources functions.
Employee Impact: Medium
Fiscal Impact: Medium

Ross Valley Fire/Town – Shared Work Plan Priorities

1) **Category:** Excelling in Town Services

Priority: Fill the vacant Wildfire Preparedness Coordinator position.
Description: Prioritize the development of Firewise Community Groups with the goal of having 100% of the Town included in the Firewise program.
Employee Impact: Medium
Fiscal Impact: Medium

DRAFT— FY2025-27 Work Plan Priorities by Category

Livability and Quality of Life

Create opportunities for lifelong learning and diverse entertainment through innovative Recreation and Library activities for residents of all ages and abilities.

1. Foster Community Connection and Sustainability (LIB)
2. Evaluate and enhance Age & Disability Friendly Programs and Spaces (REC)
3. Sustainably fund and produce Live on The Avenue (REC)

Quality Facilities

Maintaining and improving Town facilities for use by residents and Town staff.

1. Improve the organization of physical public library space and implement plan to improve services (LIB)
2. Install modern HVAC system and replace roof (LIB/PW)
3. Improving public parks, open space access, and community buildings throughout Town (PW)
4. Commitment to maintaining and enhancing Recreation Facilities (REC/PW)

Connecting with the Community

Provide equitable community engagement that includes an outreach approach with intentional effort to engage a representation of the Town's diverse audiences.

1. Develop and implement a comprehensive marketing strategy (REC)
2. Foster Community Connection and Sustainability (LIB)

Sustainable, Natural and Built Environment

Thoughtful planning and operations ensure the long-term viability of the Town's infrastructure, facilities, and environment.

1. Continue to advance Economic Development and Housing Element Implementation (PLAN)
2. Develop and implement residential Seismic Program and fire home hardening. (BUILD)
3. Continue to transition fleet to all electric models (CMPA)

4. Improve all modes of transportation throughout Town with an emphasis on bicycling and walking (PW)
5. Improving public parks, open space access, and community buildings throughout Town (PW)

Excelling in Town Services

Provide excellent and sustainable delivery of services by making data-driven investments & decisions. Support continuous improvement and cross-departmental collaboration to improve service delivery to residents and provide for their public safety.

1. Update Finance/Payroll/HR Systems (ADM/FIN)
2. Enhance Technology Infrastructure and Cybersecurity (ADM/FIN)
3. Evaluate and Implement use of Robotic Process Automation (ADM/FIN)
4. Continue to enhance Service Levels and Professional Development (PLAN)
5. Customer Service and Online Accessibility (BUILD)
6. Economic Development Support (BUILD)
7. Building Permit Process Improvements (BUILD)
8. Improve emergency ingress and egress into neighborhoods on problematic streets in Town (CMPA)
9. Fire Station 20 remodel Project (RVFD)
10. Closure of Fire Station 18 (RVFD)
11. Fill current Firefighter/Paramedic positions (RVFD)
12. Fill the vacant Wildfire Preparedness Coordinator position (RVFD/TOWN)

Planning for the Future

Utilize comprehensive planning efforts to balance the community's character with its evolving needs.

1. Comprehensive General Plan Update, including the Circulation Update (PLAN)
2. Explore and adapt emerging technologies to provide opportunities for residents to learn and for staff to incorporate into workflow (LIB)
3. Greening of Town Infrastructure and improving infrastructure to be more resilient both for energy reduction and emergency preparedness (PW)

Investing in People

Provide professional management and training that encourages a culture of innovation, collaboration, and transparency to deliver quality service through an exceptional workforce.

1. Implement Town-wide compensation study results (ADM/FIN)
2. Invest in human resource management software (ADM/FIN)
3. Enhance Technology Infrastructure and Cybersecurity (ADM/FIN)
4. Continue to enhance Service Levels and Professional Development (PLAN)
5. Address Staffing Issues: Retention and Recruiting (CMPA)
6. Increase Training for Frontline Supervisors and Field Training Officers (CMPA)
7. Develop and strengthen community partnerships to enhance and grow sports programs (REC)

Departments:

1. Administration & Finance (ADM/FIN)
2. Community Services (PLAN) or (BUILD)
3. Library (LIB)
4. Police (CMPA)
5. Public Works (PW)
6. Recreation (REC)
7. Ross Valley Fire (RVFD)

FY 2023-2025 Work Plan Priorities Progress Report –October 2024

Administration and Finance

Work Plan Priority	Progress Report
1) Category: Investing in People Priority: Town-wide compensation study Description: Conduct a Town-wide compensation study. The goal in reviewing employee compensation is to benchmark the Town's salaries with the goal of providing competitive compensation to comparable local municipalities to assist in recruitment and retention of talented employees. Become Employer of Choice.	10% - Current MOU runs through June 30, 2025. Town issued an RFP for Compensation and Pay Equity Study. We have selected a vendor for this project with kick-off in October 2024 and anticipated completion of February 2025. This will put us in great shape for negotiations in Spring 2025.
2) Category: Excelling in Town Services Priority: Update Town's Investment Policy Description: Update the existing Investment Policy (1997) to reflect best practices and to ensure compliance with federal, state, and applicable laws and regulations.	Complete – Finance will continue to review and update annually.

Administration and Finance	
3) Category: Investing in People Priority: Implement Ready Set Audit Results for Human Resources Description: An audit of the Town's rules, policies, ordinances, and other areas was conducted by Ready Set to assure that they are fair, equitable and completely bias free. As part of that audit, HR wants to implement new recruiting strategies to be sure that we are reaching all potential candidates.	30% - In progress
4) Category: Investing in People Priority: Employee Trainings (Lunch & Learn) Description: Develop a Lunch and Learn program, a joint lunch for their employees to encourage learning, foster building strong relationships, and enhance professional development. Lunch and Learn events offer opportunities for coworkers to share ideas and discuss issues in a relaxed atmosphere.	0% - Not started yet.

5) Category: Excelling in Town Services Priority: Update Fee Study Description: A review of the fee study is needed to ensure that the Town's fees are updated to reflect the latest cost information. The study will identify the full costs of providing each service, including direct, indirect, and overhead costs. Identifying the full cost of a service will assist in determining the appropriate fee for each service and prevent the subsidization of individual services with taxpayer dollars.	10% - Town issued an RFP at the end of September and anticipate awarding the project in November 2024. This will allow the Town to implement the results into the fiscal year 2025-2026 fee study.
6) Category: Connecting with the Community Priority: Town telephone system Description: Update the current Town phone system from an analog system to allow for increased efficiency and usability. Voicemails can be integrated into the email system to allow for better response capabilities and customer service.	50% - The Town is moving forward with Microsoft Teams phones. We've purchased the equipment and are now working on porting phone numbers with the assistance of Marin IT. We will go live with the phones before December 31st.
7) Category: Excelling in Town Services Priority: Update Finance/Payroll/HR Systems Description: Review the options for a change in Town's software to a cloud-based system more suited for a smaller local municipality.	25% - Continue to gather a list of software providers to reach out too and demo to see if it would be a better fit for the Town.

FY 2023-2025 Work Plan Priorities Progress Report –October 2024

8) Category: Connecting with the Community Priority: Implement Online Records Management Program Description: Through an RFP process, retain services of an online records retention service for the purposes of providing efficient access to Town records for both staff and the public.	20%- Have begun gathering proposals with detailed descriptions of services that would best fit the needs of the Town.

FY 2023-2025 Work Plan Priorities Progress Report –October 2024

Central Marin Police Department

Work Plan Priority	Progress Report
1) Category: Investing in People Priority: Address Staffing Issues: Retention and Recruiting Description: The Central Marin Police is currently facing a significant staffing issue wherein; it is losing people faster than it can replace them. In addition, applicant numbers are dwindling at an alarming rate. This especially important work plan priority is to work closely with the Town and City Managers over the next two years to improve entry level recruitment and current employee retention.	0% While the Chief of Police, the Human Resources Manager, and the three City/Town Managers have been working on this issue and meeting about it monthly, there has been little to no improvement. Currently the Central Marin Police Authority is down 15 Officer positions. At full staffing, CMPA has 42 officers. There are currently 8 vacancies, 3 academy trainees, 2 officers on FTO, and 2 officers off work on worker's compensation. A new MOU was signed in July 2024, which appears to have somewhat helped with retention. In addition, we are in the process of using a marketing firm which has increased the number of applications we are receiving. In the meantime, 4 Traffic Officers, 3 Detectives, and 1 School Resource Officer have been reassigned to the patrol division to keep up with the routine calls for service. In addition, all patrol teams are down 1 to 2 officers as well.

	The goal is to improve recruitment and retention and not have to cut back further on any police services.
2) Category: Investing in People Priority: Increase Training for all Staff Description: Increase training for all staff to include new mandates and expectations from communities.	75% Increased training has begun for perishable skills. CMPA has also added ABLE training to its rotation.
3) Category: Connecting with the Community Priority: Initiate complete overhaul and redesign of the website Description: Currently, the website is over ten years old and is outdated and works poorly on smart phones. Conduct a complete overhaul and redesign of the website to bring it up to acceptable current standards.	100% The website redesign was completed in March 2024. https://www.centralmarinpolice.org/
4) Category: Investing in People Priority: Improve and evolve the organizational mental and physical wellness of staff Description: Continue to improve and evolve the organizational mental and physical wellness of staff.	Created a Peer Support team, a wellness app for your phone, and a wellness room at the station. Positive feedback from all staff on the changes.

5) Category: Sustainable, Natural and Built Environment Priority: Continue to convert the fleet of vehicles to electric & hybrid Description: Continue to convert the fleet of vehicles away from sole combustion engines to fully electric and/or hybrid models. This will include patrol vehicles, CSO/Cadet vehicles, unmarked vehicles, and motorcycles.	50% Purchased 2 all-electric CSO vehicles for routine parking matters. Replaced 2 combustion vehicles with the purchase. Currently examining the feasibility of improving the charging infrastructure at the station. Currently examining purchasing our first 2 all-electric patrol vehicles, to replace 2 combustion vehicles.
6) Category: Investing in People Priority: Implement new SB2 legislation and mandates Description: Implement new SB2 legislation and mandates regarding the certification and de-certification of police officers.	100% Completed.

FY 2023-2025 Work Plan Priorities Progress Report –October 2024

Library

Work Plan Priority	Progress Report
1) Category: Quality Facilities Priority: Improved shelving for special collections Description: Instead of holding special collections such as Take and Make Kits, memory kits out of public view, providing shelving in public area for better marketing and access.	25% A short-term solution is currently being employed to increase visibility. Staff continues to identify a good permanent solution.
2) Category: Livability and Quality of Life, Connecting with the Community Priority: Reimagine the Take and Make Kits collection Description: This popular collection has expanded beyond the limits of "take and make" and needs to be reevaluated and rebranded for expansion.	100% The collection has been rebranded as the "Library of Things." An assortment of board games has been added. The "Library of Things" will continue to be an evolving part of the permanent collection.
3) Category: Quality Facilities Priority: Study the organization of physical public space	25% An architect has been hired to render drawings for a reimagined public space. The Friends of the Library are funding this project.

Description: Enlist the services of a consultant to help redesign the public library space.	
4) Category: Quality Facilities Priority: Implement plan designed by consultant to redesign public library space Description: Hire contractors, identify equipment/furniture, and execute plan	Not yet started. The project is in design phase.
5) Category: Quality Facilities Priority: Study the organization of physical staff workspace on lower level and implement recommendations. Description: Enlist the services of a consultant to help redesign the public library staff workroom space.	15% Staff have spent time analyzing the usage of space before enlisting outside assistance.
6) Category: Excelling in Town Services Priority: Complete implementation of RFID project Description: Items have been tagged and staff has been using RFID pads and other equipment. Next steps in roll-out include peripherals to support the use of the technology and training patrons to use RFID enabled tools for checking out materials.	100%
7) Category: Livability and Quality of Life	100%

Priority: Establish Zip Books program Description: Organize and deploy zip books program, grant funded by the CA state library, to deliver books, unavailable in the local library system, to residents' homes via Amazon	

Interdepartmental—Library and Public Works

Work Plan Priority	Progress Report
Category: Quality Facilities Priority: Repaint/Repair internal building, museum, and Council Chamber lobby areas Description: There are many areas in need of repair where chunks of wall have eroded or chipped away. There are innumerable scuffs and scratches throughout the building which need to be cleaned up and walls improved with fresh paint.	50% Lobby and hallway areas completed.

FY 2023-2025 Work Plan Priorities Progress Report –October 2024

Planning

Work Plan Priority	Progress Report
1) Category: Investing in people Priority: Onboard new Planner Description: Hire and train a new planner to provide current planning activities such processing land use permits, assisting the public over the phone, via email, and at the counter	100% Complete Assistant Planner Jackson Dobronyi started working for the Planning Department on October 1, 2023. Jackson has been successfully onboarded and is working at full capacity processing current planning land use projects, providing Zoning Code information to the public over the counter, via email, and over the phone, and conducting planning related reviews for building permits.
2) Category: Planning for the Future Priority: Comprehensive General Plan Update, including the Circulation Update Description: Begin the comprehensive General Plan Update of the 1988 current General Plan. Will update all elements of the General Plan (exception of the Housing Element and Safety Element) and include new optional element, such as Environmental Justice and Economic Development.	30% Complete On April 23, 2024, the Town Council executed a Professional Services Agreement with a planning consultant to support the General Plan Update (GPU). The first GPU phase, Visioning, kicked off in late spring and summer, and the Planning Department engaged the community at 21 events and through 642 survey responses to shape the long-term vision for San Anselmo. This phase produced the Vision Statement and Guiding Principles, which will anchor the General Plan. In fall 2024, the second phase — Gathering Information — began, and the Planning Department collected data on key topics like climate change and economic development. Thirteen

	community engagement events were held, with six more planned by May 2025, to culminate in the publication of 11 Existing Conditions Reports. The Planning Department aims to complete three of four phases by the end of 2025, with Town adoption of the updated General Plan expected in 2026.
3) Category: Planning for the Future Priority: Housing Element Implementation Description: Implement at least 22 Housing Policy Action Items as required by the Housing Element	100% Complete The Town Council adopted the Housing Element on December 12, 2023, completed all related General Plan, General Plan Map, Zoning Code, and Zoning Code Map amendments, and received certification from the State of California Department of Housing and Community Development on March 28, 2023.
4) Category: Priority: Continue to Enhance the Planning Departments levels of service. Description: Enhance levels of service by improving and updating the Planning Department's web presence to make it easy for users to navigate and find information and resources, continue to improve processing timelines, improve, and maintain response times, and proactive shepherding of projects through the Town's discretionary processes.	70% Complete Since January 2024, the Planning Department has conducted a comprehensive assessment of the existing Planning Department webpages and conduct a comprehensive overhaul. Many of the Planning Department webpages have been updated. The remaining pages to be updated are the following: 1. Climate Action and Sustainability 2. Economic Development and Business-related webpages The Planning Department expects to complete the updated webpages by the end of December 2024.
5) Category: Sustainable, Natural and Built Environment Priority: Continue to grow Economic Development in Town	75% During the 2023-2024 Fiscal Year, the Town Council adopted Zoning Code amendments to facilitate economic development

Description: Enhance and grow the Planning Department's Economic Development and Housing initiatives by providing more structure (policies and implementation of actions) to what we would like and need to accomplish.	by addressing optimal land uses in certain commercial zoning districts and the Housing Element to facilitate housing in all zoning districts. Additionally, as part of the General Plan Update, the new Economic Element will be incorporated into the General Plan that will establish a roadmap to address economic development over the next 10-20 years.
6) Category: Investing in People Priority: Develop a training program for Planning Department staff Description: Create a cohesive team where there is training to keep informed with up-to-date information, cross training of duties and responsibilities (where possible given job descriptions constraints by union and job descriptions), experiences to help grow staff.	75% The Planning Department is fully staffed with three full-time staff members (Planning Director, Senior Planner, Assistant Planner, and a part-time Climate Action Coordinator). The Planning Department currently has limited administrative support, and that support is limited to public notices and some support related to the Town's online permit tracking system. All Planning Department related staff have been successfully onboarded and continue to learn and grow into their respective roles. The following training and resource guides have been developed related to filing structure, Marinmap User Guide, staff onboarding checklist, project time tracker for cost recovery projects, CEQA, Historic Resource Evaluation requirements, How to prepare a public notice, How to Refund a Deposit Fee, Resolution Preparation Steps, Staff Report writing Tips and Tricks, How to Process Telecommunications Facilitates Applications, How to coordinate with Telecom Law (consultant) to facilitate the review of Telecommunication Facilities

	Applications, How to upload agendas and minutes to Granicus (agenda management for website presence), How to upload videos to Granicus, How to Process Resale Inspections related to the Planning Department, How the Planning Department reviews EV Chargers, PEAK Agenda Publishing Checklist for the Planning Department, PEAK Agenda PEAK Agenda Preparation Steps, Planning Commission Day of Meeting Preparation Checklist, and created templates for all Planning Department related actions. The Planning Department also continues to keep up to date with current training opportunities to further enhance skills. Notably, Senior Planner Lindsey Klein successfully completed the Sonoma Marin Leadership Academy. The Sonoma Marin Leadership Academy is a program designed for emerging leaders. Planning Director Heidi Scoble recently completed as inaugural cohort for the Municipal Management Association of North California's UpNext program, a leadership community designed for city and county leadership roles. Both Klein and Scoble continue to maintain their continuing education credits related to their American Institute of Certified Planner (AICP) credential. Kelin and Scoble also attended a training on, "Cultivating Lean Practices", which was focused on tools to identify process obstacles and process mapping to provide efficiencies and higher levels of customer service. Lastly, Klein and Jackson Dobronyi, Assistant Planner, attended the California Chapter of the American Planning Association's annual conference (September 28 through October 1). The theme was, "Cultivating our Future".

7) Category: Excelling in Town Services Priority: Enhanced and consistent record keeping where information is accessible and easy to find. Description: Digitize remaining Planning paper files, create any necessary databases, convert microfiche to digital pdf plans (soft file) and provide a comprehensive digital data file storage service, such as Docuware, Laserfiche, etc. Employee Impact: Low to High depending on whether outside resources or internal staff will be used.	25% Complete The Planning Department continues discussion with the Town Clerk to integrate the Planning Department digital records into a new Townwide digital records data file storage service.
8) Category: Planning for the Future, Sustainable, Natural and Built Environment Priority: Develop Gas Ban Ordinance Description: Finalize Ordinance for Town Council consideration of a Gas Ban Ordinance. Requires the preparation of a study to support the ban. Employee Impact: Low to Moderate	100% Complete On December 12, 2023, the Town Council adopted Ordinance No. 1183 to prohibit the construction of new gas stations and the expansion of existing gas stations.
9) Category: Planning for the Future, Sustainable, Natural and Built Environment Priority: Update Downtown and other Commercial Land Uses	100% Complete On August 22, 2023, the Town Council adopted Ordinance No. 1179 to adopt amendments to Land Use Regulations Table 3A (Title 10, Chapter 3, Article 3, Section 10-3.302) to the

Description: Consider Zoning Code amendments to the Land Use Regulations Table 3A (Title 10, Chapter 3, Article 3, Section 10-3.302) to the Downtown and other commercial land uses that will attract businesses to the Town.	Downtown and other commercial land uses to facilitate and attract businesses to the Town.

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Public Works

Work Plan Priority	Progress Report
1) Category: Excelling in Town Services Priority: Develop 5-year Capital Improvement Plan that includes a regular update and communication schedule for all capital improvement projects. Description: Creation of a framework for Council to receive consistent updates of all Capital Improvement projects (CIP). Quarterly reports on CIP expenditures (budget status report from DPW). In addition, staff will be bringing forward a new 5 Year Capital Improvement Plan. Public Works typically reports twice a year to the Capital Program Monitoring Committee and the Financial Advisory Committee and will create a new format to provide an update to the Council on CIP projects.	The 5 Year CIP was approved by Town Council with over 70 projects and other daily work. Public Works and Building is currently working on implementing new project management software, Envisio, which can be used for both internal project management and public access to view all town projects including project description, schedule and budgets.
2) Category: Excelling in Town Services Priority: Improve pavement condition index and repair streets Description: Continue to program paving, crack sealing and slurry sealing projects to improve road conditions and reduce reconstruction and	This summer the Town's pavement condition index hit an all-time high for at least the last 20 plus years at 75 pci.

maintenance costs by improving the Pavement Condition Index (PCI).	
3) Category: Excelling in Town Services Priority: Coordinate with County on Flood Control. Finalize Bridge designs. Description: Continue working towards 25-Year level (4% recurrence interval) flood protection with the removal and replacement of bridges and working with the County on the SAFRR project to remove Building Bridge 2.	Ongoing. SAFRR- The County has submitted draft plans as part of the building permit application for the removal of Building Bridge 2. The County is still working on addressing FEMA questions etc. but is moving forward with the project. Bridges- Nokomis and Madrone bridges are still in the environmental stage but are finishing up and slated for construction 2026-2028. Center and Bridge Street Bridges are in the Caltrans queue for funding but have been approved.
4) Category: Sustainable, Natural and Built Environment Priority: Rehabilitate Town Parks and Medians Description: Work on improving general maintenance and rehabilitation of parks and medians.	Staff completed rehabilitation of Memorial Park parking lot and paved the west side path between Alderney Road and the restroom building. Other improvements to the playground are being worked on. New bollard lights have been added to the pathway from the Log Cabin down to Sunnyhills. Hilldale Phase 2 of the pocket park is underway including a climbing structure, potential swing and/or community gathering space.
5) Category: Quality Facilities Priority: Develop an annual plan to address maintenance for all Town-maintained buildings and facilities Description: Program funds to address painting, rot repair, heating/ventilation/air-conditioning	Construction Is almost completed on the Town Hall Roof and HVAC. Town Hall gutters were replaced as a separate project. Robson Harrington kitchen windows have been replaced. Robson Harrington House will be painted in 2025. The Resilience Hub is being designed and is scheduled for construction the spring/summer of 2025.

(HVAC), and other building maintenance issues for all Town-maintained buildings and facilities.	Library roof and HVAC are in design pending construction in 2025. ICC Roof replacement is being worked on. Parkside Preschool play area is under construction and pending completion end of 2024. Town Hall, Library and ICC LED light replacement program was completed. Town Hall Carpet replacement end of 2024. Firehouse 20 design, which involves the coordination of ten distinct consultants, to be out to bid in October pending Council approval Construction slated for spring/summer 2025.
6) Category: Planning for the Future, Sustainable, Natural and Built Environment Priority: Implementation of the Bicycle and Pedestrian Master Plan Description: Town Staff will continue to prioritize the Bicycle and Pedestrian Master Plan as adopted in the Complete Streets Resolution by the integration of the Bicycle and Pedestrian Master Plan elements into public works projects.	Ongoing. Funding has been obtained from TAM and measure J to improve Bicycle and Pedestrian modes of transportation including a two-way bike lane in Creek Park. A downtown corridor study is also underway and near completion

7) Category: Planning for the Future, Sustainable, Natural and Built Environment Priority: Evaluate and develop a Water Conservation plan for Town buildings, parks, and medians Description: Due to the drought the Town has been working diligently on reducing domestic water usage throughout parks, medians, and buildings.	Water monitoring is ongoing but to date the use of groundwater has not had a long-term impact on the groundwater table. The Memorial Park wells can supply up to 100,000 gallons a month.
8) Category: Sustainable, Natural, and Built Environment Priority: Design and seek funding for the development of the Resilient Hub project Description: This project would install solar panels with battery storage on Town Hall or Library Buildings to create community-serving space equipped with an emergency power center that provides clean energy resilience for both town services and residents, equipped for extreme weather, providing power, broadband, cooling, water, social services, and older adult assistance in an emergency situation.	Resilient Hub is design is underway pending construction in 2025.

Public Works - Building

Work Plan Priority	Progress Report
1) Category: Excelling in Town Services Priority: Develop and implement residential Seismic Program. Description: Provide homeowners with information on earthquake strengthening for existing one- and two-family dwellings, develop a soft-story program for existing structures, and an automatic gas shutoff valve program.	5% San Anselmo Building Department met with Mill Valley Building Official to inquire about their soft-story program.
2) Category: Excelling in Town Services Priority: Develop and implement program with Ross Valley Fire Department (RVFD) to aid in fire	0%

resistance "hardening" of dwellings in the Wildland Urban Interface (WUI). Description: The Building Department is interested in the possible allocation of fire abatement funding to help homeowners in the WUI to add WUI compliant vents and siding to reduce the potential of fires or the spread of fire within San Anselmo and Marin County.	
3) Category: Excelling in Town Services Priority: Develop online permitting for solar systems-SB 379 compliance Description: SB 379 requires local jurisdictions to adopt an online permitting system for residential solar energy systems. This bill would require every city, county, or city and county to implement an online, automated permitting platform that verifies code compliance and issues permits in real time or allows the city, county, or city and county to issue permits in real time for a residential solar energy system, as defined, that is no larger than 38.4 kilowatts alternating current nameplate rating and a residential energy storage system, as defined, paired with a residential solar energy system that is no larger than 38.4 kilowatts alternating current nameplate rating.	100% San Anselmo applied for a received a grant (CalAPP Grant) to implement Solar APP to fulfill SB 379. After reviewing Solar APP and Symbium as options to fulfill SB 379, the Building Department saw the potential use of Symbium in expediting other over the counter permits. The Grant was amended for use with Symbium. Symbium has been implemented, along with a webpage, and eTrakit modifications to aid applicants applying for solar permits. https://www.townofsananselmo.org/1979/Symbium-Solar-Permits

4) Category: Excelling in Town Services Priority: Implement expedited permitting program per AB 2234 requirements Description: New bill will regulate response time for permit applications. If an application for a post entitlement phase permit is incomplete, the Town must provide applicants with list of incomplete items and a description of how to make the application complete within 15 business days of submission of application. If an application for a post entitlement phase permit is noncompliant, the Town must provide the applicant a full set of written comments with a comprehensive request for revisions within 30 business day (projects with 25 units or fewer) or 60 business days (projects with more than 25 units).	100% Permitting staff currently uses a combination of eTrakit and excel to keep track of response timelines. It is inefficient to update excel, so the Building Department has contracted with Client First and meets regularly to discuss and implement changes to eTrakit to "track" permit response timeline. The goal in making these modifications is to reduce staff time on clerical work.
5) Category: Excelling in Town Services, Sustainable, Natural and Built Environment Priority: Update Green Building code Description: The Sustainability Committee has raised the question of banning gas in residential new construction. If the Town bans the use of gas, the Building Department will update the Green Building Code to fulfill the new requirement.	100% The San Anselmo Building Department was part of the Green Building Steering Committee (total of five people from Marin County) that began in January 2022 to begin developing the current Green Building Reach Code. It took nearly a year after the Council's adoption for the state's Energy Commission (one staff member available for the state to review applications) to give approval for implementation of the ordinance. The Building Department began requiring the new Green Building Reach Code but has provided a couple of months grace period at the beginning for applicants using the

	older code. Many times, drawing sets can take several months to produce and to help applicants with obtaining a building permit without delay, the Building Department felt a grace period for enforcement was necessary.
6) Category: Excelling in Town Services Priority: Create Uniform Definition for "Substantial Remodels" throughout Town Code Description: "Substantial remodels" are defined differently in different sections of the code. Standardizing language across the code will help streamline certain aspects of the building permitting process.	20% The use of substantial remodels was revised in the new Green Building Ordinance. The other instances are within the Planning code. Staff will discuss whether it makes sense to change to one definition.
7) Category: Excelling in Town Services Priority: Evaluate Planning and Building Permit Processing Description: Evaluate existing planning and building administrative processes including comparing requirements and fees to other local jurisdictions.	The Town has two permit techs now who are getting trained to provide a better completeness check for initial permit submission. This will help ensure that plans that are complete get checked quicker and those that are not complete will not be in the system until they are ready. In addition, the Town has visited other jurisdiction(s) to look at their permit process. The Town is looking at an over-the-counter day every other week to help with permit processing and questions for small to medium permits with Fire, Planning, Build. The Town is looking at Qless which is a queue management system to give permit counter visitors the opportunity to "get in line" before they arrive at Town Hall or grab a cup of coffee while they wait. An AI software that the Town would like to integrate is called Acata. Acata generates email responses with useful forms and information based on the questions asked within an email.

	Currently, the Town's two permit techs are at full capacity with the daily processing of permits and occasional mailer or department "ask". With using Acata, the Town hopes to free up more time. Lastly, the Town will get new internet phones. Currently, the Town's phones do not provide a call back number. Most weeks, permit staff receives 50 voicemails, Acata will transcribe voicemails and should free up staff time for more critical tasks.
8) Category: Sustainable, Natural and Built Environment Priority: Local Hazard Mitigation Description: Updating, adopting and implementing the new Local Hazard Mitigation Plan	100% Local Hazard Mitigation Plan completed by the Building Department. Town staff began the process with the Office of Emergency Management in October of 2021 with monthly meetings and tasks. The plan was adopted in August of 2024. San Anselmo is the first Marin jurisdiction to adopt the Multi-jurisdictional Mitigation Plan and make amendments to the Safety Element making San Anselmo AB2140 compliant.
9) Category: Sustainable, Natural and Built Environment Priority: Gate Ordinance Description: Providing guidelines and requirements for the permitting and periodic inspection of large gates	100% The Town was contacted by Mr. Quanbeck, who lost his son to a gate accident. The Building Department strives to keep its residents and visitors safe. When the Town was contacted by Mr. Quanbeck, staff began immediately talking to other jurisdictions and schools as well as researching how to best implement an ordinance and working policy that would prevent future accidents from large gates. The Ordinance was adopted in April of 2023 and there have been several large gates permitted under the new requirements since adoption.
10) Category: Priority: All-Electric Ordinance Suspension Description: New ordinance regulating gates.	100% The Town adopted an All-Electric for Residential new construction ordinance in May of 2022. As a result of The Energy Policy and Conservation Act's (EPCA's) preemption of

	building codes, the Town has suspended the All-Electric Ordinance.
11) Category: Excelling in Town Services, Sustainable, Natural and Built Environment Priority: AB 1332 Pre-approved ADU Plans Description: Pre-approved accessory dwelling unit (ADU) plans for construction to help expedite ADUs for those who want a simpler process to add an ADU to their property.	5% By January 1, 2025, the Town will have a process in place to approve ADU designs and "shelve" them for a pre-approved use. Additionally, the Town will have a process in place to allow applicants to choose a pre-approved ADU and gain approval for their site-specific project. Staff has begun meeting with Client First to develop the non-site-specific permit types for ADU designs and will possibly use Symbium which is already used for solar apps, as the platform to ease the application process.

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Recreation

Work Plan Priority	Progress Report
1) Category: Quality Facilities Priority: Upgrade and improve the facilities located at the Robson Harrington House. Description: Make improvements to the inside program space, home to our after-care programs. Improvements would include painting, replacing carpets, kitchen improvements and replacing blinds. Addition of an office space for staff to work and hold meetings with both parents and staff. Employee Impact: Moderate	90% - We have repainted an interior room and the exterior porch. New carpets have been installed and new facility chairs purchased. Windows have been replaced and window treatments/blinds have arrived and will be installed soon. A new sink has been installed.
2) Category: Connecting with the Community Priority: Age-Friendly Strategic Plan Description: Age-Friendly San Anselmo will present a completed strategic plan to Town Council. To achieve the Vision of the strategic plan, the Town and the community will develop and reinforce a culture that allows for people to actively age with dignity, respect, and independence. Nurturing a commitment to an age-friendly future will be an essential factor in successfully implementing the strategies in the plan.	65% - Marin Age & Disability Institute (MADI) was awarded a grant and is partnering with the Town to create the first county Age & Disability Friendly platform. The Age and Disability Friendly 15-person advisory committee filmed interviews with community members about their experiences and conducted Ageism and Ableism trainings for both town staff and the community in January. In 2024 the committee launched a survey and is compiling the data that will be released this fall. The next step is to develop the strategic plan based on assessment results

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3) Category: Connecting with the Community Priority: Create a Volunteer Corps for Parks and Recreation Projects. Description: The Parks and Recreation Commission will create a sub-committee to create a database of past and future volunteers to work on parks and reaction projects. Projects would include earth day, tutoring, park clean-up projects and more.	90% - The Town Manager's office purchased a volunteer database platform and has conducted staff training. The Parks & Recreation Commission would implement this new program at their spring 2025 volunteer workday/project.
4) Category: Livability and Quality of Life Priority: Expand Toddler Enrichment Programs Description: The new early childhood classes will be designed to build a community of caregivers and create an environment for toddlers to socialize, play and learn. Teachers and caregivers will encourage early childhood development by guiding children to explore through stories, songs, sensory and art. Our goal is to have programs at both the Robson Harrington House and Memorial Park.	100% - We now have 3 sold out toddler enrichment classes: toddler phonics, art in the park and music.
5) Category: Connecting with the Community Priority: Update and reorganize the Recreation Department webpage.	100% - The department has completed webpage updates.

Description: The new Recreation registration software, Civic Rec, pairs with the Town website, Civic Plus. The department will connect the two platforms to update and reorganize our website and registration process. This will create a better experience for our recreation community.	
6) Category: Excelling in Town Services Priority: Re-format the Community Event Application and Process. Description: The Town of San Anselmo is vibrant community. The Recreation department receives many requests for events throughout the year. Requests include everything from concerts to bake sales. Currently there is one application that goes to Town Council for approval. The department will develop a process and applications for larger events, smaller events, and tables at existing events. The application process will include interdepartmental communications, insurance requirements and street closure and janitorial costs.	Not started.

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Interdepartmental Projects - Recreation & Public Works

Work Plan Priority	Progress Report
1) Category: Quality Facilities Priority: Resurface Tennis Courts & Stripe Two for Pickle Ball Description: Resurface tennis courts due to failing and cracked concrete	15% The Town held a one-month pickle ball pilot program during the month of April (2024) and due to the success of the program, striped pickleball courts will remain on court 4. On June 11,2024 the Town Council approved the amendment to the 2018 master plan which includes a vision for the western side of the park from Sunny Hills Drive to the Snack Shack. This include replacing the tennis courts, designing a new parking lot with a drop-off/pick-up area, updates to the snack shack, basketball court and skate park, as well as considering bathrooms and picnic areas. The Parks and Recreation Commission will next transition into the funding phase.
2) Category: Quality Facilities Priority: improvements to Red Hill Dog Park Description: This project would include improvements to the drainage and ground covering.	70% - The drainage continues to be an issue. The dog park steering committee approved additional funds to regrade a portion of the park before the rainy season.

3) Category: Quality Facilities Priority: Implement phase 3 of Millennium Playground restoration Description: Phase three will involve enhancing the playground with new features placed in areas of the playground where former features existed. This will begin with a community engagement process to help determine the plan. The plan will go through a cost estimating process and a fundraising program will be launched. The improvements will be made once these goals are met.	10% - The Town Mager, Community Services Director and Public Works Director have met with the Scientific Art Studio to discuss phase 3 of Millennium playground.
4) Category: Quality Facilities Priority: Repair the walls within the Robson Harrington Community Gardens. Description: The crumbling walls have become a safety issue.	30% - One wall in the community gardens has been restored.
5) Category: Quality Facilities Priority: Paint ICC Center Description: The paint is peeling.	15% - The northern facing side of the building was recently painted in conjunction with the Parkside Preschool playground project.

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Ross Valley Fire Department

Work Plan Priority	Progress Report
1) Category: Excelling in Town Services Priority: Implement RVFD leadership reorganization Description: The Ross Valley Fire Department is in leadership transition due to the expiration in June of the shared services agreement with County Fire. The member agencies and the Fire Board are exploring options including a potential shared services agreement with Central Marin Fire for Fire Chief and Chief Officer services.	Completed The Department has hired a stand-alone Fire Chief. An additional Battalion Chief position was also added to the leadership team. Shared services discussion with Central Marin Fire have been placed on hold.
2) Category: Quality Facilities Priority: Perform needs assessment for living quarters at Station 20 Description: DPW staff to work with Fire Department staff to explore options to renovate the living quarters at Fire Station #20 with the goal of updating the space to accommodate a third member on each operational shift (scheduled for FY2025-26).	Completed The Department has worked with DPW and expects to have a decision on one of the two proposed conceptual drawings of fire Station 20 before July 2024.
3) Category: Quality Facilities	25%

Priority: Renovate living quarters at Station 20 Description: Complete renovation construction on Fire Station #20.	This process is currently in the final stages of cost estimates. It is expected to go out to bid in October 2024. A contract is expected to be awarded the project before December 31, 2024.
*4) Category: Excelling in Town Services Priority: Increase fire engine staffing to three firefighters Description: The Ross Valley Fire Department is the only fire agency in Marin that still only has two firefighters on a fire engine. The Department's goal is to increase staffing to three firefighters per fire engine. **This is an additional priority added to the RVFD work plan.*	Completed In November 2023 the Ross Valley Fire Department Board of Directors approved a funding plan to staff all fire engines with three firefighters by July 2025.
5) Category: Excelling in Town Services Priority: Filling Firefighter Vacancies Description: Complete: July 1, 2025	0% The Department is currently experiencing recruitment challenges. Current and expected open positions are forecast to be at 3-4 vacancies.