



AGENDA

**CONCURRENT SPECIAL MEETING OF THE EL CERRITO
PUBLIC FINANCING AUTHORITY, EMPLOYEE PENSION TRUST BOARD,
AND SPECIAL AND REGULAR MEETING OF THE CITY COUNCIL
JUNE 1, 2021 – 5:00 p.m.**

Members:

Mayor Paul Fadelli

Mayor Pro Tem Gabe Quinto · Councilmember Janet Abelson
Councilmember Lisa Motoyama · Councilmember Tessa Rudnick

Join Via Zoom:

<https://zoom.us/j/91849369987?pwd=b3FJTGk2WTRaNThtVGdVORmxsOVNuQT09>

Meeting ID: 918 4936 9987 **Password:** 922486
or Dial in: 1-408-638-0968

Pursuant to Executive Order N-29-20, teleconference restrictions of the Brown Act have been suspended, as well as the requirement to provide a physical location for members of the public to participate in the meeting.

Members of the public can watch or listen to City Council meetings as follows:

1. Cable T.V. Broadcast on KCRT Channel 28
2. Radio Broadcast on FM 88.1 Or 97.7
3. Livestream Online at www.el-cerrito.org/CouncilMeetingMaterials
4. Via Zoom using the meeting information listed above.

Each period for public comment will be announced. Public Comments may be submitted one of two ways:

- Via Zoom using the “[Raise Hand](#)” icon to request to speak. If joining by phone, dial *9 to "raise your hand", and when prompted by the host, *6 to unmute/mute.
- Via email to cityclerk@ci.el-cerrito.ca.us. Email must contain in the subject line **Public Comments – Not on the Agenda** or **Public Comments – agenda item #.**

To ensure City Council receives your written comments prior to taking action, they must be received by **2:00 p.m. the day of the meeting**. All written comments received by this deadline will be provided to the City Council and posted online in advance of the meeting. Comments received after the deadline will be provided to the City Council and included with supplemental materials **after the meeting**. **No written comments will be read into the record.**

5:00 P.M. ROLL CALL – CONVENE CONCURRENT SPECIAL MEETING OF THE EL CERRITO PUBLIC FINANCING AUTHORITY, EMPLOYEE PENSION TRUST BOARD, AND SPECIAL AND REGULAR MEETING OF THE CITY COUNCIL

1. TELECONFERENCE AND PUBLIC COMMENT INSTRUCTIONS

2. COUNCIL/STAFF COMMUNICATIONS

Reports of closed session, commission appointments and informational reports on matters of general interest which are announced by the City Council and staff.

3. ORAL COMMUNICATIONS FROM THE PUBLIC

Remarks are typically limited to 3 minutes per person. The Mayor may reduce the time limit per speaker depending upon the number of speakers and may limit the total time for public comment to facilitate the completion of business on the agenda. Comments regarding non-agenda, presentation and consent calendar items will be heard first. Comments related to items appearing on the Public Hearing or Policy Matter portions of the Agenda will be heard prior to the City Council taking action on each item.

4. ADOPTION OF THE CONSENT CALENDAR

All items on the consent calendar shall be acted upon in one motion, unless a member of the City Council or staff request separate consideration.

A. Loving Day Proclamation

Action Proposed: Approve a proclamation declaring June 12, 2021 as Loving Day in the City of El Cerrito, and encourages people to reflect on the Loving family and all of the pioneers who have and will continue to fight for the civil right to love.

Contact: Alexandra Orologas, Assistant City Manager, City Management Department

B. LGBTQIA Pride Month Proclamation

Action Proposed: Approve a proclamation declaring the month of June as Lesbian, Gay, Bi-Sexual, Transgender/Transsexual, Queer/Questioning, Intersex and Agender/Asexual (LGBTQIA) Pride month in the City of El Cerrito and recognize Pride Month by flying the rainbow flag at City Hall during the month of June.

Contact: Alexandra Orologas, Assistant City Manager, City Management Department

C. SB 1 - The Road Repair and Accountability Act, List of Projects for Fiscal Year 2021-22

Action Proposed: Approve a resolution adopting a list of projects for Fiscal Year 2021-22 to receive funding from Senate Bill 1 – The Road Repair and Accountability Act of 2017 through the Local Streets and Roads Program.

Contact: Yvetteh Ortiz, Public Works Director/City Engineer, Public Works Department

D. Acceptance of Public Access Easement from the Village 29 Homeowners Association

Exempt from CEQA review pursuant to section 15061(b)(3)

Action Proposed: Adopt a resolution accepting a Public Access Easement from the Village 29 Homeowners Association for the purposes of solid waste collection and authorizing the City Manager to execute the Easement Agreement.

Contact: Will Provost, Operations + Environmental Services Division Manager; Yvetteh Ortiz, Public Works Director/City Engineer, Public Works Department

E. Second Amendment to Agreement for Commingled Recyclable Materials Processing Services

Action Proposed: Adopt a resolution approving and authorizing the City Manager to execute a Second Amendment to the Agreement with Napa Recycling and Waste Services, LLC (NRWS) for a total amount not to exceed \$220,000 annually for commingled recyclable materials processing services, extending the term through June 30, 2022.

Contact: Lauretean Brazil, Waste Prevention Specialist; Will Provost, Operations & Environmental Services Division Manager; Yvetteh Ortiz, Public Works Director/City Engineer, Public Works Department

5. PRESENTATIONS

6. PUBLIC HEARINGS

A. Revisions to the Master Fee Schedule for Fiscal Year 2021-22

Notice published on 5/22/2021 and 5/28/2021

Action Proposed: Conduct a public hearing and upon conclusion, adopt a resolution approving revisions to public works hourly rates in the Fiscal

Year 2021-22 Master Fee Schedule effective July 1, 2021.

Contact: Shannon Collins, Finance Supervisor, Finance Department

7. POLICY MATTERS

A. Tax and Revenue Anticipation Notes – FY 2021-22 Short Term Cash Flow Financing

Action Proposed: Adopt a Resolution approving the borrowing of funds for fiscal year 2021-22 and the issuance and sale of 2021-22 Tax and Revenue Anticipation Notes (“TRAN”); authorize the City Manager to execute a note purchase agreement to sell the TRAN in an amount not-to-exceed \$6,000,000 to Hilltop Securities, as underwriter (“Underwriter”); and authorize staff to enter into agreements with NHA Advisors, LLC, as the City’s Municipal Advisor, and Jones Hall, as Bond Counsel and Disclosure Counsel.

Contact: Mark R. Rasiah, Finance Director/City Treasurer, Finance Department

B. FY 2020-21 General Fund Budget Update for April 2021

Action Proposed: Receive and file an update on City General Fund revenues and expenses for FY 2020-21 through April 2021.

Contact: Mark R. Rasiah, Finance Director/City Treasurer, Finance Department

C. CITY COUNCIL/PUBLIC FINANCING AUTHORITY/EMPLOYEE PENSION TRUST BOARD ITEM Proposed Fiscal Year 2021-22 Budget

Action Proposed: Receive and file a presentation on the Draft Proposed FY 2021-22 City Budget and provide direction, as necessary to Staff.

Contact: Karen Pinkos, City Manager, City Management; Mark R. Rasiah, Finance Director/City Treasurer, Finance Department

8. CITY COUNCIL LOCAL & REGIONAL LIAISON ASSIGNMENTS

Mayor and City Council communications regarding local and regional liaison assignments and committee reports.

9. ADJOURN REGULAR CITY COUNCIL MEETING

The next regularly scheduled City Council meeting is Tuesday, June 15, 2021 at 7:00 p.m. via teleconference.

The City of El Cerrito serves, leads and supports our diverse community by providing exemplary and innovative services, public places and infrastructure, ensuring public safety and creating an economically and environmentally sustainable future.

- Council Meetings can be heard live on FM Radio, KECG – 88.1 and 97.7 FM and viewed live on Cable TV - KCRT- Channel 28. The meetings are rebroadcast on Channel 28 the following Thursday and Monday at 12 noon, except on holidays. Live and On-Demand Webcast of the Council Meetings can be accessed from the City's website <http://www.el-cerrito.org/CouncilMeetingMaterials> and is streamed with closed caption. Copies of the agenda bills and other written documentation relating to items of business referred to on the agenda are on file and available for public inspection in the Office of the City Clerk, at the El Cerrito Library and posted on the City's website at www.el-cerrito.org prior to the meeting.
- In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk, 510-215-4305. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title I).
- ***The Deadline for agenda items and communications*** is eight days prior to the next meeting by 12 noon, City Clerk's Office, 10890 San Pablo Avenue, El Cerrito, CA. Tel: 510-215-4305, email cityclerk@ci.el-cerrito.ca.us
- IF YOU CHALLENGE A DECISION OF THE CITY COUNCIL IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED AT THE COUNCIL MEETING. ACTIONS CHALLENGING CITY COUNCIL DECISIONS SHALL BE SUBJECT TO THE TIME LIMITATIONS CONTAINED IN CODE OF CIVIL PROCEDURE SECTION 1094.6.
- The City Council believes that late night meetings deter public participation, can affect the Council's decision-making ability, and can be a burden to staff. City Council Meetings shall be adjourned by 11:00 p.m., unless extended to a specific time determined by a majority of the Council.

EL CERRITO CITY COUNCIL PROCLAMATION
Recognizing June 12, 2021 as Loving Day in the City of El Cerrito

WHEREAS, Mildred and Richard Loving were arrested in 1958 for violating Virginia's felony law prohibiting interracial marriage; and

WHEREAS, the Loving family was convicted of violating the law and given a suspended sentence provided that they did not return to their home in the Commonwealth of Virginia as a couple for 25 years; and

WHEREAS, the Loving family did not back down but took their case to the United States Supreme Court and won, overturning their conviction and creating a landmark civil rights victory; and

WHEREAS, their case *Loving v Virginia* (1967) ended all laws prohibiting interracial marriage nationwide, paving the way for all consenting adults to marry the one they love; and

WHEREAS, our country, state and region are moving forward in the 21st Century as a multiracial and multicultural society; and

WHEREAS, an annual celebration known as Loving Day is held on June 12 in communities throughout the nation to commemorate and celebrate the anniversary of the 1967 Supreme Court decision; and

WHEREAS, this year the City of El Cerrito will plan to hold virtual events in honor of its sixth annual Loving Day Celebration, celebrating the 51st Anniversary of *Loving v Virginia* recognizing Racial Equality, Marriage Equality, and Human Equality; and

WHEREAS, the City of El Cerrito joins other communities to find a common vision from our interwoven past to build a society free of racism for the benefit of our collective future.

NOW THEREFORE, the City Council of the City of El Cerrito does hereby declare June 12, 2021 as Loving Day in the City of El Cerrito and invites everyone to recognize this day as a celebration of multiculturalism, and to reflect on the Loving family and all the pioneers who have and will continue to fight for the civil right to love.

Dated: June 1, 2021

Paul Fadelli, Mayor

EL CERRITO CITY COUNCIL PROCLAMATION
Recognizing June as LGBTQIA Pride Month in the City of El Cerrito

WHEREAS, the City of El Cerrito has a diverse Lesbian, Gay, Bisexual, Transgender/Transsexual, Queer/Questioning, Intersex and Agender/Asexual (LGBTQIA) community and is committed to supporting visibility, dignity, and equity for all people in the community; and

WHEREAS, many of the residents, students, city employees, and business owners within the City of El Cerrito who contribute to the enrichment of our City are a part of the Lesbian, Gay, Bisexual, Transgender/Transsexual, Queer/Questioning, Intersex and Agender/Asexual community; and

WHEREAS, various advancements have been made with respect to equitable treatment of Lesbian, Gay, Bisexual, Transgender/Transsexual, Queer/Questioning, Intersex and Agender/Asexual persons throughout the nation, but there continues to be some opposition against people from this community and around the world making it important for cities like El Cerrito to stand up and show support for our residents who are affected; and

WHEREAS, several cities across the United States recognize and celebrate June as LGBTQIA Pride Month; and

WHEREAS, June has become a symbolic month in which Lesbian, Gay, Bisexual, Transgender/Transsexual, Queer/Questioning, Intersex and Agender/Asexual people and supporters come together in various celebrations of pride; and

WHEREAS, the rainbow flag, also known as the LGBTQIA pride flag or gay pride flag, has been used since the 1970s as a symbol of Lesbian, Gay, Bisexual, Transgender/Transsexual, Queer/Questioning, Intersex and Agender/Asexual pride and LGBTQIA social movements; and

WHEREAS, flying the rainbow flag at City Hall throughout the month of June further symbolizes the City's celebration of diversity and support for the Lesbian, Gay, Bisexual, Transgender/Transsexual, Queer/Questioning, Intersex and Agender/Asexual community.

NOW THEREFORE, the City Council of the City of El Cerrito does hereby declare the month of June as LGBTQIA Pride month in the City of El Cerrito and invites everyone to reflect on ways we all can live and work together with a commitment to mutual respect and understanding, and further, recognizes Pride Month by flying the rainbow flag at City Hall during the month of June.

Dated: June 1, 2021

Paul Fadelli, Mayor



AGENDA BILL

Agenda Item No. 4.C.

Date: June 1, 2021
To: El Cerrito City Council
From: Yvetteh Ortiz, Public Works Director/City Engineer, Public Works Department
Subject: SB 1 - The Road Repair and Accountability Act, List of Projects for Fiscal Year 2021-22

ACTION PROPOSED

Approve a resolution adopting a list of projects for Fiscal Year 2021-22 to receive funding from Senate Bill 1 – The Road Repair and Accountability Act of 2017 through the Local Streets and Roads Program.

BACKGROUND

Senate Bill 1 (SB 1) – The Road Repair and Accountability Act of 2017, was passed by the California Legislature and signed into law by the Governor in April 2017 to address the significant multi-modal transportation funding shortfalls statewide. SB 1 provided the first significant, stable, and on-going increase in state transportation funding in more than two decades by increasing per gallon fuel excise taxes, increasing diesel fuel sales taxes and vehicle registration fees, stabilizing the problematic price-based fuel tax rates and providing for inflationary adjustments to tax rates in future years. Beginning in November 2017, the new funding was deposited into the Road Maintenance and Rehabilitation Account (RMRA), and a percentage of this new funding has been apportioned monthly by formula by the State Controller pursuant to eligible cities and counties for basic road maintenance, rehabilitation, and critical safety projects on local streets and roads. This funding along with associated requirements described below are known as the Local Streets and Roads Program (LSRP).

Program Requirements

SB 1 emphasizes the importance of accountability and transparency in the delivery of California's transportation programs. Therefore, to be eligible for SB 1 LSRP funding, the statute requires cities provide basic annual project reporting to the California Transportation Commission (Commission). The main requirements for the program include the following:

- Prior to receiving an apportionment of LSRP funds from the Controller in a fiscal year, a city must adopt by resolution a list of projects to be funded with RMRA revenues and submit it to the Commission.
- For each fiscal year in which LSRP funds are received and expended, a city must submit an expenditure report to the Commission.

- A city must sustain a maintenance of effort (MOE) by spending at least the annual average of its General Fund expenditures for street, road, and highway purposes as described below.
- By July 1, 2023, a city receiving LSRP funds must follow guidelines to be developed by the California Workforce Development Board that address participation and investment in, or partnership with, new or existing pre-apprenticeship training programs.

Program Priorities and Eligible Projects

LSRP funds must be prioritized for expenditure on basic road maintenance and rehabilitation projects, and on critical safety projects. More specifically, LSRP allocations must be used for projects “that include, but are not limited to” the following:

- Road maintenance and rehabilitation
- Safety projects
- Railroad grade separations
- Traffic control devices
- Complete street components (including active transportation purposes, pedestrian and bicycle safety projects, transit facilities, and drainage and storm-water capture projects in conjunction with any other allowable project).

LSRP funds may also be used to satisfy a match requirement to obtain state or federal funds for eligible projects.

Maintenance of Effort

SB 1 requires a maintenance of effort (MOE) for funds allocated through the LSRP to ensure that these new funds do not supplant existing levels of General Fund (discretionary) spending on streets and roads. The Controller computed the official MOE requirements for all local agencies based on review of General Fund spending for the period of July 1, 2009 through June 30, 2012. In February 2018, the Controller determined the average annual expenditure from the General Fund for street purposes to be \$279,446 for the City of El Cerrito. This amount is a portion of Public Works Department expenditures within the General Fund and will be the City’s MOE for SB 1 moving forward.

ANALYSIS

As indicated above, prior to receiving an apportionment of LSRP funds from the Controller in each fiscal year, a city must submit to the Commission a list of projects proposed to be funded with these funds pursuant to an adopted resolution. The list must include for each project: description, location, schedule, and estimated useful life. The project list does not limit the flexibility of a city to spend on projects in accordance with local needs and priorities so long as the projects are consistent with LSRP priorities and expenditures are reported on an annual basis.

The City has through various efforts undergone a robust public process to ensure public input into our community's transportation priorities including as part of the development of the City's American with Disabilities Act (ADA) Transition Plan adopted by the City Council in 2009, the San Pablo Avenue Specific Plan adopted by the City Council in 2014, the Active Transportation Plan adopted by the City Council in 2016, and the five-year Capital Improvement Program (CIP) adopted by the City Council in October 2020. The City has significant needs in maintaining, repairing, rehabilitating, and improving pedestrian, bicycle, and vehicle infrastructure, which include sidewalks, street pavement, traffic signal and street light equipment, and traffic signs. City staff reviewed the numerous transportation infrastructure needs and priorities identified in these plans, CIP, the most recent update of the Pavement Management Program, and on-going maintenance services and repairs to develop the proposed project list.

SB 1 transportation funding is limited relative to the City's substantial transportation needs especially considering that a portion of SB 1 funding has been needed to backfill previous declines in the Highway Users Tax Account (also known as Gas Tax) revenues in relation to increasing expenses. Gas Tax revenues have been sensitive to the price and volume of motor fuel purchases and these revenues have been unstable and began declining in Fiscal Year 2013-14 as fuel prices were decreasing and drivers migrated to alternative fuel vehicles. The SB 1, RMRA revenues were needed to eliminate the projected deficit in the City's Gas Tax Fund beginning in Fiscal Year 2018-19 to maintain the existing service levels. Detailed information regarding Gas Tax and SB 1 revenues are provided in the California Local Government Finance Almanac, principal fiscal policy advisor for the League of California Cities, provided as Attachment 2 to this report.

The RMRA revenues now are enabling the City to continue providing essential street maintenance services, to begin addressing deferred transportation infrastructure repair and safety projects, and to implement active transportation (pedestrian and bicycle) improvement projects that would not have been possible without SB 1. Eight projects, adopted by the City Council in the prior fiscal years, will continue to use LSRP funds. These includes several annual maintenance programs for sidewalks, street lights and traffic signals, and annual capital improvement projects for access modifications and pavement management. For Fiscal Year 2021-22, City staff is proposing one new project to be funded in-part with LSRP funds. City staff recommends that the following list of projects be funded in Fiscal Year 2021-22:

Previously Adopted Projects

- Local Road Safety Plan
- Annual Street Improvement Program
- Del Norte Transit Oriented Development (TOD) Complete Streets Improvements
- Sidewalk Infrastructure Maintenance
- Street Light & Traffic Signal Maintenance
- Street Light, Traffic Signal & Street Sign Replacement and Upgrades
- Access Modifications – Streets & Sidewalk

- Active Transportation Program

Proposed Projects

- Richmond Street Improvements – To leverage Measure A Street Improvement funds, Senate Bill 1 Local Partnership Program funds, and potential federal stimulus funding to maintain the City's pavement in good conditions.

Detailed information about each project is contained in Exhibits A and B to the Resolution. To be eligible for LSRP funding in Fiscal Year 2021-22, the City must provide a resolution adopting the list of projects to the Commission by July 1, 2021.

STRATEGIC PLAN CONSIDERATIONS

The proposed action will support the following El Cerrito Strategic Plan Goals:

- Goal D – Develop and rehabilitate public facilities as community focal points by helping to develop a plan to address ongoing and deferred maintenance of facilities and infrastructure; and
- Goal E – Ensure the public's health and safety by improving pedestrian and bicycle safety; and
- Goal F – Foster environmental sustainability citywide by encouraging alternative modes of transportation to the single occupancy vehicle.

ENVIRONMENTAL CONSIDERATIONS

This section is not applicable to this agenda item.

FINANCIAL CONSIDERATIONS

The California Local Government Finance Almanac has used California Department of Finance (DOF) estimates to develop city level estimates of RMRA revenues. These were updated on May 14, 2021 based on the Governor's May Revisions to his proposed FY2021-22 budget. As described in the Almanac, due to a deeper COVID-19 pandemic-induced slump in fuel consumption than was previously anticipated, these estimates are lower by approximately four percent than the January 2021 estimates. DOF now estimates FY2020-21 RMRA revenues will be 1.2 percent lower than FY2019-20 actuals and that FY2021-22 revenues will grow by 12.1 percent over the current year as fuel consumption increases with the easing of the pandemic, together with scheduled tax rate increases. For El Cerrito, the estimated RMRA LSRP funding is \$479,354 in Fiscal Year 2021-22.

The Controller will continuously apportion RMRA LSRP funds on a monthly basis to eligible local agencies using a process and system similar to that of the Gas Tax. The SB 1 fund expenditure appropriations for the projects are being considered by the City Council as part of the FY2021-22 budget process in a separate policy item on the City

Council's June 1, 2021 Meeting Agenda. The revenues in the draft budget book are based on the January 2021 Almanac estimates and will be updated using the May 2021 estimates as the FY2021-22 budget is updated. Even with the lower revenues estimates, the SB 1 Fund is projected to have a positive fund balance at end of FY2021-22.

LEGAL CONSIDERATIONS

The City Attorney has reviewed the proposed action and found that legal considerations have been addressed.

Reviewed by:

A handwritten signature in blue ink, appearing to read "Karen Pinkos".

Karen Pinkos, City Manager

Attachments:

1. Resolution
2. Exhibit A to Resolution
3. Exhibit B to Resolution
4. California Local Government Finance Almanac May 2021

RESOLUTION 2021-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO ADOPTING A
LIST OF PROJECTS FOR FISCAL YEAR 2021-22 TO RECEIVE FUNDING FROM
SENATE BILL 1 – THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017,
THROUGH THE LOCAL STREETS AND ROADS PROGRAM

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 the City of El Cerrito are aware of the projects proposed for funding in our community and which projects have been completed each fiscal year; and

WHEREAS, the City 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, specifically through the Local Streets and Roads Program (LSRP), 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, as of May 14, 2021, the City is anticipated to receive an estimated \$479,354 in RMRA, LSRP funding in Fiscal Year 2021-22 from SB 1; and

WHEREAS, this is the fifth full year in which the City is receiving SB 1 funding and it will enable the City to continue essential road maintenance and rehabilitation projects, safety improvements, and increasing access and mobility options for the traveling public that would not have otherwise been possible without SB 1; and

WHEREAS, the City has through various efforts undergone a robust public process to ensure public input into our community's transportation priorities including as part of the development of the City's American with Disabilities Act (ADA) Transition Plan adopted by the City Council in 2009, the San Pablo Avenue Specific Plan adopted by the City Council in 2014, the Active Transportation Plan adopted by the City Council in 2016, and the five-year Capital Improvement Program (CIP) adopted by the City Council in October 2020; and

WHEREAS, the City has significant needs in maintaining, repairing, rehabilitating, and improving pedestrian, bicycle, and vehicle infrastructure, which include sidewalks, street pavement, traffic signal and street light equipment, and traffic signs; and

WHEREAS, the City reviewed these plans, the CIP, the most recent update of the Pavement Management Program, and on-going maintenance services and repairs 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 community's priorities for transportation investment; and

WHEREAS, the 2018 California Statewide Local Streets and Roads Needs Assessment found that the City's street pavement was in "very good" condition and this revenue will help us over the next decade keep our streets in the "good" to "very good" 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, BE IT RESOLVED by the City Council of the City of El Cerrito that:

1. The foregoing recitals are true and correct.
2. The list of newly proposed projects attached as Exhibit A will be funded in-part or solely with Fiscal Year 2021-22 Road Maintenance and Rehabilitation Account revenues.
3. The list of previously proposed and adopted projects attached as Exhibit B may also utilize Fiscal Year 2021-22 Road Maintenance and Rehabilitation Account revenues in their delivery. With the relisting of these projects in the adopted Fiscal Year 2021-22 resolution, the City is reaffirming to the public and the State our intent to fund these projects with Road Maintenance and Rehabilitation Account revenues.

BE IT FURTHER RESOLVED that this resolution shall become effective immediately upon passage and adoption.

I CERTIFY that at a regular meeting on June 1, 2021 the City Council of the City of El Cerrito passed this Resolution by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on June _____, 2021.

Holly M. Charléty, City Clerk

APPROVED:

Paul Fadelli, Mayor

Exhibit A

City of El Cerrito

Senate Bill (SB) 1 - Local Streets and Roads Program
Fiscal Year 2021-22 Submission

Proposed Project List

Proposed Fiscal Year	Project Title	Project Description	Project Location	Component being funded by SB 1	Estimated Project Schedule		Estimated Useful Life (# of years)	
					Start	Completion	Minimum	Maximum
21/22	Richmond Street Improvements	Rehabilitate and maintain street pavement; retrofit and install new curb ramps; install traffic signing, pavement markings and signs to enhance crosswalks and existing Class III bike facility; replace vehicle signal loop detection enhancing bike detection; and make minor utility adjustments to grade. Also, repair sidewalk and replace street trees as needed.	Richmond Street between Fairmount Avenue and Blake Street. The project limits are estimated and yet to be finalized.	Pre-Construction	10/2021	12/2022	7	25

Exhibit B

City of El Cerrito

**Senate Bill (SB) 1 - Local Streets and Roads Program
Fiscal Year 2021-22 Submission**

Previously Proposed and Adopted Project List

Original Fiscal Year	Project Title	Project Description	Project Location	Component being funded by SB 1	Estimated Project Schedule		Estimated Useful Life (# of years)	
					Start	Completion	Minimum	Maximum
20/21	Local Roadway Safety Plan	Develop Local Roadway Safety Plan per Caltrans guidance, use data-driven approach to identify, analyze, and prioritize roadway safety improvements on local roads including (1) hot spot/reactive multimodal collision analysis (2) infrastructure data inventory of key safety countermeasures (3) collision profile development (4) systemic countermeasure project list (5) prioritization of list based on severity and community input and (6) Enforcement, Education & Engineering recommendations.	Citywide	Pre-Construction	9/2021	9/2022	7	25
20/21	Annual Street Improvement Program	Installation of a variety of roadway treatments including slurry seal, microsurface, micropave, cape seal, asphalt inlay & overlay of various thicknesses, crack sealing and repairs of failed sections, and replacement and upgrades to traffic control and safety systems that pertain to pavement work (striping, crosswalks, bike facilities, and associated signage). The scope may include installation of curb ramps in compliance with the ADA for all streets that receive an any treatment within a crosswalk area, curb, gutter, and sidewalk upgrades as needed, and upgrades to road-related storm drainage facilities.	As identified in the City's PMP: San Pablo Ave, MacDonald Ave, Contra Costa Dr, Everett St, Gladys Ave, Lexington Ave, Zara Ave, Noble Ct, Blake St, Central Ave, Colusa Ave, King Dr, Thors Bay Rd, Moeser Ln, Yuba St, Wildcat Dr, Belmont Ave, Liberty St, Victoria St, Coronado Ave, Alva Ave, Charles Ave, Kensington Rd, Nason Ave, Seaview Pl, Key Blvd and Peerless Ave.	Construction	3/2022	9/2022	7	25
19/20	Del Norte TOD Complete Streets Improvements	Access, circulation, safety and congestion relief improvements for bicyclists, pedestrians, bus transit, and automobiles to support BART and TOD/PDA development; accessibility improvements; and lighting, street tree and landscaping improvements. This includes new signalized pedestrian crossings, new bicycle lanes, reduction in turning lanes/auxiliary lanes and conversion of one-way to two-way streets for improved vehicle flow, and signal changes. May also include Green Infrastructure. Began Caltrans project development process for improvements on a state highway in Fiscal Year 2019-20.	San Pablo Avenue from Ohlone Greenway to Potrero Avenue, Eastshore Boulevard from Potrero Avenue to San Pablo Avenue, Hill Street from San Pablo Avenue to Liberty Street, Cutting Boulevard from I-80 to Key Boulevard, and Knott Avenue from San Pablo Avenue to Key Boulevard.	Pre-Construction	12/2019	12/2022	7	25
18/19	Sidewalk Infrastructure Maintenance	Repair sidewalk displacement to remove tripping hazards by concrete cutting and other methods that not requiring sidewalk removal and replacement.	Locations are on major pedestrian routes: San Pablo Ave, Central Ave, Potrero Ave, and Cutting Blvd. Locations will be finalized based on a methodology that prioritizes locations on major Pedestrian Routes designated in the City's Active Transportation Plan, and based on their proximity to schools, the severity of the sidewalk damage and repair method, and other factors (e.g. requests received).	Pre-Construction	7/2021	12/2021	20	25
				Construction	1/2022	6/2022		
18/19	Street Light & Traffic Signal Maintenance	Street light and traffic signal on-going maintenance and response.	Citywide for on-going maintenance of 12 traffic signalized intersections on San Pablo Ave, Central Ave, Moeser Ln, Fairmount Ave, Richmond St, and Key Blvd; 526 City-owned street and pedestrian lights on all city streets, and 19 flashing beacons/in-roadway lights/radar speed feedback signs locations on Moeser Ln, Cutting Blvd, Arlington Blvd, San Pablo Ave, Central Ave, Stockton Ave, Potrero Ave, Barrett Ave, Hill St and Fairmount Ave.	Procurement/Operational Needs	7/2021	06/2022	10	20
18/19	Street Light, Traffic Signal & Street Sign Replacement and Upgrades	Replacement, repair and upgrades of street light equipment, traffic signal equipment and street signs includes procurement of supplies and materials.	Arterials: Carlson Bl, Central Av, Fairmount Av, San Pablo Av, Ashbury Av, Arlington Bl, Barrett Av, Colusa Av, Cutting Bl, Elm St, Hill St, Key Bl, Moeser Ln, Potrero Av, Richmond St; and Collectors: Alta Punta, Ashbury Av, Avis Dr, Buckingham Dr, Colusa Av, Edwards Av, Eureka Av, Fairview Dr, Ganges Av, Jordan Av, King Dr, Macdonald Av, Manila Av, Navellier St, San Mateo St, Sea View Dr, Shevlin Dr, South 55th St, Terrace Dr, and Tulare Av. All locations are to be finalized on an annual basis.	Procurement/Operational Needs	7/2021	06/2022	10	20

Exhibit B

City of El Cerrito

Senate Bill (SB) 1 - Local Streets and Roads Program
Fiscal Year 2021-22 Submission

Previously Proposed and Adopted Project List

Original Fiscal Year	Project Title	Project Description	Project Location	Component being funded by SB 1	Estimated Project Schedule		Estimated Useful Life (# of years)	
					Start	Completion	Minimum	Maximum
18/19	Access Modifications - Streets & Sidewalks	Remove physical barriers to accessibility along the street right-of-way including at intersections and mid-block. Work includes installation and reconstruction of curb ramps, sidewalk removal and replacement including street tree removal and replacement, and related access modifications.	On major Pedestrian Routes or serving public/ transportation facilities and Title III entities: Moeser Ln & Pomona Av next to the Civic Theater and connecting to Community Center/Swim Center; additionally, Arlington Blvd, Ashbury Ave, Barrett Ave, Central Ave, Colusa Ave, Cutting Blvd, Fairmount Ave, Hill St, Navellier St, Moeser Ln, Potrero Ave, Richmond St, San Pablo Ave, Schmidt Ln, Stockton Ave. Locations have yet to be finalized and will be selected based on ADA Transition Plan methodology.	Pre-Construction	7/2020	12/2021	10	25
				Construction	1/2022	09/2022		
17/18	Active Transportation Program	Implement the Active Transportation Plan, adopted by the City Council in April 2016, includes access, safety and other enhancements to pedestrian and bicycle infrastructure. This component is specifically for preliminary engineering and design needed to leverage grant and other external funding opportunities.	Locations are on major Pedestrian and Bicycle Routes as identified in the City's Active Transportation Plan including BART to Bay Trail connection along Fairmount Avenue-Carlson Blvd-Cerrito Creek path-Lassen St-San Diego Street-Belmont Ave-Central Ave, Richmond St, Fairmount Ave, Key Blvd and Arlington Blvd. Locations have yet to be finalized and will be selected based on grant funding criteria and prioritization criteria in the Active Transportation Plan.	Pre-Construction	7/2018	12/2023	7	25

Shared Revenue Estimates: State Revenue Allocations to Cities and Counties
Local Streets and Roads Estimates: 2020-21, 2021-22
Including Highway Users Tax Account (HUTA) and
Road Maintenance and Rehabilitation Account (RMRA)

The state of California imposes per-gallon excise taxes on gasoline and diesel fuel, sales taxes on gasoline and diesel fuel and registration taxes on motor vehicles with allocations dedicated to transportation purposes.¹ The local (city and county) portions of these allocations flow through the Highway Users Tax Account (HUTA), the familiar gasoline tax revenues that have been in place for decades, and the Road Maintenance and Rehabilitation Account (RMRA) which allocates much of the revenue from the Road Repair and Accountability Act of 2017 (SB1 Beall).

State taxes transferred to and allocated through the state Highway Users Tax Account (HUTA) include:

- The per gallon “gasoline tax” and “diesel fuel tax” imposed on the use of vehicle fuels.
- The “use fuel tax,” imposed on vendors and users of motor vehicle fuels that are not taxed under either the gasoline or diesel fuel tax, such as liquefied petroleum gas, ethanol, methanol and natural gas (both liquid and gaseous) for use on state highways. Use Fuel Tax rates vary depending on the type of fuel.
- Variable rate per gallon gasoline diesel fuel excise taxes imposed in 2010-11 in a complicated arrangement known as the “fuel tax swap.” This rate replaced the previous Proposition 42 sales tax on gasoline.

Transportation taxes allocated to cities and counties through the Road Maintenance and Rehabilitation Account (RMRA) established by the Road Repair and Accountability Act of 2017 (SB1 Beall) include:

- An additional 12 cent per gallon increase to the gasoline excise tax effective November 1, 2017 with annual inflation adjustments beginning July 1, 2020.
- An additional 20 cent per gallon increase to the diesel fuel excise tax effective November 1, 2017 with half of the revenues going to the state Trade Corridor Enhancement Account (TCEA) and half to the RMRA. Annual inflation adjustments beginning July 1, 2020.
- An additional vehicle registration tax called the “Transportation Improvement Fee” with rates based on the value of the motor vehicle effective January 1, 2018 with annual inflation adjustments beginning July 1, 2020.
- An additional \$100 vehicle registration tax on zero emissions vehicles of model year 2020 or later effective July 1, 2020 with annual inflation adjustments beginning July 1, 2021.

The Road Repair and Accountability Act of 2017 (SB1 Beall) also adopted annual inflationary adjustments beginning July 1, 2020 to all per-gallon motor vehicle fuel excise taxes including the rates allocated through the Highway Users Tax Account (HUTA).

¹ Taxes on aircraft jet fuel are transferred to the state Aeronautics Account.

Highway Users Tax Account (HUTA)

Revenue Allocations – Streets & Highways Code Sec 2103-2108 “HUTA”

Cities and counties receive revenue from the motor vehicle fuel taxes imposed pursuant to Revenue and Taxation Code Section 7360(a) and (b) through the Highway User Tax Account under the following formulas outlined in the Streets and Highways code and illustrated in Figure 1.

Section 2104. Section 2104 allocates funds to counties with designated allotments for engineering and administration, snow removal, heavy rainfall / storm damage as well as county streets, roads and public mass transit guideways and facilities.

Section 2105. Section 2105(a) allocates 11.5 percent of the tax revenues in excess of 9 cents per gallon (i.e. the Proposition 111 rate) monthly among counties based on population.

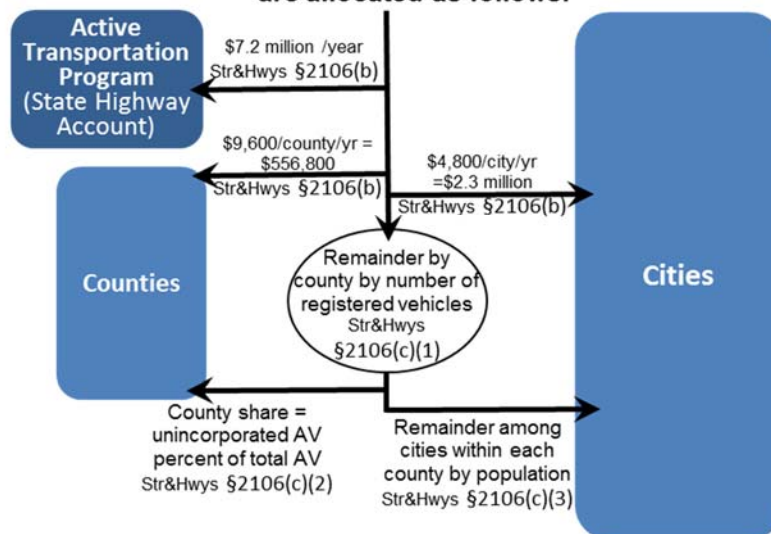
Section 2105(b) allocates 11.5 percent of the tax revenues in excess of 9 cents per gallon (i.e. the Proposition 111 rate) monthly among cities based on population.

Section 2106. Revenues equal to 1.04 cents per gallon are allocated as follows:

- \$7.2 million per year to the State Bicycle Transportation Account.
- \$400 per month to each city (\$2,308,800 per year among the 481 eligible cities²)
- \$800 per month to each county (\$556,800 per year among the 58 counties)
- The residual amount to each county and the cities in that county based on registered vehicles. In each county, from this amount, the county receives an allotment based on the share of assessed value of the county which is in the unincorporated area. The remainder is allocated to the cities within the county based on population.

Streets & Highways Code Section 2106

Revenues equal to 1.04 cents per gallon
are allocated as follows:



² The city of Rolling Hills has only private streets and is therefore not eligible to receive these allocations.

Section 2107. This section provides monthly allocations to cities of 1.315 cents per gallon of gasoline, 1.8 cents per gallon of diesel, and 2.59 cents per liquefied petroleum gas (LPG), as follows.

- a. Each city with snow removal costs in excess of \$5,000 is allocated 50 percent of the cost exceeding \$5,000.
- b. The remainder is allocated to cities based on population.

Section 2107.5. These funds (about \$2.7 million per year) are allocated to cities annually in July based on population as follows:

Streets & Highway Code §2107.5	
City Population	Annual Allocation
over 500,000	\$ 20,000
100,000 to 500,000	\$ 10,000
50,000 to 99,999	\$ 7,500
25,000 to 49,999	\$ 6,000
20,000 to 24,999	\$ 5,000
15,000 to 19,999	\$ 4,000
10,000 to 14,999	\$ 3,000
5,000 to 9,999	\$ 2,000
less than 5,000	\$ 1,000

Section 2107.5 funds must be used for engineering costs and administrative expenses related to city streets. Cities with populations under 10,000 may also expend the moneys for street construction or acquisition of street rights-of-way.

Section 2103 HUTA and the 2010 Gasoline Sales Tax – Excise Tax Swap

In March 2010 as a part of a special budget session called by Governor Schwarzenegger, the Legislature enacted a swap of state sales taxes on gasoline for a gasoline excise tax. Intended to be “revenue neutral,” the fuel tax swap provided the Legislature with greater flexibility in the use of funds, in particular relieving the general fund from the cost of state transportation debt service payments. The fuel tax swap:

1. Repealed the state sales tax on gasoline (local rates including the Bradley Burns are NOT affected);
2. Increased the excise tax on gasoline by 17.322 cents and added an annual adjustment mechanism intended to ensure the new excise tax provides, over time, the same amount of revenues expected from the sales tax on gas (no more, no less);
3. Increased the sales tax on diesel by 1.75 percent and allocated 75 percent to local transit agencies and 25 percent to state transit programs. The excise tax on diesel was reduced from 18 cents to 13.6 cents. Sales tax revenues from diesel must go to transit funding.
4. Provided for a specific allocation of the funds among state and local transportation needs.

Revenues from the new Section 2103 excise tax rate are now allocated as follows:

1. State transportation debt service;
2. Remainder allocated:
 - a. 44 percent to the State Transportation Improvement Program (STIP);
 - b. 12 percent State Highway Operation and Protection Program (SHOPP);
 - c. 44 percent evenly split between cities and counties using current HUTA formulas.

Section 2103 funds are allocated to cities on a per capita basis and to counties 75 percent based on the proportion of registered vehicles and 25 percent based on the proportion of maintained county road miles.

The law included expressed legislative intent to fully replace the local streets and road funds cities and counties would have received under Proposition 42 state sales tax on gasoline with allocations from the new higher motor vehicle excise tax (HUTA) rate.

However, the swap created certain revenue effects related to the timing and receipt of revenues. In particular, the law provided that the new excise tax rate be adjusted annually by the BOE to garner an amount of revenues equal to what Prop42 would have provided in the prior year. Thus, the annual Sec 2103 funds were always “looking backward.” If the Section 2103 amounts generated less than Prop42 would have, the difference was made up until the following year.

In the years following the swap, there were a number of snafus and changes in interpretation of the Section 2103 allocation. In FY2011-12 SCO allocated more money to cities and counties and did not fully backfill state transportation programs for weight fees that were used for debt service and loans that those funds would have otherwise received. This was contrary to the Legislature’s intention, but the statute was not clear. The statute was clarified in the 2013 budget to clarify the original intent of the weight fee swap to fully backfill state transportation funds. [Streets & Highways Code 2103 (a)(1)(D)].

The Section 2103 Local Streets and Roads allocation to cities and counties have varied and declined dramatically and, due to BOE’s failure to enact a rate increase in 2018, fell to \$244 million for FY2018-19, about 5 percent down from prior year.

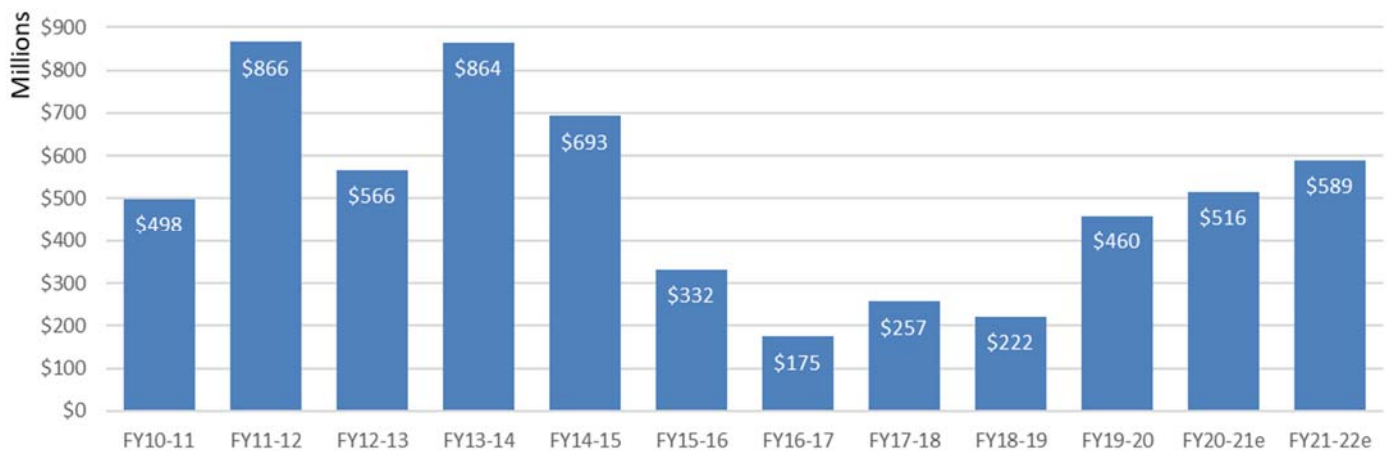
Changes to HUTA Allocated Rates, Including the Variable Rate by the Road Repair and Accountability Act of 2017 (SB1 Beall)

In addition to increasing various fuel and motor vehicle registration taxes, the Road Repair and Accountability Act of 2017 (SB1 Beall) removed BOE’s discretionary rate setting role over the Section 2103 variable rate and reset the variable rate at 17.3 cents per gallon on July 1, 2019, up from the current 11.7 cents. This adjustment more than doubled Section 2103 revenue allocations for FY2019-20 over the prior year.

With regard to diesel fuel taxes, SB1 also eliminated the price-based adjustment mechanism applied to the diesel fuel tax rate.

On July 1, 2020, and every July 1 thereafter, the gasoline and diesel fuel excise tax rates including the 18 cent per gallon base rate, the 17.3 percent per gallon rate, the diesel fuel excise tax rate and vehicle registration taxes are increased by the change in the California Consumer Price Index.

Streets & Highways Code Section 2103 Variable Gas Tax Allocations to Cities and Counties

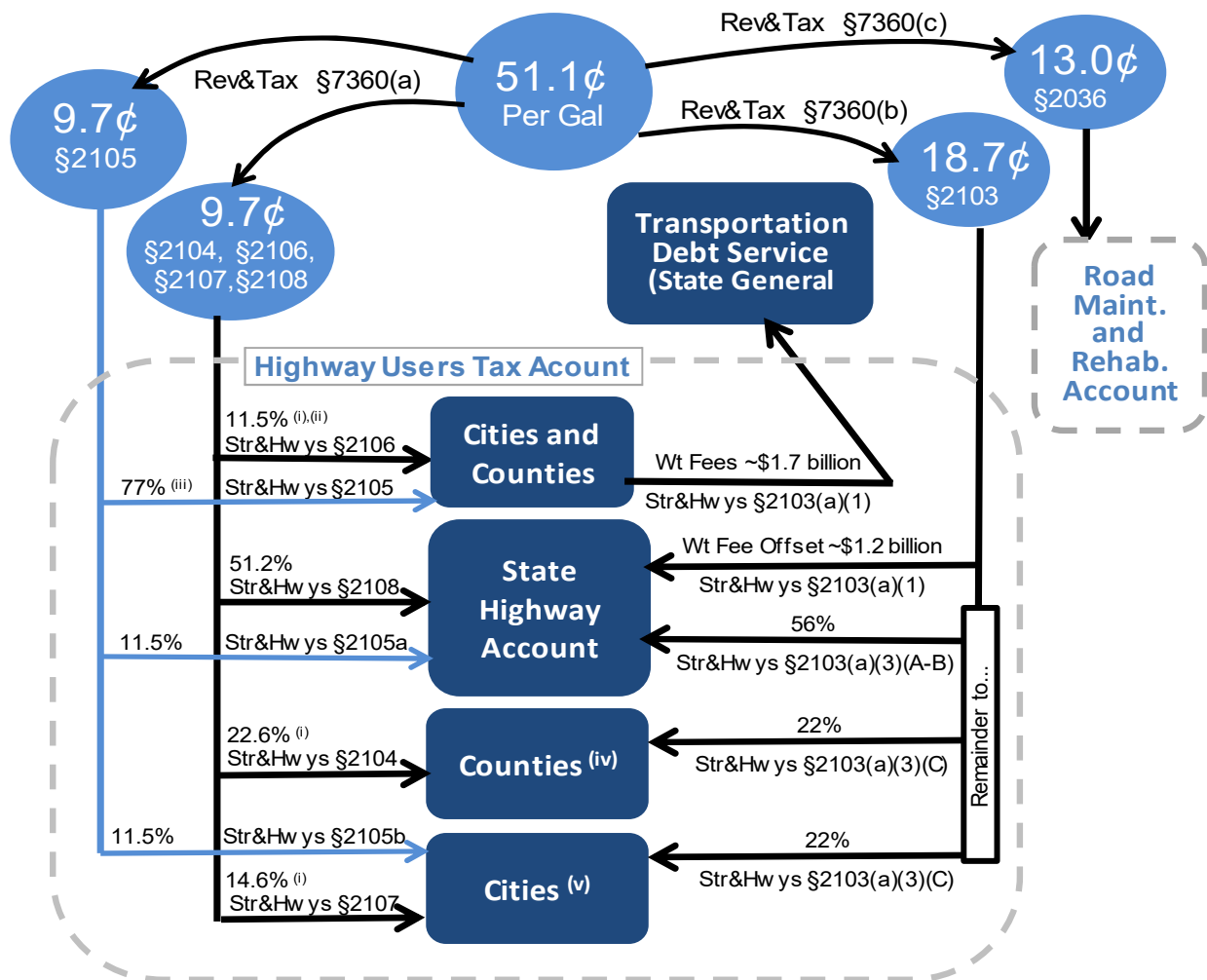


California Gasoline Excise Tax Rates - Per Gallon				
Effective Date	Base Rate	Sec2103	SB1 Rate	Total
July 1, 2010	\$ 0.180	\$ 0.173		\$ 0.353
July 1, 2011	\$ 0.180	\$ 0.177		\$ 0.357
July 1, 2012	\$ 0.180	\$ 0.180		\$ 0.360
July 1, 2013	\$ 0.180	\$ 0.215		\$ 0.395
July 1, 2014	\$ 0.180	\$ 0.180		\$ 0.360
July 1, 2015	\$ 0.180	\$ 0.120		\$ 0.300
July 1, 2016	\$ 0.180	\$ 0.098		\$ 0.278
July 1, 2017	\$ 0.180	\$ 0.117		\$ 0.297
Nov 1, 2017*	\$ 0.180	\$ 0.117	\$ 0.120	\$ 0.417
July 1, 2019	\$ 0.180	\$ 0.173	\$ 0.120	\$ 0.473
July 1, 2020	\$ 0.192	\$ 0.185	\$ 0.128	\$ 0.505
July 1, 2021 (est)	\$ 0.194	\$ 0.187	\$ 0.130	\$ 0.511

California Diesel Excise Tax Rates			
Effective Date	Base Rate	SB1 Rate	Total
July 1, 2017	\$ 0.160		
Nov 1, 2017*	\$ 0.160	\$ 0.200	\$ 0.360
July 1, 2019	\$ 0.160	\$ 0.200	\$ 0.360
July 1, 2020	\$ 0.171	\$ 0.214	\$ 0.385
July 1, 2021 (est)	\$ 0.176	\$ 0.220	\$ 0.396

Rates effective July 1, 2021

Allocation of Gasoline Excise Tax Revenues



Use of Funds: HUTA

The use of local Motor Vehicle Fuel Tax funds is restricted by Article XIX of the California State Constitution and by Streets and Highways Code Section 2101. All Motor Vehicle Fuel Tax funds allocated from the Highway Users Tax Account must be expended for the following:

- (a) The research, planning, construction, improvement, maintenance, and operation of public streets and highways (and their related public facilities for nonmotorized traffic), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, and the administrative costs necessarily incurred in the foregoing purposes.
- (b) The research and planning for exclusive public mass transit guideways (and their related fixed facilities), the payment for property taken or damaged for such purposes, and the administrative costs necessarily incurred in the foregoing purposes.
- (c) The construction and improvement of exclusive public mass transit guideways (and their related fixed facilities), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, the administrative costs necessarily incurred in the foregoing purposes, and the maintenance of the structures and the immediate right-of-way for the public mass transit guideways.
- (d) The payment of principal and interest on voter-approved bonds issued for the purposes specified above.

Three Year State General Fund TCRF Loan Repayment Funds

SB1 stipulated the repayment of \$706 million by the state General Fund to transportation funds over three fiscal years: 2017-18, 2018-19, and 2019-20. Under SB1, \$75 million was allocated to local streets and roads from repayments of Transportation Congestion Relief Funds (TCRF) in each of these three years. These funds were allocated half to cities and half to counties with the city funds allocated among cities on a per capita basis, the county funds allocated among counties based on numbers of registered vehicles and county road mileage.

These TCRF revenues may be deposited in local HUTA funds.³ However, these TCRF funds carry slightly different use requirements than HUTA funds. TCRF funds may be expended only for street and highway maintenance, rehabilitation, reconstruction or storm damage repair. For these purposes,

- “Maintenance” means patching and/or overlay and sealing.
- “Reconstruction” includes any overlay, sealing or widening of the roadway, if the widening is necessary to bring the roadway width to the state minimum standards, but does not include widening for the purpose of traffic capacity.
- “Storm damage repair” is repair or reconstruction of local streets and highways and related drainage improvements that have been damaged due to winter storms and flooding, and construction of drainage improvements to mitigate future roadway flooding and damage problems, in those jurisdictions that have been declared disaster areas by the President of the United States.

³ Note that the “loan repayment” is between the state general fund and state transportation funds. From an accounting standpoint this is NOT a debt repayment to local agencies, it is simply revenue.

Road Maintenance and Rehabilitation Account (RMRA)

Revenue Allocations – Streets & Highways Code Sec 2031 “RMRA”

The Road Repair and Accountability Act of 2017 (SB1 Beall) represented a significant additional investment in California’s transportation systems of over \$5 billion per year. The Act increased per gallon fuel excise taxes, diesel fuel sales taxes and vehicle registration taxes, stabilized the problematic price-based fuel tax rates and provided for inflationary adjustments to rates in future years. The Act is more than doubling local streets and road funds allocated through the Highway Users Tax Account (HUTA) and through the Road Maintenance and Rehabilitation Account (RMRA) which it established.

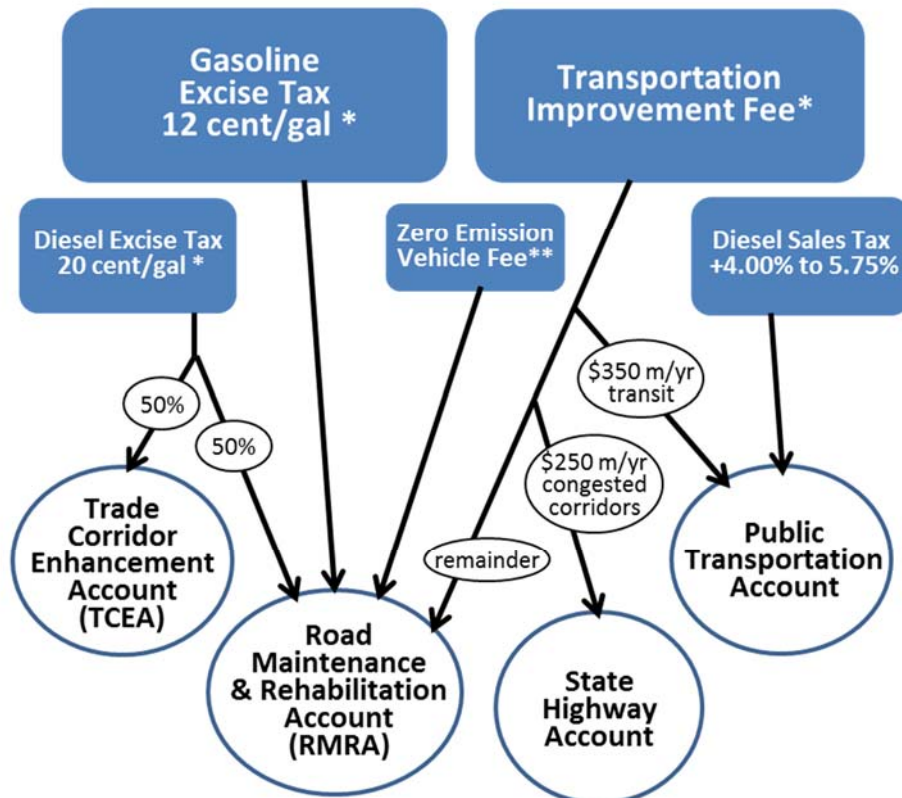
The RMRA receives funds⁴ from the following new taxes imposed under the Road Repair and Accountability Act of 2017:

- A 12 cent per gallon increase to the gasoline excise tax effective November 1, 2017.
- A 20 cent per gallon increase to the diesel fuel excise tax effective November 1, 2017, half of which will be allocated to Trade Corridors Enhancement Account (TCEA) with the remaining half to the RMRA.
- A new vehicle registration tax called the “transportation improvement fee,” effective January 1, 2018, based on the market value of the vehicle.
- An additional new \$100 vehicle registration tax on zero emission vehicles model year 2020 and later effective July 1, 2020.
- Annual rate increases to these taxes beginning July 1, 2020 (July 1, 2021 for the ZEV fee), and every July 1 thereafter for the change in the California Consumer Price Index. The first adjustment to be made on July 1, 2020 will cover CPI change for two years: November 1, 2017 through November 12, 2019.

SB1 Transportation Improvement Fee			
Vehicle Value	Effective Date		
	Jan 2018	Jan 2020	Jan 2021
0 - \$4,999	\$ 25	\$ 27	\$ 27
\$5,000 - \$24,999	\$ 52	\$ 54	\$ 55
\$25,000 - \$34,999	\$ 105	\$ 107	\$ 110
\$35,000 - \$59,999	\$ 157	\$ 161	\$ 165
\$60,000 & over	\$ 183	\$ 188	\$ 192

⁴ In addition, funds from a 4 percent increase in the diesel sales tax to 5.75 percent from the prior 1.75 percent effective November 1, 2017 are allocated to the Public Transportation Account.

Road Maintenance and Rehabilitation Account Revenues



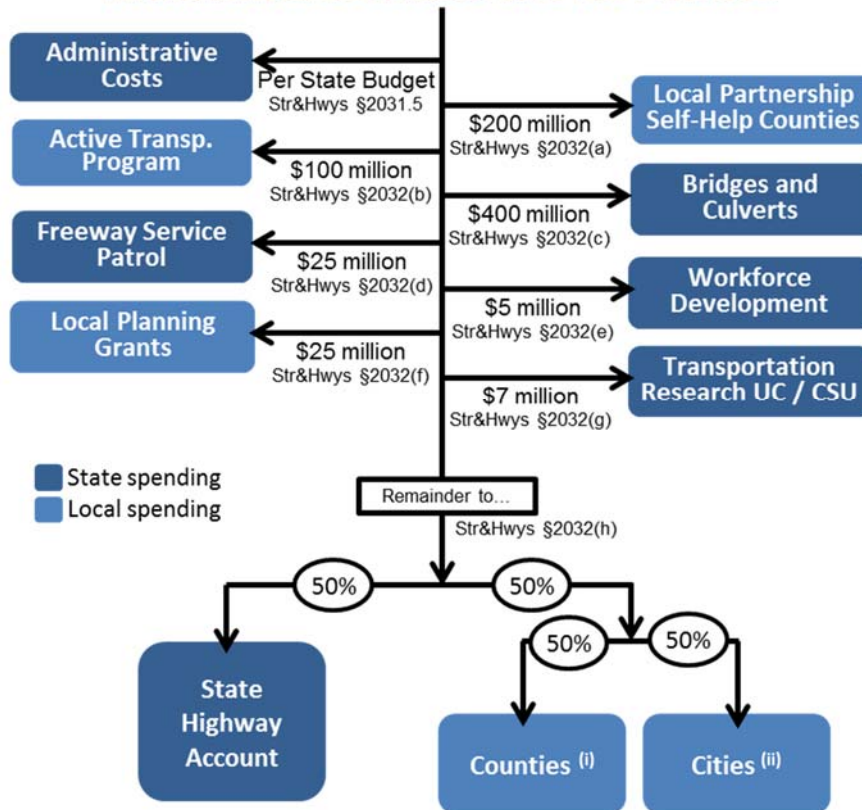
* adjusted for inflation annually beginning 7/1/2020

** effective 7/1/2020 adjusted for inflation annually beginning 7/1/2021

The Road Repair and Accountability Act directs the State Controller to allocate, on a monthly basis, fifty percent of the revenues in the RMRA to the State Highway Operation and Protection Program (SHOP) in the State Highway Account and half to cities and counties. But there are a series of specific program allocations, subject to appropriation in the annual state budget, to be taken out first:

1. Administrative costs.
2. \$200 million for the State-Local-Partnership Program for existing and aspiring self-help jurisdictions.
3. \$100 million annually for the Active Transportation Program for the purpose of encouraging increased use of active modes of transportation, such as biking and walking.
4. \$400 million for state bridge and culvert maintenance and rehabilitation.
5. \$25 million for the state's Freeway Service Patrol program.
6. \$5 million for five years through FY 2021-22 for pre-apprenticeship training programs of the California Workforce Development Board.
7. \$25 million for local planning grants to encourage local and regional planning.
8. \$7 million for transportation research and transportation-related workforce education, training, and development including \$5 million to the University of California and \$2 million to the California State University.

Allocation of Road Maintenance and Rehabilitation Account Revenues



(i) County apportionments are based on numbers of registered vehicles and county road mileage.
(ii) City apportionments are based on population.

Use of Funds: RMRA [Streets and Highways Code Section 2030]

The use of RMRA local streets and roads funds is similar but, not identical, to HUTA use rules. Pursuant to Streets and Highways Code Section 2030, RMRA local streets and roads allocations must be used for projects “that include, but are not limited to,” the following

- Road maintenance and rehabilitation
- Safety projects
- Railroad grade separations
- Traffic control devices
- Complete street components, “including active transportation purposes, pedestrian and bicycle safety projects, transit facilities, and drainage and storm-water capture projects in conjunction with any other allowable project.”

RMRA funds may also be used to satisfy a match requirement for projects eligible for state or federal funds.

SB1 also contains non-obligatory intent language regarding the use of funds. “To the extent possible and cost effective,” cities and counties are to use a use:

- advanced recycling techniques that reduce greenhouse gas emissions;
- automotive technologies, ZEV fueling, infrastructure-to-vehicle;
- communications autonomous vehicle systems;

- resiliency re climate change, fires, floods, sea level rise; and
- complete street elements, access for bicycles, pedestrians.

If a city or county has an average Pavement Condition Index that meets or exceeds 80, the city or county may spend its RMRA funds on transportation priorities other than these. [Streets and Highways Code Sec 2037]

Maintenance of Effort: RMRA [Streets and Highways Code Sec 2036]

The Road Repair and Accountability Act contains a local agency maintenance of effort (MOE) requirement that applies to funds allocated through the RMRA. The Act states that the MOE requirement is to ensure that these new roads funds do not supplant existing levels of city and county general revenue spending on streets and roads. The MOE for the receipt of RMRA funds state that a city or county must maintain general fund spending for street, road, and highway purposes at no less than average of 2009–10, 2010–11, and 2011–12 years. In making this calculation an agency may exclude one-time funds. A city or county that fails to comply in a particular year may make it up with in additional expenditures in the following year.

The Act provides that the State Controller may perform audits to ensure compliance with these MOE rules. If the State Controller determines that a city or county has not met its MOE, the agency will be required to reimburse the state for the funds it received during that fiscal year. However, a city or county that fails to comply in a particular fiscal year may expend during that fiscal year and the following fiscal year a total amount that is sufficient to comply. Any funds withheld or returned as a result of a failure to comply will be reapportioned to the other counties and cities whose expenditures are in compliance.

For further guidance, see the State Controller's *"Guidelines Relating to Gas Tax Expenditures for Cities and Counties."*

Spending Plans and Reports: RMRA [Streets and Highways Code Sec 2034]

The Road Repair and Accountability Act stipulates that, prior to receiving RMRA funds in a fiscal year, a city or county must submit to the California Transportation Commission (CTC) a project list pursuant to an adopted budget. The list must include for each project: description, location, schedule, useful life. [Streets and Highways Code Sec 2034(a)]

The Road Repair and Accountability Act also requires that a city or county submit to the CTC an annual report of project completion in order to receive RMRA funds. The report must include descriptions of all projects for which RMRA funds were expended including: description, location, funds expended, completion date, estimated useful life of the project.

There are no additional use or reporting requirements on Highway Users Tax Account funds (Streets and Highways Code Sec 2103-2107) or on the three year transportation loan repayment funds.

Budgeting and Accounting for RMRA Funds: The ~60 Day Delay

The allocation of Road Maintenance and Rehabilitation Account (RMRA) revenues to cities and counties takes many weeks. It takes the State Controller's Office roughly 30 to 60 days from the time of revenue collection by the state, through the various statutory set asides to distribute the funds to cities and counties in monthly allocations. Consequently, the estimates shown in this report are for revenues collected for July through June are not received on a cash basis by local agencies until September through August. That is, for example, the FY2020-21 figure for your agency is revenues collected in and for July 2020 through June 2021 but distributed in

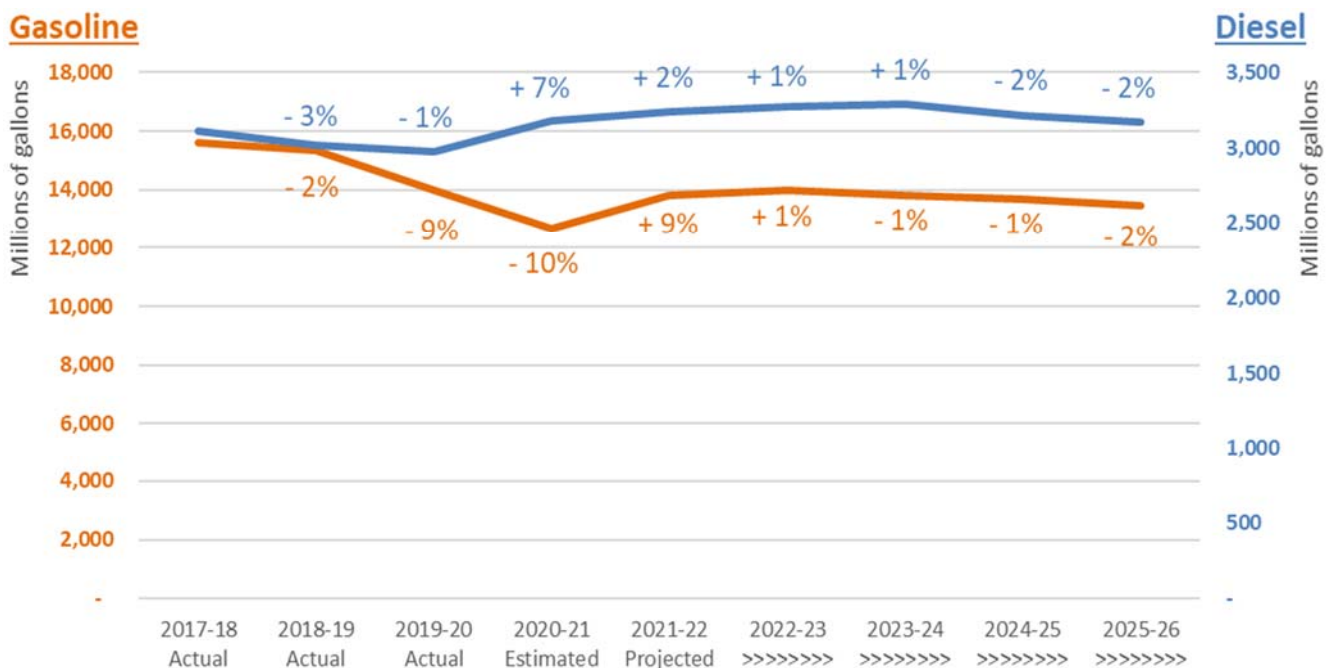
monthly allocations September 2020 through August 2021. Cities and counties thus have two choices in the budgeting and accounting of RMRA revenues:

- 1) apply a 60 day accrual policy to RMRA funds (*recommended*); or
- 2) adjust RMRA budgets (especially in FY2017-18) to reflect a distributed cash basis.

Local Streets and Roads (HUTA and RMRA) Revenue Estimates for FY2020-21 and FY2021-22

We have computed revenue estimates for each city and county using a model reflecting the local allocation formulas, latest population figures used by the State Controller for allocations and estimates by the state Department of Finance (DOF) of statewide HUTA and RMRA tax revenues provided in the Governor's May Revision to his Proposed 2021-22 Budget (released May 14, 2021) and analyses of SB1(Beall), The Road Repair and Accountability Act of 2017.

To the surprise of no one, fuel consumption is down due to the COVID-19 pandemic. The price of fuel is also down from prior years, but local streets and roads revenues are no longer related to fuel prices, only to fuel consumption.



Lower fuel consumption has been partially offset by scheduled rate increases stipulated in SB1 (described above). Total 2019-20 LSR allocations (including HUTA, TCRF, and RMRA) were 4.0 percent above 2018-19. For 2020-21, estimated total LSR allocations are now projected to be 1.1 percent lower than 2019-20. For the budget year FY2021-22, the Department of Finance projects total LSR allocations to cities and counties to bounce back strongly, 11.9 percent above the current FY2020-21 year. These estimates are lower than those issued in January, reflecting a deeper pandemic-induced slump in fuel consumption than was previously estimated.

HUTA

Revenues allocated to cities and counties through HUTA under Sections 2103-2107 of the Streets and Highways Code are derived from per gallon rates. As described above, these rates are adjusted annually on July 1. Revenue changes depend on the combined effects of 1) these rate adjustments, 2) taxable gallonage, and 3) the relative change of statutory transfers including the “weight fee offset” that pays state transportation bond debt.

Statewide fuel consumption (gallons) had been relatively flat in recent years. The COVID-19 pandemic and related restrictions caused a steep decline in fuel consumption in the spring of 2020. The effects of this are expected to ease up gradually as restrictions are lifted and travel resumes. Sec2104-2108 HUTA allocations (not including RMRA or the sec2103 variable fuel taxes) dropped 6.5 percent in 2019-20 from the prior 2018-19 year. But this drop-off was more than offset by the doubling of the Sec2103 allocations due to the reset of the formerly price-based rate. FY2019-20 contained the most dramatic fiscal and economic effects of the pandemic, those during the months of April through June 2020.

The May 2021 California Department of Finance (DOF) estimates show LSR allocations under Sec2104-2108 HUTA for the FY2020-21 year increasing just 1.4 percent from the prior 2019-20 year. Section 2103 revenues, affected by the nature of certain fixed set-asides, are projected to decline by 6.7 percent from FY2019-20. Overall, HUTA allocations will decrease 1.1 percent in FY2020-21 over the prior year.

With a recovery in fuel consumption as the COVID effects begin to ease and with additional rate adjustments kicking in July 1, 2021, the DOF estimates total HUTA revenue growth of 11.8 percent over the 2020-21 year.

RMRA⁵

The Road Repair and Accountability Act (SB1) taxes that provide funding to cities and counties through the Revenues to the Road Maintenance and Rehabilitation Account (RMRA) began on November 1, 2017 when the new per-gallon fuel excise taxes took effect. On January 1, 2018, the new vehicle registration tax, the “Transportation Improvement Fee,” took effect. Cities, counties and other recipients of these revenues saw the first full year of these revenues in FY2018-19. A \$100 zero emission vehicle registration tax began on July 1, 2020.

May 2021 DOF estimates of RMRA revenues for FY2020-21 are 4.2 *percent lower* than estimated in January 2021, our last estimate. DOF estimates FY2020-21 RMRA revenues will be 1.2 percent lower than FY2019-20 actuals and that FY2021-22 revenues will grow by 12.1 percent over the current year as fuel consumption increases with the easing of the pandemic, together with scheduled tax rate increases.

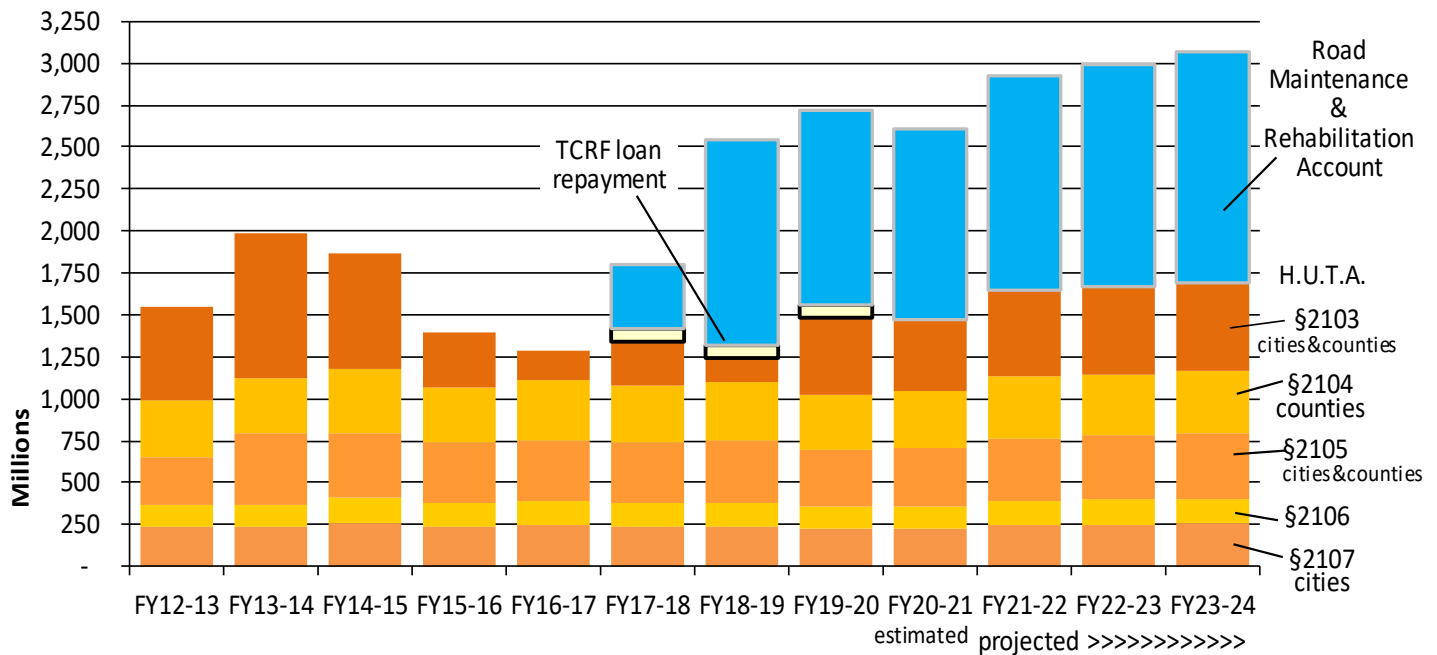
Why does city/county RMRA growth differ from city/county HUTA growth? Under SB1, various fixed-amount statutory allocations are made from the new SB1 tax rates prior to the city and county allocations.

Your Mileage Revenues May Vary

An individual city’s allocations will of course also be affected by change in the city’s population relative to the change in state population. Changes for allocations to counties will be affected other factors in the allocation rules including relative numbers of vehicle registrations, assessed values and maintained road miles.

⁵ Note that RMRA revenues are delayed 60 days from collection to allocation. That is, the revenues for a July 1 to June 30 fiscal year are allocated September 1 through August 31. These are spendable in the fiscal year because your accounting staff “accrues” them back into your fiscal year.

California Local Streets and Roads Program - State Funds to Cities and Counties



Looking Ahead: Long Term Estimates of Local Streets and Roads Funding

Assuming a gradual recovery from the COVID-19 pandemic of 2020, we can expect stable, modest year over year growth in local streets and roads revenues in future years. While fuel consumption may remain flat overall, annual cost of living adjustments will help to maintain revenues.

Due to complicated statutory transfers from these revenues before the city and county allocations are made (including the \$1.7 billion transfer for state transportation debt service), actual growth in funding allocated to cities and counties varies somewhat among the various categories of local streets and roads allocations and will not exactly mirror total tax collections. Taking all these factors into account, for the purposes of long-term transportation program planning, we estimate transportation allocations to cities and counties will increase in outyears at the following growth rates:

Estimated Annual Revenue Growth Rate over prior year

	2022-23	2023-24	2024-25	2025-26	2026-27	Beyond
HUTA 2103	1.7%	1.5%	1.4%	1.2%	1.2%	1.2%
HUTA 2104	1.7%	1.5%	1.4%	1.2%	1.2%	1.2%
HUTA 2105	1.7%	1.5%	1.4%	1.2%	1.2%	1.2%
HUTA 2106 county	1.5%	1.3%	1.2%	1.0%	1.0%	1.0%
HUTA 2106 city	1.9%	1.7%	1.5%	1.4%	1.4%	1.4%
HUTA 2107	1.7%	1.5%	1.4%	1.2%	1.3%	1.2%
RMRA	2.9%	3.9%	3.7%	4.8%	5.7%	3.0%

Your Mileage Revenues May Vary

Allocations to each particular city also will be affected by annual changes in the city's population relative to the change in state population in cities. The current forecast for California population, provided by the Demographics Unit of the California Department of Finance is as follows:⁶

California	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Population	40,311,230	40,507,293	40,716,512	40,938,929	41,176,614	41,405,901	41,629,615	41,847,285
Population in Cities	33,235,160	33,430,204	33,636,473	33,854,035	34,084,636	34,308,707	34,528,569	34,743,819
percent change		0.59%	0.62%	0.65%	0.68%	0.66%	0.64%	0.62%

	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>
Population	42,058,192	42,263,654	42,461,647	42,654,978	42,841,669	43,021,656	43,195,083
Population in Cities	34,953,844	35,159,725	35,359,762	35,556,278	35,747,612	35,933,693	36,114,626
percent change	0.60%	0.59%	0.57%	0.56%	0.54%	0.52%	0.50%

If you think your city's population growth will be significantly different from the statewide average in cities, then you should adjust accordingly. For example, the City of Agatha's planning department estimates the city will see average annual residential population growth of 1.5 percent annually over the next ten years. The city's estimated HUTA 2105 allocation for FY2021-22 is \$381,200. The long term projection of Section 2105 revenue would be:

$$\$381,200 \times \text{Sec2105 growth} \times \text{Agatha Population Growth} \div \text{Statewide City Population Growth}$$

$$\text{So, for 2022-23, the city would estimate } \$381,200 \times 1.017 \times 1.015 \div 1.0062 = \$391,071$$

And long term ...

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>
HUTA Sec2015	\$ 381,200						
2105 growth		1.7%	1.5%	1.4%	1.2%	1.2%	1.2%
Agatha pop		1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Cities pop		0.62%	0.65%	0.68%	0.66%	0.64%	0.62%
HUTA Sec2015	\$ 391,071	\$ 400,289	\$ 409,199	\$ 417,565	\$ 426,187	\$ 435,073	

Changes for allocations to counties will be affected other factors in the allocation rules including relative numbers of vehicle registrations, assessed values and maintained road miles.

mjgc

ATTACHMENTS:

- A) Local Streets and Roads - Projected Individual City Revenues – FY2020-21
- B) Local Streets and Roads - Projected Individual City Revenues – FY2021-22
- C) Local Streets and Roads - Projected Individual County Revenues – FY2020-21
- D) Local Streets and Roads - Projected Individual County Revenues – FY2021-22

⁶ See <http://www.dof.ca.gov/Forecasting/Demographics/projections/>

Local Streets and Roads - Projected FY2020-21 Revenues

Based on State Dept of Finance statewide revenue projections

Estimated May 2021

Estimated May 2021	Highway Users Tax Acct (HUTA) ⁽¹⁾ Streets & Highways Code					TOTAL	Road Mntnc	TOTAL
	Sec2103 ⁽⁵⁾	Sec2105 ⁽³⁾	Sec2106 ⁽³⁾	Sec2107 ⁽³⁾	Sec2107.5 ⁽⁴⁾	HUTA	Rehab Acct	
CONTRA COSTA COUNTY								
ANTIOCH	725,312	585,691	359,340	742,733	10,000	2,423,076	1,928,717	4,351,793
BRENTWOOD	419,756	338,953	209,980	429,837	7,500	1,406,027	1,116,195	2,522,221
CLAYTON	73,079	59,012	40,522	74,834	3,000	250,447	194,329	444,776
CONCORD	838,912	677,422	414,868	859,061	10,000	2,800,263	2,230,795	5,031,057
DANVILLE	282,828	228,384	143,049	289,621	6,000	949,882	752,083	1,701,965
EL CERRITO	160,849	129,886	83,424	164,712	5,000	543,871	427,722	971,593
HERCULES	164,568	132,889	85,243	168,521	6,000	557,221	437,612	994,833
LAFAYETTE	165,045	133,274	85,476	169,009	6,000	558,805	438,881	997,686
MARTINEZ	239,188	193,145	121,717	244,933	6,000	804,983	636,038	1,441,021
MORAGA	109,235	88,208	58,195	111,859	4,000	371,497	290,473	661,970
OAKLEY	273,707	221,019	138,590	280,281	6,000	919,597	727,828	1,647,425
ORINDA	122,533	98,946	64,695	125,476	4,000	415,651	325,835	741,487
PINOLE	125,731	101,528	66,258	128,751	4,000	426,267	334,337	760,605
PITTSBURG	479,079	386,857	238,978	490,585	7,500	1,602,999	1,273,944	2,876,943
PLEASANT HILL	220,888	178,367	112,772	226,193	6,000	744,220	587,374	1,331,594
RICHMOND	716,913	578,908	355,234	734,132	10,000	2,395,188	1,906,382	4,301,570
SAN PABLO	202,491	163,511	103,779	207,354	6,000	683,135	538,454	1,221,589
SAN RAMON	535,785	432,647	266,697	548,654	7,500	1,791,282	1,424,734	3,216,017
WALNUT CREEK	456,769	368,842	228,073	467,740	7,500	1,528,923	1,214,619	2,743,542
DEL NORTE COUNTY								
CRESCENT CITY	49,267	39,783	22,464	50,451	2,000	163,966	131,009	294,975
EL DORADO COUNTY								
PLACERVILLE	70,778	57,153	56,318	72,478	3,000	259,727	188,209	447,936
SOUTH LAKE TAHOE	145,198	117,247	110,487	1,193,873	5,000	1,571,805	386,103	1,957,909

Local Streets and Roads - Projected FY2021-22 Revenues

Based on State Dept of Finance statewide revenue projections

Estimated May 2021

Estimated May 2021	Highway Users Tax Acct (HUTA) ⁽¹⁾ Streets & Highways Code					TOTAL	Road Mntnc	TOTAL
	Sec2103 ⁽⁵⁾	Sec2105 ⁽³⁾	Sec2106 ⁽³⁾	Sec2107 ⁽³⁾	Sec2107.5 ⁽⁴⁾	HUTA	Rehab Acct	
CONTRA COSTA COUNTY								
ANTIOCH	867,086	636,965	391,079	810,101	10,000	2,715,231	2,161,542	4,876,774
BRENTWOOD	501,803	368,627	228,349	468,824	7,500	1,575,104	1,250,936	2,826,040
CLAYTON	87,364	64,178	43,720	81,622	3,000	279,883	217,787	497,670
CONCORD	1,002,890	736,728	451,579	936,979	10,000	3,138,176	2,500,085	5,638,261
DANVILLE	338,111	248,378	155,426	315,890	6,000	1,063,805	842,871	1,906,676
EL CERRITO	192,289	141,257	90,463	179,652	5,000	608,661	479,354	1,088,016
HERCULES	196,736	144,523	92,444	183,806	6,000	623,509	490,439	1,113,948
LAFAYETTE	197,306	144,942	92,698	184,339	6,000	625,285	491,860	1,117,145
MARTINEZ	285,941	210,054	132,184	267,149	6,000	901,328	712,817	1,614,145
MORAGA	130,587	95,930	62,975	122,005	4,000	415,497	325,538	741,034
OAKLEY	327,207	240,368	150,568	305,703	6,000	1,029,846	815,688	1,845,534
ORINDA	146,485	107,608	70,058	136,857	4,000	465,008	365,168	830,176
PINOLE	150,307	110,416	71,760	140,428	4,000	476,912	374,697	851,608
PITTSBURG	572,722	420,724	259,943	535,083	7,500	1,795,972	1,427,728	3,223,700
PLEASANT HILL	264,064	193,982	122,438	246,709	6,000	833,193	658,279	1,491,472
RICHMOND	857,045	629,589	386,606	800,720	10,000	2,683,960	2,136,511	4,820,471
SAN PABLO	242,071	177,826	112,640	226,161	6,000	764,698	603,453	1,368,151
SAN RAMON	640,512	470,523	290,143	598,418	7,500	2,007,096	1,596,721	3,603,817
WALNUT CREEK	546,052	401,132	248,061	510,165	7,500	1,712,909	1,361,241	3,074,151
DEL NORTE COUNTY								
CRESCENT CITY	58,897	43,266	24,046	55,027	2,000	183,236	146,824	330,060
EL DORADO COUNTY								
PLACERVILLE	84,613	62,157	60,930	79,052	3,000	289,751	210,929	500,680
SOUTH LAKE TAHOE	173,579	127,512	119,948	1,207,359	5,000	1,633,399	432,712	2,066,110



AGENDA BILL

Agenda Item No. 4.D.

Date: June 1, 2021
To: El Cerrito City Council
From: Will Provost, Operations + Environmental Services Division Manager;
Yvetteh Ortiz, Public Works Director/City Engineer, Public Works
Department
Subject: Acceptance of Public Access Easement from the Village 29 Homeowners
Association

ACTION PROPOSED

Adopt a resolution accepting a Public Access Easement from the Village 29 Homeowners Association for the purposes of solid waste collection and authorizing the City Manager to execute the Easement Agreement.

BACKGROUND AND ANALYSIS

The Village 29 development project, located on Assessor Parcel Numbers 510-170-001 to 510-170-035 ("Property") next to the intersection of El Dorado Street and Santa Clara Avenue and including 29 townhomes, has been partially completed. Ultimately, the completed townhomes will include the even numbered addresses from 5802 to 5824 El Dorado Street, the even numbered addresses from 3010 to 3024 Santa Clara Avenue, and the odd numbered addresses from 5809 to 5825 Avila Street. With the first residents having moved in, it has been determined by the City, East Bay Sanitary, and the Village 29 Homeowners Association, that the best procedure for the weekly collection of garbage, recycling, and green waste will include having the solid waste collection vehicles use the private internal roads on the Property to pick-up solid waste containers in front of each individual townhome. This will provide greater convenience to the residents, will streamline collection for the City and East Bay Sanitary, and will eliminate any potential clutter along the fronting local streets, including El Dorado Street and Avila Street.

The Village 29 Homeowners Association seeks to grant the City and its partners, including East Bay Sanitary, access to the two internal roads (shown in the attached site map as 'A' Lane and 'B' Lane) through a Public Access Easement. Accepting and entering into a Public Access Easement with the Village 29 Homeowners Association will: formally allow the City and the City's partners access to the Property; limit the City's maintenance responsibility to only damages beyond normal wear and tear from driving solid waste vehicles on the private driveways and roads; and ensure that they remain accessible over the life of the project. Moreover, if it is determined that use of the private roads is not optimal for the City's solid waste collection operations at a later date, the City could return to servicing the solid waste containers at the end of each of the two private roads, as is being done currently. Having the easement in place will provide flexibility and options for solid waste collection services at this location.

Government Code Section 27281 requires the City to consent to the acceptance of “any interest in or easement upon real estate”. The attached Resolution would accept the Public Access Easement with the Village 29 Homeowners Association and authorize the City Manager to execute the Agreement, thereby enabling the City and its haulers to move to this mutually beneficial plan for solid waste pickup.

STRATEGIC PLAN CONSIDERATIONS

Currently, new residents at Village 29 have to roll each of their three solid waste containers to the end of each internal road, which can be a significant walk for some of the households. Entering into a Public Access Easement Agreement with the Village 29 Homeowners Association, and moving toward a collection program wherein the residents are able to place their containers right in front of their homes, supports Goal A, to “Deliver Exemplary Government Services”. In addition, by making the set out less burdensome, it will be easier for residents at this development project to recycle and compost, aligning with Strategic Plan Goal F, to “Foster Environmental Sustainability Citywide”.

ENVIRONMENTAL CONSIDERATIONS

Pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3), an activity is exempt from CEQA review where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

FINANCIAL CONSIDERATIONS

There are no costs to the City associated with this action.

LEGAL CONSIDERATIONS

The City Attorney has reviewed the proposed action and draft Public Access Easement Agreement.

Reviewed by:



Karen Pinkos, City Manager

Attachments:

1. Resolution
2. Draft Public Access Easement (Village 29)
3. Site Map

RESOLUTION 2021-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO ACCEPTING A PUBLIC ACCESS EASEMENT FROM THE VILLAGE 29 HOMEOWNERS ASSOCIATION FOR PEDESTRIAN AND VEHICULAR INGRESS AND EGRESS ON THE PROPERTY TO ACCOMMODATE SOLID WASTE COLLECTION SERVICES AND AUTHORIZING THE CITY MANAGER TO EXECUTE AN EASEMENT AGREEMENT

WHEREAS, the Village 29 development project (APNs: 510-170-001 to 510-170-035) has been partially completed and will ultimately include 29 townhomes; and

WHEREAS, the City of El Cerrito and the Village 29 Homeowners Association have developed a mutually beneficial plan for solid waste pickup that will require the City and City partners, including East Bay Sanitary Company, to use the Property's privately owned internal roads and driveways, for the collection of garbage, recycling, and "green" waste; and

WHEREAS, to begin implementing the new solid waste collection procedures at this site and to formalize the arrangement, the Village 29 Homeowners Association has agreed to grant an easement to the City and the City's partners to allow for pedestrian and vehicular ingress and egress, while limiting the City's maintenance responsibility to only damages beyond normal wear and tear from driving solid waste vehicles on the private driveways and roads; and

WHEREAS, Government Code Section 27281 requires a governmental agency to consent to the acceptance of easements; and

WHEREAS, acceptance of easements is exempt from review under the California Environmental Quality Act (CEQA) section 15061(b)(3), as an activity that there is no possibility that the activity in question may have a significant effect on the environment.

NOW THEREFORE BE IT RESOLVED, by the City Council of the City of El Cerrito that it hereby accepts a Public Access Easement from the Village 29 Homeowners Association, and authorizes the City Manager to execute the Easement Agreement or other instruments and all certificates of acceptance associated with such an easement, and to authorize recordation of the Easement Agreement in the official records of Contra Costa County.

BE IT FURTHER RESOLVED, that this Resolution shall become effective immediately upon passage and adoption.

I CERTIFY that at a regular meeting on June 1, 2021 the City Council of the City of El Cerrito passed this Resolution by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on June _____, 2021.

Holly M. Charléty, City Clerk

APPROVED:

Paul Fadelli, Mayor

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:**

CITY OF EL CERRITO
10890 SAN PABLO AVENUE
EL CERRITO, CA 94530

NO FEE CAL. GOV. CODE §27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

PUBLIC ACCESS
EASEMENT AGREEMENT

This PUBLIC ACCESS EASEMENT AGREEMENT ("**Easement Agreement**") is made and entered into as of the last signed date by and among VILLAGE 29 HOMEOWNERS ASSOCIATION, a California nonprofit mutual benefit corporation (the "**Grantor**"), and the CITY OF EL CERRITO, a municipal corporation of the State of California (the "**Grantee**" or "**City**"). Grantor and the Grantee are sometimes hereinafter collectively referred to herein as the "Parties."

NOW THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. The Parties. Grantor is the current owner of real property in the City of El Cerrito, County of Contra Costa, California, and described as Parcels A and B of Subdivision 9468 as shown on a map filed in Book 504 of Maps, at Pages 5 to 8, inclusive, in the Official Records of Contra Costa County, California (the "**Property**"). The Property is located within the jurisdictional limits of Grantee. The Property is owned, maintained and managed by Grantor on behalf of owners and residents of the "Village 29" residential condominium development. All references to "Grantor" herein shall include its owners and residents.

All references to "Grantee" herein shall refer and include the City, its agents, employees, partners and contractors including, but not limited to, East Bay Sanitary Company, and/or any other entity that holds a franchise agreement or other agreement with the City for the collection of refuse, garbage, recycling and/or "green" waste.

2. Grant of Easement. Grantor does hereby grant to the Grantee a permanent non-exclusive easement for pedestrian and vehicular ingress and egress over and across the Property (the "**Easement Area**") for the purposes of solid waste collection. Grantor reserves the right to modify the location of the Easement Area to account for construction and/or modification of the Property, so long as such modifications are reasonably consistent with the plans and approvals for Resolution Nos. 2016-75 and 2017-28 (the "**Project Approvals**"). This easement is granted subject to the terms of this Easement Agreement, including without limitation the reservations set forth below. The use of the Easement Area shall commence on the recordation of this Easement Agreement. Any rules and regulations promulgated by Grantor (and/or its successors and assigns) may be implemented if approved by Grantee, whose

approval shall not be unreasonably withheld. Grantee acknowledges and agrees that such rules and regulations shall take into account any operational or safety concerns arising from such use.

3. **Maintenance.** Grantor is responsible for maintaining and repairing the Easement Area and all improvements constructed in the Easement Area, in good condition, including, without limitation, the asphalt, curbs and gutters located within the Easement Area in good repair at all times provided, however, that Grantee shall be responsible for any damage or harm caused by Grantee's use of the Easement Area that is greater than normal wear and tear from Grantee's permitted use of the Easement Area.

4. **Nature of Easement.** The easement granted herein is non-exclusive. Grantor retains the right to make any use of the Easement Area, including the right to grant concurrent easements on, over, or under the Easement Area to third parties, provided such use or uses do not unreasonably interfere with Grantee's use of the Easement Area in a manner consistent with the terms of this Easement Agreement. The easement granted herein shall have priority over any subsequently granted easement to a third party.

Grantor reserves to itself the continued use of the Easement Area consistent with the terms of the immediately preceding paragraph. Grantor agrees for itself, its successors and assigns, not to erect, place, or maintain, nor to permit the erection, placement, or maintenance of, any buildings, structures or similar improvements on the Easement Area that would unreasonably interfere with Grantee's ability to use the Easement Area in a manner consistent with the terms of this Easement Agreement. Notwithstanding the foregoing, Grantor may temporarily suspend use of the Easement Area in emergency situations and as reasonably required by Grantor to maintain, repair, reconstruct or replace the Property, and the buildings, structures or other similar improvements on real property adjacent to the Easement Area.

5. **Transfer of Property.** This Easement Agreement shall run with the land and any portion thereof, and its terms shall extend to, bind and inure to the benefit of the Parties hereto and their respective heirs, successors and assigns. Upon the transfer of the Property to a successor party, the successor party shall constitute the "Grantor" hereunder and all predecessors in interest to such successor party shall be fully relieved of all obligations and liability hereunder arising on or after the effective date of such transfer.

6. **Indemnification.** Grantee shall indemnify, defend and hold harmless Grantor, its officers, agents, employees and representatives from and against any and all claims, losses, liabilities or damages, demands and actions, including payment of reasonable attorneys' fees, arising out of or resulting from the Grantee's use of the Easement Area pursuant to this Agreement, to the extent caused by any negligent or willful act or omission of Grantee, its officers, agents, employees, or anyone directly or indirectly acting on behalf of the Grantee.

Grantor shall indemnify, defend and hold harmless Grantee, its officers, agents, employees and representatives from and against any and all claims, losses, liabilities or damages, demands and actions, including payment of reasonable attorneys' fees, arising out of or resulting from the performance of Grantor's obligations pursuant to this Agreement or failure to perform, or that are caused by any negligent or willful act or omission of Grantor, its officers, agents, employees, or anyone directly or indirectly acting on behalf of the Grantor.

7. **Notices.** Formal notices, demands and communications between the Parties shall

be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, return receipt requested, or express delivery service with a delivery receipt, to the principal offices of the Parties as follows:

Grantor: Village 29 Homeowners Association
c/o VierraMoore
2870 Gateway Oaks Drive, Suite 100
Sacramento, California 95833

Grantee: City of El Cerrito
10890 San Pablo Avenue
El Cerrito, California 94530
Attention: City Manager

8. Entire Agreement. This Easement Agreement contains the entire agreement between the Parties relating to the rights granted and the obligations hereunder assumed. Any oral representations or modifications concerning this Easement Agreement shall be of no force and effect excepting a subsequent modification in writing signed by all Parties.

9. Exhibits. Any and all exhibits referred to in this Easement Agreement are incorporated in this Easement Agreement by this reference.

10. Counterparts. This Easement Agreement may be executed in counterparts, each of which shall be deemed an original, but which when taken together shall constitute one of the same instrument.

11. Governing Law. This Easement Agreement shall be governed by and construed in accordance with the laws of the state of California and shall not be construed for or against either party as a result of the drafting hereof.

[signature and acknowledgement pages follow]

IN WITNESS WHEREOF, Grantor and Grantee have executed this Public Access Easement Agreement on the dates set forth below.

GRANTOR:

Dated:_____

VILLAGE 29 HOMEOWNERS ASSOCIATION,
a California nonprofit mutual benefit corporation

By:_____

Name:_____

Its:_____

GRANTEE:

Dated:_____

CITY OF EL CERRITO,
a municipal corporation of the State of California

By:_____

Karen Pinkos, City Manager

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

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

STATE OF CALIFORNIA)

COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

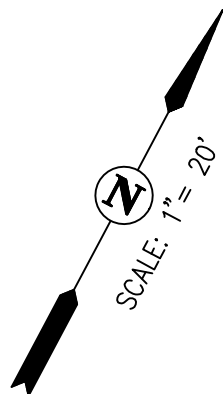
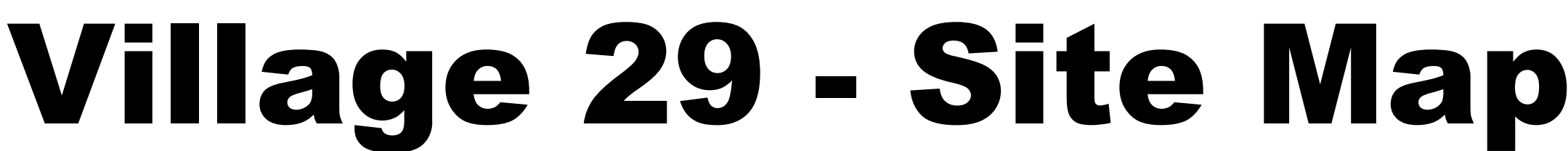
ACCEPTANCE OF CONVEYANCE

This is to certify that the interest in real property conveyed by this Public Access Easement Agreement, dated_____, from El Dorado Owners, LLC, a Delaware limited liability company, is hereby accepted by the undersigned officer on behalf of the City of El Cerrito, a municipal corporation of the State of California, (the "**City**") pursuant to the authority conferred by resolution of the City Council, adopted on_____, 20___, and the City consents to the recordation thereof by its duly authorized officer.

Dated: _____

By: _____
Karen Pinkos, City Manager

3704697.3



LEGEND	
PROPOSED	DESCRIPTION
	R1-1 "STOP" SIGN
	R99C "HANDICAP PARKING ONLY/MINIMUM FINE \$250" SIGN
	BLUE CURB



AGENDA BILL

Agenda Item No. 4.E.

Date: June 1, 2021
To: El Cerrito City Council
From: Laureteen Brazil, Waste Prevention Specialist; Will Provost, Operations & Environmental Services Division Manager; Yvetteh Ortiz, Public Works Director/City Engineer, Public Works Department
Subject: Second Amendment to Agreement for Commingled Recyclable Materials Processing Services

ACTION PROPOSED

Adopt a resolution approving and authorizing the City Manager to execute a Second Amendment to the Agreement with Napa Recycling and Waste Services, LLC (NRWS) for a total amount not to exceed \$220,000 annually for commingled recyclable materials processing services, extending the term through June 30, 2022.

BACKGROUND

The City of El Cerrito operates the City's recycling programs, including the curbside recycling collection for El Cerrito residents and businesses, and the daily operations and recycling services at the Recycling + Environmental Resource Center. As previously reported to the City Council in 2019 and 2020, changes in the market for recyclable materials precipitated by the Chinese policy known as "National Sword" have dramatically curtailed the demand for recycled materials. This, and other policies instituted by countries that normally import recycled feedstock, have turned the economics of processing recyclables from a net revenue generating activity (wherein the revenues from the sale of recyclables exceeded the expenses to process the materials) to a net expense (wherein the cost of processing exceeds the revenue from the sale of recyclable materials). As a result, recyclables, both single-stream (commingled) from curbside pick-up and separated-stream from the Recycling Center drop-off, are now commanding little or no compensation; and domestic recycling processors have shifted to a model of charging for accepting materials. This situation was exacerbated by the COVID-19 pandemic, given the additional safety measures that processing facilities must take to protect the health of their front-line employees.

In the spring of 2019, due to the changing recycling economics resulting from the Chinese National Sword policy, the City requested proposals from recyclable materials processors within reasonable distance of El Cerrito. Based on evaluation of the four submitted proposals, NRWS was found to provide the best value to the City. As a result, on June 18, 2019, the City Council approved a contract with NRWS in an amount of \$108,000 annually and a contingency amount not to exceed \$43,000 annually to process the City's curbside recyclables, at a price of \$25 per ton of recyclables (Resolution 2019-39). NRWS provided by far the best pricing per ton of all the proposals (almost four times less than the next lowest proposal). NRWS also provided the best value for the City's Recycling Program, given the comprehensiveness of the materials

they accepted, including plastic containers, paper milk cartons, and aseptic containers. They also provided the stability of a long-term contract with the City of Napa to operate their Materials Diversion Facility (MDF).

NRWS is a locally-owned full-service hauling and recycling processing company. They are the exclusive hauler of recycling, compost, and trash in the City of Napa, and operate the City of Napa's MDF under an agreement running through 2031. The Napa MDF is a regional recycling and composting facility that recently underwent a significant upgrade to the single-stream sorting operation. These upgrades enable the facility to process additional material, deal with the increasingly complicated and changing material stream, and prepare cleaner materials to market.

NRWS is transparent regarding where they market their materials. As is the industry standard, NRWS sells to brokers for most commodities, who then sell to the mills, either globally or domestically. Most of the materials are being sent to mills domestically. Some continue to be sent overseas. NRWS is one of the only regional resource recovery companies that has worked with the Carton Council to divert paper and aseptic cartons to recover the high-grade paper fiber contained in these cartons.

Given the unpredictable market conditions in the recycling industry at the time the contract was awarded, the contract term was set to be one year with an option to annually renew, including renegotiation of any new fee adjustments. To protect the City from arbitrary increases upon renewal, any adjustment to the processing cost was indexed to the percentage change in the recycling markets. However, new government fees of \$30 per ton, charged by the City of Napa, effective July 1, 2020, required an adjustment to the contract amount to \$55 per ton, approved by the El Cerrito City Council on June 16, 2020, while also amending the agreement term to end June 30, 2021 (Resolution 2020-35).

ANALYSIS

In the spring of 2020 when NRWS first notified the City regarding the increased rate, the City engaged R3 Consulting, a solid waste consulting firm, to confirm that this rate was still the most competitive rate available to El Cerrito. In an analysis of seven regional resource recovery facilities, almost all that were open to providing information were charging rates considerably higher than \$55 per ton. Even considering slightly higher City operational costs for transportation and staff time, NRWS's price of \$55 per ton was determined to be the most competitive total price.

Staff have been satisfied with the performance of NRWS under the contract; and NRWS has been pleased with the quality of El Cerrito's material. Both parties desire to extend the contract and NRWS has offered to maintain the current rate of compensation of \$55 per ton through June 30, 2022. R3 has confirmed that this price continues to be the most competitive available to the City. Given that the price for Fiscal Year 2021-2022 will remain the same and both NRWS and the City are satisfied with each other's performance on other contract provisions, City staff is recommending that the current agreement term be extended, for a not to exceed amount of \$220,000 annually, through

June 30, 2022. Staff was anticipating an increase in processing costs for curbside material as part of the Integrated Waste Management (IWM) fee setting for solid waste rates effective January 1, 2021 (Resolution 2020-58). Thus, the IWM budget as proposed for Fiscal Year 2021-22 includes revenue that will cover the proposed processing costs, which will remain the same.

STRATEGIC PLAN CONSIDERATIONS

Amending the contract with NRWS to continue processing the City's curbside material is crucial to maintaining dependable solid waste services in the City and will help fulfill the following City of El Cerrito Strategic Plan goals and objectives:

- Goal A: Deliver Exemplary Government Services by ensuring the City's solid waste programs, including its recycling services, are delivered in a continuous and dependable manner.
- Goal B: Achieve long-term financial sustainability by ensuring the lowest possible cost for processing of recyclable material.
- Goal F: Foster environmental sustainability by continuing to invest in the City's recycling programs and serving El Cerrito citizens as they continue to divert waste from the landfill.

ENVIRONMENTAL CONSIDERATIONS

All jurisdictions in California are required by law to provide recycling services for their residents and businesses through mandates established by AB 989, AB 341, and most recently SB 1383. In particular, SB 1383 mandates higher recycling and organics diversion compliance rates by the year 2022, requiring local governments to make recycling mandatory for all solid waste generators. Reliable and proper disposal, processing, and diversion of solid waste is necessary to protect the health and welfare of the community and environment. Contracting with NRWS for processing of the City's curbside material will ensure continuity of the City's recycling programs.

FINANCIAL CONSIDERATIONS

Funding for the costs to process the City's loose commingled recyclable materials was incorporated into the IWM Fee setting effective January 1, 2021, as authorized by the City Council in December 2020 through Resolution 2020-58. These funds are included in the IWM Fund as part of the proposed Fiscal Year 2021-22 Budget.

LEGAL CONSIDERATIONS

The City Attorney has reviewed and approved the Second Amendment.

Reviewed by:

A handwritten signature in blue ink, appearing to read "Karen Pinkos".

Karen Pinkos, City Manager

Attachments:

1. Resolution
2. Second Amendment to Agreement with Napa Recycling and Waste Services, LLC

RESOLUTION 2021-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO APPROVING AND AUTHORIZING THE CITY MANAGER TO EXECUTE SECOND AMENDMENT TO THE AGREEMENT WITH NAPA RECYCLING AND WASTE SERVICES, LLC FOR A TOTAL AMOUNT NOT TO EXCEED \$220,000 ANNUALLY FOR COMMINGLED RECYCLABLE MATERIALS PROCESSING SERVICES THROUGH JUNE 30, 2022

WHEREAS, the City of El Cerrito (City) provides Integrated Waste Management Services for residents and businesses in its jurisdiction, including curbside collection of recyclable materials, and operation of the El Cerrito Recycling + Environmental Resource Center; and

WHEREAS, major shifts in the recyclable materials marketplace arising from China's "National Sword" policy have changed the economics of processing recyclables from a net revenue generating activity to a net expense, wherein the cost of processing exceeds the revenue from the sale of recyclable materials; and

WHEREAS, in 2019, the City awarded a one-year contract to Napa Recycling and Waste Services (NRWS) to process (namely to sort, bale, market, and transport) commingled recyclable material collected within El Cerrito at a price of \$25 per ton (Resolution 2019-39); and

WHEREAS, in response to additional government fees from the City of Napa, the price for materials processing at NRWS increased to \$55 per ton effective July 1, 2020; and

WHEREAS, after determining that the price of \$55 per ton continued to be the most competitive price available to the City of El Cerrito, the City agreed to amend the contract to adjust the price to \$55 per ton for an annual amount of approximately \$220,000 per year while extending the contract through June 30, 2021 (Resolution 2020-35); and

WHEREAS, both the City of El Cerrito and NRWS desire to extend the contract, NRWS has offered to maintain the current price per ton of \$55, and this price continues to be the most competitive available to the City; and

WHEREAS, the annual amount of recyclable material collected by the City and processed at \$55 per ton by NRWS will amount to approximately \$220,000 per year; and

WHEREAS, the funding for the costs to process the City's loose commingled recyclable materials has been incorporated into the Integrated Waste Management (IWM) Fee effective January 1, 2021 (Resolution 2020-58); and such funds will be appropriated in the IWM Fund as part of the approved Fiscal Year 2021-22 Budget.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of El Cerrito that the City Council of the City of El Cerrito hereby approves of, and authorizes the City

Manager to execute, an amendment to the agreement with Napa Recycling and Waste Services for a total amount not to exceed \$220,000 annually, extending the term of the Agreement through June 30, 2022.

BE IT FURTHER RESOLVED that this resolution shall become effective immediately upon passage and adoption.

I CERTIFY that at a regular meeting on June 1, 2021 the City Council of the City of El Cerrito passed this Resolution by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on June _____, 2021.

Holly M. Charléty, City Clerk

APPROVED:

Paul Fadelli, Mayor

**SECOND AMENDMENT TO AGREEMENT WITH
NAPA RECYCLING AND WASTE SERVICES, LLC FOR
PROCESSING RECYCLABLE MATERIALS FROM THE CITY OF EL CERRITO**

This Second Amendment (Amendment) is entered into and effective as of June 30, 2021, and amends that certain Agreement for Processing Recyclable Materials From the City of El Cerrito (Agreement) dated July 1, 2019 by and between Napa Recycling and Waste Services (Processor) and the City of El Cerrito (City).

RECITALS

WHEREAS, in 2019, the City entered into the Agreement with Napa Recycling and Waste Services (NRWS) for processing of commingled curbside recyclable materials, at a price of \$25 per ton, for a term ending June 30, 2020, with an option to extend the contract on an annual basis; and

WHEREAS, in response to additional government fees from the City of Napa, the City was notified that the price for materials processing at NRWS would increase to \$55 per ton effective July 1, 2020; and

WHEREAS, after determining that the price of \$55 per ton continued to be the most competitive price available to the City of El Cerrito, the City agreed to amend the contract to adjust the price to \$55.00 per ton for an annual amount of approximately \$220,000 per year, while extending the contract through June 30, 2021 (Resolution 2020-35); and

WHEREAS, both the City of El Cerrito and NRWS desire to extend the contract, NRWS has offered to maintain the current price per ton of \$55, and this price continues to be the most competitive available to the City; and

WHEREAS, the annual amount of recyclable material collected by the City and processed at \$55 per ton by NRWS will amount to approximately \$220,000 per year; and

WHEREAS, capitalized terms used and not defined in this Amendment have the meaning ascribed to them in the Agreement.

NOW THEREFORE, for and in consideration of the mutual covenants and agreements contained in the Agreement and in this Amendment, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the City and Processor hereby agree as follows:

Section 1. The above recitals are true and correct and incorporated in this Amendment by this reference.

Section 2. Section 6.1 (term) is amended to read as follows:

The term of this Agreement shall commence upon execution and terminate on June 30, 2022.

Section 3. Except as otherwise expressly set forth herein, all other terms and conditions of the Agreement remain unchanged and in full force and effect.

SIGNATURES ON FOLLOWING PAGE

CITY:

CITY OF EL CERRITO

By: _____
Karen Pinkos, City Manager

Date: _____

ATTEST:

By: _____
Holly Charl  ty, City Clerk

Date: _____

APPROVED AS TO FORM:

By: _____
Sky Woodruff, City Attorney

Date: _____

PROCESSOR:

Napa Recycling and Waste Services, LLC.

By: _____

Date: _____



AGENDA BILL

Agenda Item No. 6.A.

Date: June 1, 2021
To: El Cerrito City Council
From: Shannon Collins, Finance Supervisor, Finance Department
Subject: Revisions to the Master Fee Schedule for Fiscal Year 2021-22

ACTION PROPOSED

Conduct a public hearing and upon conclusion, adopt a resolution approving revisions to public works hourly rates in the Fiscal Year 2021-22 Master Fee Schedule effective July 1, 2021.

BACKGROUND

The Master Fee Schedule has one change to items presented and adopted by the City Council on May 4, 2021. The "Public Works Hourly Rates" under the "Miscellaneous" section on pages 31-32 were incorrectly reported. As described in the May 4, 2021 report to City Council, over the last several years, the methodology used to formulate the proposed changes has been derived from the Association of Bay Area Governments (ABAG) Consumer Price Indices. The "Public Works Hourly Rates" were intended to reflect a 2% increase as proposed for most fees in the Schedule. The rates as adopted were inadvertently lowered during a separate analysis by staff.

ANALYSIS

The "Public Works Hourly Rates" are based on prior fee studies of which the most recent is the 2018 Community Development Fee Study conducted by a third party consultant, Willdan (Resolution 2018-12). These fees are fully burdened to include direct salaries and benefits of Public Works staff, direct departmental costs, and indirect costs from central services support. The rates as presented in the attachment have been corrected and are presented for City Council approval so that these costs may be accurately recovered.

STRATEGIC PLAN CONSIDERATIONS

The Master Fee Schedule is the basis for all City-wide fees and charges. Approving the attached resolution will allow the City to ensure that City-wide revenue meets the cost of providing City-wide services to assist in achieving long-term fiscal sustainability (Goal B).

ENVIRONMENTAL CONSIDERATIONS

This section is not applicable to this agenda item.

FINANCIAL CONSIDERATIONS

The revenue generated by fees, charges for service, and business license taxes that will appear in the City's FY 2021-22 proposed budget will be based on the Master Fee Schedule approved by the City Council.

LEGAL CONSIDERATIONS

The Master Fee Schedule will become effective July 1, 2021, on the first day of the fiscal year.

Reviewed by:

A handwritten signature in blue ink, appearing to read "Karen Pinkos".

Karen Pinkos, City Manager

Attachments:

1. Resolution
2. Exhibit A to Resolution

RESOLUTION 2021–XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO TO ADOPT REVISED PUBLIC WORKS FEES FOR THE MASTER FEE SCHEDULE FOR FISCAL YEAR 2021-22

WHEREAS, El Cerrito Municipal Code Section 4.01.010 requires that prior to July 1st of each year, the City Council shall consider and adopt the schedule of all general and special fees and charges to be known as the Master Fee Schedule; and

WHEREAS, the City Council desires to update currently established fees to cover inflation and City costs, which form the basis for the majority of the changes, as well as to establish new fees in keeping with City Council policy direction; and

WHEREAS, utilizing a rounding factor provides ease to our customers and our staff in the payment of these fees; and

WHEREAS, the City's Municipal Code requires that Business License Taxes be revised based on the percent change from the February 1988 figure of 117.0 in the Revised Consumer Price Index for Urban Wage Earners and Clerical Workers for the San Francisco-Oakland Bay Area as published by the Department of Labor for the month of February prior to the fiscal year in which the rate adjustment is applicable; and

WHEREAS, market-driven fees and service charges are adjusted based on factors to keep those fees and charges comparable to those charged by entities providing similar services; and

WHEREAS, a public hearing has been noticed and held in accordance with Government Code Sections 6062a, 66016, 66017 and 66018; and

WHEREAS, the City Council adopted a Master Fee Schedule for FY 2021-22 on May 4, 2021.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of El Cerrito hereby adopts the amendments to the Public Works hourly rate charges, as shown in Exhibit A, to the Master Fee Schedule for the City of El Cerrito as previously adopted on May 4, 2021, incorporated herein by reference, for FY 2021-22, and determines that the fees for services will not exceed the reasonable estimated cost of providing the service.

BE IT FURTHER RESOLVED that the fee changes in the Public Works hourly rates for the Adopted Master Fee Schedule will become effective on July 1, 2021 after approval of this resolution.

I CERTIFY that at the regular meeting on June 1, 2021 the El Cerrito City Council passed this resolution by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on June _____, 2021.

Holly M. Charléty, City Clerk

APPROVED:

Paul Fadelli, Mayor

PUBLIC WORKS

Miscellaneous			Adopted FY 2020-21	Incorrect Amount Reported on 5/4/21	Amount to be adopted 6/1/21
2	Public Works Hourly Rates (for other Services Not Specified)				
a.	Public Works Director	hourly	\$296	\$243	\$302
b.	Management Assistant	hourly	\$105	\$73	\$107
c.	Engineering Manager/Senior Engineer	hourly	\$222	\$186	\$226
d.	Operations + Environmental Services Division Manager	hourly	\$212	\$124	\$216
e.	Programs Manager/Analyst	hourly	\$206	\$133	\$210
f.	Associate Engineer	hourly	\$173	\$162	\$176
g.	Maintenance Superintendent/Operations Supervisor	hourly	\$206	\$153	\$210
h.	Technician/Inspector	hourly	\$160	\$84	\$163
i.	Maintenance Worker / Recycling Maintenance Worker	hourly	\$133	\$111	\$136
j.	Admin Clerk Specialist	hourly	\$88	\$60	\$90
k.	Waste Prevention Specialist	hourly	\$136	\$115	\$139



AGENDA BILL

Agenda Item No. 7.A.

Date: June 1, 2021
To: El Cerrito City Council
From: Mark R. Rasiah, Finance Director/City Treasurer, Finance Department
Subject: Tax and Revenue Anticipation Notes – FY 2021-22 Short Term Cash Flow Financing

ACTION PROPOSED

Adopt a Resolution approving the borrowing of funds for fiscal year 2021-22 and the issuance and sale of 2021-22 Tax and Revenue Anticipation Notes ("TRAN"); authorize the City Manager to execute a note purchase agreement to sell the TRAN in an amount not-to-exceed \$6,000,000 to Hilltop Securities, as underwriter ("Underwriter"); and authorize staff to enter into agreements with NHA Advisors, LLC, as the City's Municipal Advisor, and Jones Hall, as Bond Counsel and Disclosure Counsel.

BACKGROUND

Each year, many public agencies that depend on property tax revenues collected through the county experience decreases in general fund cash balances while waiting for property tax installments in December and April. As part of managing cash flows and meeting monthly obligations, public agencies often issue short-term notes. The notes provide the necessary cash to cover expenses while waiting to receive property tax revenues from the county.

The City has issued a TRAN in each of the last nine years to handle the timing disconnect between General Fund revenues and expenditures. As was the case in previous years, staff expects cash flow shortfalls in November-December 2021. A facility such as the TRAN will bridge the dip in cash flow pending receipt of property tax revenues.

Similar to the 2020-21 TRAN, the City's Municipal Advisor (NHA Advisors, LLC) recommends selling the TRAN with the use of a public offering to reach the largest possible pool of investors.

The City has previously used Hilltop Securities to assist in the sale and placement of the City's TRAN and would serve as the underwriter for the TRAN public offering.

ANALYSIS

NHA Advisors, working with City staff, developed a financial model to examine the City's fund balances, monthly revenue and expenditure projections, and anticipated monthly cash flow deficits. This analysis projects the FY 2021-22 revenues and expenditures and calculates the maximum cash flow deficit in early November-December 2021 (prior to the first property tax installment). The TRAN proceeds will provide liquidity for the expenditures due during this time.

It is estimated that the TRAN will be sold with the following terms:

- Estimated Principal Amount: \$6,000,000
- Estimated Interest Rate: 0.75%-1.25%
- Final Maturity: Early July 2022

STRATEGIC PLAN CONSIDERATIONS

Approving the attached resolution will permit the City Manager to develop a plan to ensure that Citywide revenues meet the cost of providing Citywide services, including adequate reserve for unanticipated revenue shortfalls. It will further ensure procedures that represent best practices in financial management in achieving long term financial sustainability (Goal B).

ENVIRONMENTAL CONSIDERATIONS

This section is not applicable to this agenda item.

FINANCIAL CONSIDERATIONS

The City is working with Jones Hall (bond and disclosure counsel), NHA Advisors (municipal advisor), and Hilltop Securities (underwriter) to develop the necessary financing documentation, credit information, and offering memorandum for consideration and approval by City Council. Subject to approval, the financing would be completed in early July 2021.

Financing costs (e.g. legal, advisory, rating, underwriting, etc.) are estimated to total \$85,000.

LEGAL CONSIDERATIONS

The City Attorney has reviewed the terms proposed, will approve the final documents, and will provide an opinion in the form required by the underwriter.

PRELIMINARY OFFICIAL STATEMENT

The attached Preliminary Official Statement has been reviewed and approved for transmittal to the City Council by the City's financing team. The distribution of the Preliminary Official Statement by the City is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the TRAN. Material information is information that there is a substantial likelihood would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the TRAN. If the City Council concludes that the Preliminary Official Statement includes all facts that would be material to an investor in the TRAN, it must adopt a resolution that authorizes staff to execute a certificate to the effect that the Preliminary Official Statement has been "deemed final."

The Securities and Exchange Commission (the “SEC”), the agency with regulatory authority over the City’s compliance with the federal securities laws, has issued guidance as to the duties of the City Council with respect to its approval of the Preliminary Official Statement. In its “Report of Investigation in the Matter of County of Orange, California as it Relates to the Conduct of the Members of the Board of Supervisors” (Release No. 36761 / January 24, 1996) (the “Release”), the SEC indicated that, if a member of the City Council has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the TRAN, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the Preliminary Official Statement. In the Release, the SEC indicated that the steps that a member of the City Council could take include becoming familiar with the Preliminary Official Statement and questioning staff and consultants about the disclosure of such facts.

The key sections of the Preliminary Official Statement are identified below:

“SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES”: This section of the Preliminary Official Statement describes the security for the City’s obligation to repay the TRAN, including the obligation to set aside certain funds in a special account. This section also includes a projection of General Fund revenue for fiscal year 2021-22 and a cash flow projection.

“COVID-19 PANDEMIC”: This section describes the recent impacts from the COVID-19 virus.

“THE CITY”: This section describes the City.

“APPENDIX A - FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY”: This section describes the City’s finances, including (i) its historical revenue and expenditures, (ii) its current and historical budgets, (iii) its reserve policy, (iv) its major revenues, (v) the City’s long-term payment obligations, including pension and OPEB costs and (vi) labor relations.

COVID-19 and its impacts on the City are discussed in great detail throughout the Preliminary Official Statement.

Reviewed by:

A handwritten signature in blue ink, appearing to read "Karen Pinkos".

Karen Pinkos, City Manager

Attachments:

1. Resolution and Exhibit A to resolution
2. Note Purchase Agreement
3. Preliminary Official Statement
4. Presentation

RESOLUTION NO. 2021-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO APPROVING THE BORROWING OF FUNDS FOR FISCAL YEAR 2021-22 AND THE ISSUANCE AND SALE OF 2021-22 TAX AND REVENUE ANTICIPATION NOTES IN AN AMOUNT NOT TO EXCEED \$6,000,000

WHEREAS, pursuant to Article 7.6 (commencing with section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Law"), this City Council (the "Council") has found and determined that moneys are needed for the requirements of the City of El Cerrito (the "City") to satisfy obligations payable from the General Fund of the City (the "General Fund"), and that it is necessary that said sum be borrowed for such purpose at this time by the issuance of temporary notes therefor in anticipation of the receipt of taxes, income, revenue, cash receipts and other moneys to be received by the City for the General Fund during or allocable to the fiscal year of the City beginning July 1, 2021 and ending June 30, 2022 ("Fiscal Year 2021-22"); and

WHEREAS, the City is a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State of California, with full power and authority to adopt, make, exercise, and enforce all legislation, laws, ordinance, resolutions, and regulations with respect to municipal affairs, subject only to the limitations and restrictions imposed on that power by the Charter of the City, the Constitution of the State of California, and the laws of the United States; and

WHEREAS, in addition to the power and authority granted by the Charter and the Constitution of the State of California, the City has the power and authority to adopt, make, exercise, and enforce all legislation, laws, ordinances, resolutions, and regulations and to take all actions and to exercise any and all rights, powers, and privileges heretofore or hereafter established, granted or prescribed by any law of the State of California or by any other lawful authority; and

WHEREAS, as an exercise of the power and authority described above, the City Council wishes to approve the matters set forth in this Resolution.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of El Cerrito as follows:

Section 1. Limitation on Maximum Amount. The principal amount of notes issued pursuant hereto, when added to the interest payable thereon, shall not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue, cash receipts and other moneys of the City for the General Fund attributable to Fiscal Year 2021-22, and available for the payment of said notes and the interest thereon (as hereinafter provided).

Section 2. Authorization and Terms of Notes. Solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to be received by the City for the General Fund during or allocable to Fiscal Year 2021-22, and not pursuant to any

common plan of financing, the City hereby determines to and shall borrow the principal amount of not-to-exceed Six Million Dollars (\$6,000,000) by the issuance of temporary notes under the Law, designated "City of El Cerrito, California 2021-22 Tax and Revenue Anticipation Notes" (the "Notes"). The Notes shall be dated the date of initial delivery, shall mature (without option of prior redemption) no later than thirteen months after their date of issuance, and shall bear interest, payable at maturity and computed on a 30-day month/360-day year basis, at a rate not in excess of five (5%) percent per annum. Both the principal of and interest on the Notes shall be payable in lawful money of the United States of America, as described below.

Section 3. Form of Notes; Book Entry Only System. The Notes shall be issued in fully registered form, without coupons, and shall be substantially in the form and substance set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures. The Notes shall be numbered from 1 consecutively upward in order of issuance, shall be in the denomination of \$5,000 each or any integral multiple thereof.

"CUSIP" identification numbers shall be imprinted on the Notes, but such numbers shall not constitute a part of the contract evidenced by the Notes and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Notes. In addition, failure on the part of the City to use such CUSIP numbers in any notice to the registered owners of the Notes shall not constitute an event of default or any violation of the City's contract with such owners and shall not impair the effectiveness of any such notice.

Except as provided below, the owner of all of the Notes shall be The Depository Trust Company, New York, New York ("DTC"), and the Notes shall be registered in the name of Cede & Co., as nominee for DTC. The Notes shall be initially executed and delivered in the form of a single fully registered Note in the full aggregate principal amount of the Notes. The City may treat DTC (or its nominee) as the sole and exclusive owner of the Notes registered in its name for all purposes of this Resolution, and the City shall not be affected by any notice to the contrary. The City shall not have any responsibility or obligation to any participant of DTC (a "Participant"), any person claiming a beneficial ownership interest in the Notes under or through DTC or a Participant (a "Beneficial Owner"), or any other person not shown on the register of the City as being an owner, with respect to the accuracy of any records maintained by DTC or any Participant or the payment by DTC or any Participant by DTC or any Participant of any amount in respect of the principal or interest with respect to the Notes. The City shall pay all principal and interest with respect to the Notes only to DTC or its nominee, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal and interest with respect to the Notes to the extent of the sum or sums so paid. Except under the conditions noted below, no person other than DTC shall receive a Note. Upon delivery by DTC to the City of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the term "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

If the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Notes and delivers a written certificate to DTC to that effect, DTC shall notify the Participants of the availability through DTC of Notes. In such event, the City shall issue, transfer and exchange Notes as requested by DTC and any other owners in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Notes at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City shall be obligated to deliver Notes to the Beneficial Owners as described in this Resolution. Whenever DTC requests the City to do so, the City will cooperate with DTC in taking appropriate action after reasonable notice to (a) make available one or more separate Notes evidencing the Notes to any DTC Participant having Notes credited to its DTC account or (b) arrange for another securities depository to maintain custody of Certificates evidencing the Notes.

Notwithstanding any other provision of this Resolution to the contrary, so long as any Note is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and interest with respect to such Note and all notices with respect to such Note shall be made and given, respectively, to DTC as provided as in the representation letter delivered on the date of issuance of the Notes.

Section 4. Use of Proceeds. The proceeds of the sale of the Notes shall be deposited in a segregated account in the General Fund and used and expended by the City for any purpose for which it is authorized to expend funds from the General Fund.

Section 5. Security. The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the City for the General Fund for Fiscal Year 2021-22. As security for the payment of the principal of and interest on the Notes the City hereby pledges the first "unrestricted moneys" (as hereinafter defined) to be received by the City (a) in an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of January 2022; (b) in an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of May 2022; and (c) in an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June 2022 (such pledged amounts being hereinafter called the "Pledged Revenues"). The principal of the Notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues. To the extent not so paid from the Pledged Revenues, the Notes shall be paid from any other moneys of the City lawfully available therefor. In the event that there are insufficient "unrestricted moneys" received by the City to permit the deposit into the Special Account (as hereinafter defined) of the full amount of the Pledged Revenues to be deposited in any month by the last business day of such month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the City lawfully available for the repayment of the Notes and interest thereon. The term "unrestricted moneys" shall mean taxes, income, revenue, cash receipts, and other moneys received by the City for the General Fund for Fiscal Year 2021-22 and which are generally available for the payment of current expenses and other obligations of the City.

Section 6. Special Account. There is hereby created, within the General Fund, a special account to be designated the “2021-22 Tax and Revenue Anticipation Note Special Account” (the “Special Account”) and applied as directed in this Resolution. Any money placed in the Special Account shall be for the benefit of the owners of the Notes and, until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys in the Special Account shall be applied solely for the purposes for which the Special Account is created.

During the months of January, May and June 2022, the City shall deposit all Pledged Revenues in the Special Account. On the maturity date of the Notes, the City shall transfer to DTC the moneys in the Special Account necessary to pay the principal of and interest on the Notes at maturity and to the extent said moneys are insufficient therefor an amount of moneys from the General Fund which will enable payment of the full principal of and interest on the Notes at maturity. DTC will thereupon make payments of principal of and interest on the Notes to the DTC Participants who will thereupon make payments to the Beneficial Owners of the Notes. Any moneys remaining in the Special Account after the Notes and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the General Fund.

Section 7. Deposit and Investment of Special Account. All moneys held by the City in the Special Account, if not invested, shall be held in time or demand deposits as public funds and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law.

Moneys in the Special Account shall, to the greatest extent possible, be invested by the City directly, or through an investment agreement, in investments as permitted by the laws of the State of California as now in effect and as hereafter amended, and the proceeds of any such investments shall be deposited in the Special Account.

Section 8. Execution of Notes. The Mayor of the City and the City Manager (each an “Authorized Officer”) is hereby authorized to execute the Notes by manual or facsimile signature, and the City Clerk of the City is hereby authorized to countersign the same by manual or facsimile signature (although at least one of such signatures shall be manual) and to affix the seal of the City thereto by facsimile impression thereof, and said officers are hereby authorized to cause the blank spaces thereof to be filled in as may be appropriate.

Section 9. Transfer of Notes. Any Note may, in accordance with its terms, but only if the City determines to no longer maintain the book entry only status of the Notes, DTC determines to discontinue providing such services and no successor securities depository is named or DTC requests the City to deliver Note certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of Section 11 hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation at the office of the City Clerk, accompanied by delivery of a written instrument of transfer in a form approved by the City, duly executed.

Whenever any Note or Notes shall be surrendered for transfer, the City shall execute and deliver a new Note or Notes, for like aggregate principal amount of the Note or Notes surrendered for transfer.

Section 10. Exchange of Notes. Any Note may, in accordance with its terms, but only if the City determines to no longer maintain the book entry only status of the Notes, DTC determines to discontinue providing such services and no successor securities depository is named or DTC requests the City to deliver Note certificates to particular DTC Participants, be exchanged at the office of the City Clerk for a like aggregate principal amount of Notes of authorized denominations and of the same maturity.

Section 11. Note Register. The City shall keep or cause to be kept sufficient books for the registration and transfer of the Notes if the book entry only system is no longer in effect and, in such case, the City Clerk shall register or transfer or cause to be registered or transferred, on said books, Notes as herein before provided. While the book entry only system is in effect, such books need not be kept as the Notes will be represented by one Note registered in the name of Cede & Co., as nominee for DTC.

Section 12. Temporary Notes. The Notes may be initially issued in temporary form exchangeable for definitive Notes when ready for delivery. The temporary Notes may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the City, and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary Note shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Notes. If the City issues temporary Notes it will execute and furnish definitive Notes without delay, and thereupon the temporary Notes may be surrendered, for cancellation, in exchange therefor at the office of the City Clerk and the City Clerk shall deliver in exchange for such temporary Notes an equal aggregate principal amount of definitive Notes of authorized denominations. Until so exchanged, the temporary Notes shall be entitled to the same benefits pursuant to this Resolution as definitive Notes executed and delivered hereunder.

Section 13. Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated the City, at the expense of the owner of said Note, shall execute and deliver a new Note of like maturity and principal amount in exchange and substitution for the Note so mutilated, but only upon surrender to the City Clerk of the Note so mutilated. Every

mutilated Note so surrendered to the City Clerk shall be canceled and delivered to, or upon the order of, the City. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the City and, if such evidence be satisfactory to the City and indemnity satisfactory to it shall be given, the City, at the expense of the owner, shall execute and deliver a new Note of like maturity and principal amount in lieu of and in substitution for the Note so lost, destroyed or stolen. The City may require payment of a sum not exceeding the actual cost of preparing each new Note issued under this Section 13 and of the expenses which may be incurred by the City in the premises. Any Note issued under the provisions of this Section 13 in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution with all other Notes issued pursuant to this Resolution.

Section 14. Covenants and Warranties. It is hereby covenanted and warranted by the City that all representations and recitals contained in this Resolution are true and correct, and that the City and its appropriate officials have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for the prompt collection and enforcement of the taxes, income, revenue, cash receipts and other moneys pledged hereunder in accordance with law and for carrying out the provisions of this Resolution.

Section 15. Tax Covenants.

(a) *No Arbitrage.* The City shall not take, nor permit nor suffer to be taken any action with respect to the proceeds of the Notes which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Notes (the "Closing Date") would have caused the Notes to be "arbitrage bonds" within the meaning of section 148 of the Internal Revenue Code of 1986 (the "Code").

(b) *Rebate Requirement.* The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government.

(c) *Private Activity Bond Limitation.* The City shall assure that proceeds of the Notes are not so used as to cause the Notes to satisfy the private business tests of section 141(b) of the Code.

(d) *Private Loan Financing Limitation.* The City shall assure that proceeds of the Notes are not so used as to cause the Notes to satisfy the private loan financing test of section 141(c) of the Code.

(e) *Federal Guarantee Prohibition.* The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Notes to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(f) *Maintenance of Tax-Exemption.* The City shall take all actions necessary to assure the exclusion of interest on the Notes from the gross income of the owners of the Notes to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

(g) *Bank Qualification.* The City hereby designates the Notes for purposes of paragraph (3) of section 265(b) of the Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in section 141 of the Code, except qualified 501(c)(3) bonds as defined in section 145 of the Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including the Notes, has been or will be issued by the City, including all subordinate entities of the City, during the calendar year 2021.

Section 16. Official Statement. Jones Hall, as disclosure counsel to the City, has prepared a preliminary official statement describing the Notes (the "Preliminary Official Statement"). The City Council hereby approves the Preliminary Official Statement in the form presented to the Board at this meeting. An Authorized Officer is hereby authorized and directed to execute a certificate to the effect that the Preliminary Official Statement was deemed "final" as of its date for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule").

An Authorized Officer is authorized and directed to execute the final Official Statement (the "Official Statement"), which shall include such changes and additions to the Preliminary Official Statement deemed advisable by an Authorized Officer or any other qualified officer of the City and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, and execution of the Official Statement by an Authorized Officer shall be conclusive evidence of the approval of the Official Statement by the City.

The City Council authorizes the distribution by the Underwriter (defined below) of the Preliminary Official Statement to prospective purchasers of the Notes and the Official Statement in accordance with the Rule.

An Authorized Officer is authorized and directed to execute a statement that the facts contained in the Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Notes, true and correct in all material respects and that the Official Statement did not, on the date of sale of the Notes, and does not, as of the date of delivery of the Notes, contain any untrue statement of a material fact with respect to the City or omit to state material facts with respect to the City required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. Such Authorized Officer shall take such further actions prior to

the signing of the Official Statement as are deemed necessary or appropriate to verify the accuracy thereof.

Section 17. Sale of Notes. The City Council hereby approves the sale of the Notes to Hilltop Securities, as underwriter (the "Underwriter"), on a negotiated basis. The Note Purchase Agreement, between the City and the Underwriter, in substantially the form on file with the City Clerk and made a part hereof as though set forth in full herein, is hereby approved by the City Council. An Authorized Officer is hereby authorized and directed to execute and deliver the Note Purchase Agreement in such form, together with such changes, insertions and omissions that are approved by an Authorized Officer and that are in accordance with the provisions of this Resolution, such execution to be conclusive evidence of such approval; subject to the requirement that the principal amount of the Notes may not exceed \$6,000,000; the true interest cost of the Notes shall not exceed 2.0%; and the Underwriter's discount on the purchase of the Notes shall not exceed 0.5% of the par amount of the Notes.

Section 18. Engagement of Professional Services. The City hereby approves the engagement of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel and NHA Advisors, LLC as Municipal Advisor to the City in connection with the issuance and sale of the Notes. An Authorized Officer is hereby authorized to execute a legal services agreement with Jones Hall and a municipal advisory agreement with NHA Advisors.

Section 19. Preparation of Notes; Official Action. Jones Hall, A Professional Law Corporation, as bond counsel, is directed to cause suitable Notes to be prepared showing on their face that the same bear interest at the rate specified in the offer submitted by the successful bidder or bidders, and to cause the blank spaces therein to be filled in to comply with the provisions of this Resolution, and to procure their execution by the proper officers, and to cause the Notes to be delivered when so executed to DTC on behalf of the successful bidder or bidders therefor upon the receipt of the purchase price by the City Treasurer in accordance with such successful bid or bids.

Each Authorized Officer and the City Clerk, or any of them, are further authorized and directed to make, execute and deliver such certificates, agreements and other closing documents as are necessary to consummate the transactions contemplated by this Resolution.

BE IT FURTHER RESOLVED that this resolution shall become effective immediately upon passage and adoption.

I CERTIFY that at a regular meeting on June 1, 2021 the City Council of the City of El Cerrito passed this Resolution by the following vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

IN WITNESS of this action, I sign this document and affix the corporate seal of the
City of El Cerrito on June __, 2021.

Holly M. Charléty, City Clerk

APPROVED:

Paul Fadelli, Mayor

EXHIBIT A
FORM OF NOTE

No. 1

*****\$_____****

CITY OF EL CERRITO, CALIFORNIA
2021-22 TAX AND REVENUE ANTICIPATION NOTE

INTEREST RATE: MATURITY DATE: ISSUE DATE: CUSIP:
 _____, 2022 _____, 2021
 %

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: ***** _____ MILLION DOLLARS*****

The CITY OF EL CERRITO, a municipal corporation, duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Owner"), on the Maturity Date stated above, the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money at the rate per annum stated above, payable on the Maturity Date stated above, calculated on the basis of 360-day year composed of twelve 30-day months. Both the principal of and interest on this Note shall be payable at maturity to the Owner.

It is hereby certified, recited and declared that this Note is one of an authorized issue of Notes in the aggregate principal amount of _____ Million Dollars (\$_____), all of like tenor, issued pursuant to the provisions of Resolution No. _____ of the City Council of the City duly passed and adopted on _____ 2021 (the "Resolution"), and pursuant to Article 7.6 (commencing with section 53850) of Chapter 4, Part 1, Division 2, Title 5, of the California Government Code, and that all things, conditions and acts required to exist, happen and be performed precedent to and in the issuance of the Notes exist, have happened and have been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the City, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the City for the General Fund of the City for Fiscal Year 2021-22. As security for the payment of the principal of and interest on the Notes, the City has pledged the first "unrestricted moneys" (as hereinafter defined) to be received by the City (a) an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of January 2022; (b) an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of May 2022; and (c) an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June 2022 (such pledged amounts being hereinafter called the "Pledged Revenues"). The principal of the Notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues. To the extent not so paid from the Pledged Revenues, the Notes shall be paid from any other moneys of the City lawfully available therefor. In the event that there are insufficient "unrestricted moneys" received by the City to permit the deposit into the Special Account established by the City pursuant to the Resolution of the full amount of the Pledged Revenues to be deposited in any month by the last business day of such month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the City lawfully available for the repayment of the Notes and interest thereon. The term "unrestricted moneys" shall mean taxes, income, revenue, cash receipts, and other moneys received by the City for the General Fund of the City for Fiscal Year 2021-22 and which are generally available for the payment of current expenses and other obligations of the City.

The Notes are issuable as fully registered Notes, without coupons, in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations and conditions as provided in the Resolution, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations and of the same maturity.

The Notes are not subject to redemption prior to maturity.

This Note is transferable by the Owner hereof, but only under the circumstances, in the manner and subject to the limitations provided in the Resolution. Upon registration of such transfer a new Note or Notes, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

The City may treat the Owner hereof as the absolute owner hereof for all purposes, and the City shall not be affected by any notice to the contrary.

Unless this Note is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF

FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the City of El Cerrito has caused this Note to be executed by the City Manager and countersigned by the City Clerk of the City, all as of the Issue Date stated above.

CITY OF EL CERRITO

By _____
City Manager

Countersigned:

By _____
City Clerk

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Note and hereby irrevocably constitute(s) and appoints(s) _____ attorney,
to transfer the same on the Note register of the City with full power of substitution in the premises.

Dated:_____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed
assignment
by a qualified guarantor.
written

enlargement

NOTICE: The signature(s) on this
must correspond with the name(s) as
on the face of the within Note in every
particular without alteration or
or any change whatsoever.

\$ _____
CITY OF EL CERRITO
2021-22 TAX AND REVENUE ANTICIPATION NOTES

NOTE PURCHASE AGREEMENT

June __, 2021

City of El Cerrito
10890 San Pablo Avenue
El Cerrito, California 94530

Ladies and Gentlemen:

Hilltop Securities Inc. (the “**Underwriter**”) offers to enter into this Note Purchase Agreement (the “**Note Purchase Agreement**”) with the City of El Cerrito (the “**City**”). This offer is made subject to written acceptance by the City prior to 11:59 p.m., Pacific Daylight Time, on the date hereof, and, upon such acceptance, this Note Purchase Agreement will be binding upon the City and the Underwriter.

The City acknowledges and agrees that: (i) the purchase and sale of the Notes (as such term is defined below) pursuant to this Note Purchase Agreement is an arm’s-length commercial transaction between the City and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not and has not been acting as a “municipal advisor” (as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended) to the City; (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters); (iv) the Underwriter has financial interests that may differ from and be adverse to those of the City; and (v) the City has consulted its own legal, financial and other advisors to the extent that it has deemed appropriate for this transaction. The Underwriter has provided to the City prior disclosures under Rule G-17 of the Municipal Securities Rulemaking Board which have been received by the City.

1. Purchase and Sale of the Notes. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the City for reoffering to the public, and the City hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the City’s 2021-22 Tax and Revenue Anticipation Notes in the aggregate principal amount of \$ _____ (the “**Notes**”). The aggregate purchase price to be paid by the Underwriter for the Notes shall be \$ _____, being the principal amount of the Notes, [plus] original issue [premium] of \$ _____, and less an Underwriter’s discount of \$ _____.

2. The Notes. The Notes shall be dated its date of issuance and shall mature on _____, 2022. The Notes are being issued under a resolution adopted by the City Council of the City (the “**Resolution**”), in full conformity with the Constitution and laws of the State of California including

Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the “**Act**”), as amended and supplemented. The Notes will bear interest at the rate of ____% per annum, priced to yield ____% to maturity. The Notes will be registered initially in the name of “Cede & Co.” as nominee of The Depository Trust Company (“**DTC**”) in New York, N.Y., the securities depository for the Notes.

3. Use of Documents. The City has delivered to the Underwriter its Preliminary Official Statement dated _____, 2021 (the “**Preliminary Official Statement**”). As of its date, such Preliminary Official Statement has been “deemed final” by the City for purposes of Securities and Exchange Commission Rule 15c2-12 (the “**Rule**”), except for information permitted to be omitted by said Rule. The City agrees to deliver to the Underwriter a final Official Statement, dated the date hereof (the “**Official Statement**”) within seven (7) business days from the date hereof and in sufficient time to accompany any confirmations requesting payment sent to purchasers. The Preliminary Official Statement and the Official Statement shall be in the designated electronic format to comply with the Rule and the rules of the Municipal Securities Rulemaking Board (“**MSRB**”). The City has approved the distribution by the Underwriter of the Official Statement and the City hereby authorizes the Underwriter to use, in connection with the offer and sale of the Notes, the Official Statement and the Resolution and all information contained herein and therein and all other documents, agreements, certificates or statements furnished by the City to the Underwriter or entered into in connection with the transactions contemplated by this Note Purchase Agreement.

The City will undertake, pursuant to a Continuing Disclosure Certificate (the “**Continuing Disclosure Certificate**”), to provide ongoing periodic disclosure and notices of the occurrence of certain listed events. A description of such undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

4. Establishment of Issue Price. (a) The Underwriter agrees to assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Bond Counsel (as defined herein), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Notes.

(b) Unless otherwise set forth in Exhibit A hereto, the City will treat the first price at which 10% of the Notes (the “**10% test**”) is sold to the public as the issue price of the Notes. At or promptly after the execution of this Note Purchase Agreement, the Underwriter shall report to the City the price or prices at which the Underwriter has sold to the public the Notes.

Subsection (c) shall apply only if the Underwriter agrees to apply the hold-the-offering-price rule, as described below.

(c) The Underwriter confirms that it has offered the Notes to the public on or before the date of this Note Purchase Agreement at the offering price (the “**initial offering price**”), or at the corresponding yield, set forth in Exhibit A attached hereto. Exhibit A also sets forth, as of the date of this Note Purchase Agreement, that the 10% test has not been satisfied with respect to the Notes and the City and the Underwriter agrees that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of the Notes as of the sale date as the issue price of the Notes (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to the Notes, the Underwriter will neither offer nor sell any unsold portion

of the Notes to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriter has sold at least 10% of the Notes to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

- (d) The Underwriter confirms that:

- (i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

- (A)(i) to report the prices at which it sells the Notes to the public, whether or not the Closing Date (as hereinafter defined) has occurred, until either the portion of the Notes allocated to it has been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Notes, provided that the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter and as set forth in the related pricing wires.

- (B) to promptly notify the Underwriter of any sales of the Notes that, to its knowledge, is made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and

- (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the Underwriter shall assume that each order submitted by an underwriter, dealer or broker-dealer is a sale to the public.

- (ii) any selling group agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Notes allocated to it, whether or not the Closing Date has occurred, until either all of the portion of the Notes allocated to it has been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Notes, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

- (e) The City acknowledges that, in making the representations set forth in this Section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the

selling group to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes.

(f) The Underwriter acknowledges that sales of any Notes to any person that is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party;

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public);

(iii) a purchaser of any of the Notes is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) “sale date” means the date of execution of this Note Purchase Agreement by all parties.

5. Closing. At 8:00 a.m., Pacific Daylight Time, on July __, 2021, or at such other time and on such other date as shall have been mutually agreed upon by the City and the Underwriter (the “**Closing Date**”), the City will deliver to the Underwriter, through the facilities of DTC, the Notes in registered form duly executed and other documents hereinafter mentioned, and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds to the order of the City (the “**Closing**”).

6. Representations, Warranties and Agreements of the City. The City hereby represents, warrants and agrees with the Underwriter that:

(a) The City is a political subdivision, organized and existing pursuant to the Constitution and laws of the State of California (the “**State**”), and has all requisite right, power and authority to conduct its business, to adopt the Resolution, to issue the Notes and to execute this Note Purchase Agreement and the Continuing Disclosure Certificate (collectively, the “**City Documents**”), and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by the City Documents.

(b) All representations and warranties set forth in the Resolution are true and correct on the date hereof and are made for the benefit of the Underwriter as if set forth herein.

(c) (i) At or prior to the Closing, the City will have taken all actions required to be taken by it to authorize the issuance and delivery of the Notes; (ii) the execution and delivery of the Notes and the City Documents, the adoption by the City of the Resolution, and the performance by the City of the obligations contained in the City Documents, have been duly authorized and such authorization will be in full force and effect at the time of the Closing, and when duly executed and delivered the Notes and the City Documents will each constitute the valid and legally binding obligation of the City enforceable against the City in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws in effect for the protection of debtors and by application of general principles of equity; (iii) this Note Purchase Agreement has been duly executed and delivered and constitutes the valid and legally binding obligation of the City enforceable against the City in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws in effect for the protection of debtors and by application of general principles of equity; (iv) the Board of Supervisors has duly authorized the consummation by the City of all transactions contemplated by the City Documents and the Resolution; and (v) the City has authorized and approved the Preliminary Official Statement and the Official Statement and the distribution thereof by the Underwriter.

(d) No consent, approval, authorization, license, order, filing, registration, qualification, election or referendum, of or by any person, organization, State court or State governmental agency or public body whatsoever is required for the consummation of the transactions contemplated hereby, except for such actions as have been taken or as may be necessary to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may designate (except that the City shall not be responsible for the failure to comply with any such laws or regulations with regard to Blue Sky).

(e) The adoption of the Resolution and the execution and delivery of this Note Purchase Agreement, and compliance with the provisions hereof and thereof, will not in any material respect conflict with, or constitute a breach of or default under, the City’s duties under the Resolution or any law, administrative regulation, court decree, resolution, by-laws or other agreement to which the City is subject or by which it or any of its property is bound.

(f) Except as otherwise disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before any State court or public body, pending or, to the best knowledge of the City, threatened against the City: (i) in any way

affecting the existence of the City or in any way challenging the respective powers of the City or the entitlement of the officials of the City to their respective offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of the Notes, the application of the proceeds of the sale of the Notes, or the collection of revenues or taxes of the City pledged or to be pledged or available to pay the principal of and interest on the Notes, or the pledge thereof, or in any way contesting the validity of the Notes or the City Documents, or contesting the powers or authority of the City with respect to the Notes or the City Documents; or (iii) in which a final adverse decision would (a) materially adversely affect the consummation of the transactions contemplated by the City Documents, or (b) declare the City Documents to be invalid or unenforceable in whole or in material part.

(g) As of the date thereof and at all times prior to the execution of this Note Purchase Agreement, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except for information permitted to be omitted therefrom by the Rule.

(h) As of the date hereof, the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If between the date of the Official Statement and the Closing (i) any event shall occur or any pre-existing fact or condition shall become known which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall promptly notify the Underwriter thereof, and (ii) if in the reasonable opinion of the Underwriter and the City, such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the City will at its expense supplement or amend the Official Statement in a form and in a manner jointly approved by the Underwriter and the City, which approval shall not be unreasonably withheld.

(i) The City undertakes that, for a period beginning with the day on which the Notes is delivered to the Underwriter and ending on the earlier of (i) the 25th day following the end of the underwriting period, as defined in the Rule, or (ii) 90 days following Closing, it will (a) apprise the Underwriter of all material developments, if any, occurring with respect to the City and (b) if determined by the City or requested by the Underwriter, prepare a supplement to the Official Statement in respect of any such material event. The period described in the preceding sentence shall be reduced to twenty-five (25) days following the end of the underwriting period if the Official Statement has been deposited with the MSRB and is available from such depository upon request. The Underwriter hereby agrees to use its best efforts to deposit the Official Statement with the MSRB so that such period will be reduced to twenty-five (25) days following the end of the underwriting period. Unless otherwise notified in writing by the Underwriter, the City may assume that the end of this underwriting period occurs on the date when the City delivers the Notes to the Underwriter.

(j) Between the date hereof and the Closing, without the prior written consent of the Underwriter, the City will not have issued any bonds, notes or other obligations for borrowed money except as may be described in or contemplated by the Official Statement.

(k) Any certificates signed by any official of the City and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein but not of the person signing the same.

(l) The City will punctually pay or cause to be paid the principal of and interest to become due on the Notes in strict conformity with the terms of the Resolution and the Notes and it will faithfully observe and perform all of the conditions, covenants and requirements of the Notes and the City Documents.

(m) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request in order (i) to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Note for investment under the laws of such states and other jurisdictions and will, if requested by the Underwriter, use its best efforts to continue such qualifications in effect so long as required for distribution of the Notes; provided that the City shall not be required to pay any fees in connection with the foregoing or to subject itself to service of process in any jurisdiction in which it is not presently so subject.

(n) Between the date hereof and the Closing, the City will not modify or amend the Resolution without the prior written consent of the Underwriter.

(o) The City will enter into the Continuing Disclosure Certificate in order to provide the information required therein. Except as disclosed in the Official Statement, the City has not failed to comply in all material respects with any continuing undertaking under the Rule during the previous five years.

(p) The Notes will be issued only under and within the limits of the Act, and, as such, is a general obligation of the City, but payable only out of certain taxes, income, revenue, cash receipts and other moneys to be received by the City attributable to the City's Fiscal Year 2021-22, as set forth in the Resolution.

(q) The City's Comprehensive Annual Financial Report (CAFR) as of June 30, 2020, for the fiscal year ended on such date, as described or set forth, as appropriate, in the Official Statement, is true, complete and correct and fairly presents the financial condition of the City as of such date and the results of its operations for such fiscal year. There has been no material adverse change in the financial condition of the City since June 30, 2020, except as described in the CAFR or the Official Statement.

(r) Under the Resolution, the principal amount of the Notes, together with the interest thereon, will be payable from taxes, income, revenue, cash receipts and other moneys which are received by the City for the General Fund for Fiscal Year 2021-22. Under the Resolution, as security for the payment of the principal of and interest on the Notes the City will pledge the first "unrestricted moneys" (as hereinafter defined) to be received by the City (a) in an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of January 2022; (b) in an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of May 2022; and (c) in an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June 2022 (such pledged amounts are referred in the Resolution as the "Pledged Revenues"). The principal of the Notes and the interest thereon will constitute a first lien and charge thereon and shall be payable from the Pledged Revenues. To

the extent not so paid from the Pledged Revenues, the Notes will be paid from any other moneys of the City lawfully available therefor. In the event that there are insufficient “unrestricted moneys” received by the City to permit the deposit into the Special Account (as defined in the Resolution) of the full amount of the Pledged Revenues to be deposited in any month by the last business day of such month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the City lawfully available for the repayment of the Notes and interest thereon. The term “unrestricted moneys” is defined in the Resolution to mean taxes, income, revenue, cash receipts, and other moneys received by the City for the General Fund for Fiscal Year 2021-22 and which are generally available for the payment of current expenses and other obligations of the City

7. Conditions to Obligations of Underwriter at Closing. The Underwriter has entered into this Note Purchase Agreement in reliance upon the representations and warranties of the City contained herein and the performance by the City of its obligations hereunder, as of the date hereof and as of the Closing. The obligation of the Underwriter to purchase the Notes at the Closing is subject to the following further conditions, any or all of which can be waived by the Underwriter in writing:

(a) The representations and warranties of the City contained herein shall be true and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing and otherwise pursuant hereto shall be true and correct in all material respects at and as of the Closing;

(b) At and as of the Closing (i) the Official Statement, this Note Purchase Agreement, the Continuing Disclosure Certificate and the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been jointly agreed to in writing by the City and the Underwriter; (ii) all actions under the Act which, in the opinion of Jones Hall, A Professional Law Corporation, Bond Counsel (“**Bond Counsel**”), shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the City shall perform or have performed all of its obligations required under or specified in the Resolution or this Note Purchase Agreement to be performed at or prior to the Closing;

(c) To the best knowledge of the City, based on reasonable inquiry, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, is pending or threatened against the City which has any of the effects described in Paragraph 6(f) hereof or contesting in any way the completeness or accuracy of the Official Statement; and

(d) At or prior to the Closing, the Underwriter shall have received a copy of the following documents in each case dated at and as of the Closing and satisfactory in form and substance to the Underwriter:

(1) An approving opinion of Bond Counsel as to the Notes in the form attached to the Official Statement as APPENDIX C, addressed to the City, together with a reliance letter addressed to the Underwriter;

(2) A supplemental opinion of Bond Counsel, addressed to the Underwriter, to the effect that:

(i) the Note Purchase Agreement has been duly executed and delivered by the City and is a valid and binding agreement of the City, except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against counties in the State and except that no opinion need be expressed with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability;

(ii) the statements contained in the Official Statement in the sections thereof entitled "THE NOTES," "TAX MATTERS," and the Appendix containing the form of approving opinion, excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Resolution and the Notes and the form and content of the approving opinion, present a fair and accurate summary of the provisions thereof; and

(iii) the Notes are not subject to the registration requirements of Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(3) The negative assurance letter, dated the date of the Closing and addressed to the City and the Underwriter, of Jones Hall, A Professional Law Corporation, as Disclosure Counsel to the City, to the effect that based upon their participation in the preparation of the Preliminary Official Statement and the Official Statement as Disclosure Counsel to the City and without having undertaken to determine independently the accuracy or completeness of the contents in the Preliminary Official Statement and the Official Statement, such counsel has no reason to believe that the Preliminary Official Statement, as of its date and as of the date of the Note Purchase Agreement, and the Official Statement, as of its date and as of the Closing Date (except for information therein with respect to DTC or with respect to any financial, numerical or statistical data, or any estimates, assumptions and expressions of opinion, contained in the Official Statement, including any of the appendices thereto, as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein, in light of the circumstances under which they were made, not misleading in any material respect;

(4) An opinion of the City Attorney, addressed to the Underwriter, to the effect that:

(i) The City is a charter city and municipal corporation duly organized and validly existing under and by virtue of the Constitution and laws of the State of California;

(ii) The Resolution was duly adopted on June 1, 2021 at a meeting of the City Council which was called and held pursuant to law, with all public notice required by law, and at which a quorum was present and acting

throughout and the Resolution is in full force and effect and has not been amended, modified or rescinded;

(iii) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or, to the best of the City Attorney's knowledge, threatened against or affecting the City in which an unfavorable decision, ruling or finding would materially adversely affect the participation of the City in, or consummation of, the transactions contemplated by the Official Statement, the Notes, the Note Purchase Agreement or the Resolution, or in any way contesting the existence of the City or its powers with respect thereto, nor, to the best of the City Attorney's knowledge, is there any basis for any such action, suit, proceeding or investigation;

(iv) The City has full right and lawful authority to adopt the Resolution and to execute and deliver the Notes, the Note Purchase Agreement and the Official Statement, such documents have been duly authorized, executed and delivered on behalf of the City, and the Note Purchase Agreement and the Resolution constitute the legal, valid and binding obligations of the City enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or limiting creditors' rights generally, by the principles of equity if equitable remedies are sought, by the exercise of judicial discretion and by the limitations on remedies against counties in the State;

(v) To the best of the City Attorney's knowledge, the adoption of the Resolution and the execution and delivery of the Notes, the Note Purchase Agreement and the Official Statement and compliance by the City with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument applicable to or binding upon the City or any existing law, regulation, court order or consent decree to which the City is subject; and

(vi) Based upon examinations which we have made and our discussions in conferences with certain officials of the City and others with respect to the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement (including the Appendices attached thereto), nothing has come to our attention which would lead us to believe that the Official Statement (other than financial and statistical data therein and incorporated therein by reference and DTC and its book entry system, as to which no opinion need be expressed) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(5) The certificate of the City, dated the Closing Date, to the effect that:

(i) the City is a charter city and municipal corporation duly organized and existing under the Constitution and the laws of the State;

(ii) the Resolution was duly adopted at a meeting of the City Council which was called and held pursuant to law with all public notice required by law and at which a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been amended, modified or rescinded;

(iii) the adoption of the Resolution and the execution and delivery of the Notes and the City Documents and compliance with the provisions hereof and thereof, under the circumstances contemplated thereby and hereby, do not conflict with or constitute on the part of the City a material breach of or material default under any agreement or other instrument applicable or binding upon the City or any of its properties or any existing law, regulation, court order or consent decree to which the City or any of its properties is subject;

(iv) the City has full right and lawful authority to deliver the Official Statement, to execute and deliver the Notes, and to execute and deliver the City Documents, to adopt the Resolution and the City has duly authorized, executed and delivered the Official Statement and the City Documents;

(v) Except as otherwise disclosed in the Official Statement, there is no action, suit or proceeding, inquiry or investigation before or by any State court, public board or body, other than as disclosed in the Official Statement pending or, to the best knowledge of the City, threatened against or affecting the City, (a) contesting in any way the completeness or accuracy of the Official Statement, or wherein an unfavorable decision, ruling or finding is likely to have a material adverse effect on the financial condition of the City, the transactions contemplated by the City Documents, the Resolution or by the Official Statement, or (b) which will adversely affect the validity or enforceability of, or the authority or ability of the City to perform its obligations under the Notes, the City Documents, the Resolution, or any other agreement or instrument to which the City is a party and which is used or contemplated for use in consummation of the transactions contemplated by the City Documents, the Resolution or the Official Statement;

(vi) The representations and warranties of the City herein are true and correct in all material respects as of the date made and as of the date of the Closing, and the City has performed all its obligations required under or specified in the Resolution and the City Documents to be performed at or prior to the Closing; and

(vii) The Official Statement did not contain as of its date and does not contain as of the Closing Date any untrue statement of a material fact and did not omit as of its date and does not omit as of the Closing Date to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(6) A certificate of the Clerk of the City Council, together with a fully executed copy of the Resolution, to the effect that:

(i) such copy is a true and correct copy of the Resolution; and

(ii) the Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect at and as of the Closing Date, except for amendments, if any, adopted with the consent of the Underwriter;

(7) An non-arbitrage certification from the City in form and substance satisfactory to Bond Counsel, signed by an official of the City;

(8) Evidence that the Notes have been rated as set forth in the Official Statement and that such rating continues in effect as of the Closing;

(9) Certified copies of the Resolution and one executed original of each of the City Documents and such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request in order to evidence compliance by the City with legal requirements, the truth and accuracy, at and as of the Closing, of the representations, warranties and agreements of the City herein contained and the statements contained in the Official Statement, and the due performance and satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the City;

(10) An opinion, dated the Closing Date, addressed to the Underwriter, of Kutak Rock LLP, counsel to the Underwriter ("**Underwriter's Counsel**"), in such form as may be acceptable to the Underwriter; and

(11) Such additional certificates, instruments and other documents as the Underwriter may reasonably deem necessary.

8. Termination of Obligations of Underwriter. If the City shall be unable to satisfy the conditions set forth in Section 7 to the obligations of the Underwriter contained in this Note Purchase Agreement, the obligations of the Underwriter under this Note Purchase Agreement may be terminated by the Underwriter by notice to the City at, or at any time prior to, the Closing Date. Notwithstanding any provision herein to the contrary, the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing in its sole discretion.

The Underwriter shall also have the right to terminate, in its sole discretion, its obligations under this Note Purchase Agreement, by notice to the City at, or at any time prior to the Closing, if between the date hereof and the Closing:

(i) an event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein not misleading in any material respect and, in either such event, the City refuses to permit the Official Statement to be supplemented to supply such statement or information or the effect of the Official Statement as so supplemented is, in the judgment of the Underwriter, to materially

adversely affect the market for the Notes or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Notes; or

(ii) legislation shall be introduced in, enacted by, reported out of committee, or recommended for passage by the State, either House of the Congress, or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is proposed for consideration by either such committee by any member thereof or presented as an option for consideration by either such committee by the staff or such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Internal Revenue Code (which, if enacted, would be effective as of a date prior to the Closing) shall be filed in either House, or a decision by a court of competent jurisdiction shall be rendered, or a regulation or filing shall be issued or proposed by or on behalf of the Department of the Treasury or the Internal Revenue Service of the United States, or other agency of the federal government, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service of the United States, in any such case with respect to or affecting (directly or indirectly) the taxation of interest received on obligations of the general character of the Notes which, in the opinion of the Underwriter, materially adversely affects the market for the Notes or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Notes; or

(iii) an order, decree or injunction of any court of competent jurisdiction, or any order, ruling or regulation of the Securities and Exchange Commission, is issued or made with the purpose or effect of prohibiting the issuance, offering or sale of the Notes as contemplated hereby or legislation has been enacted, or a bill favorably reported for adoption, or a decision by any court rendered, or a ruling, regulation, proposed regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter has been made or issued, to the effect that the Notes or any other securities of the City or of any similar body of the type contemplated herein are not exempt from the registration, qualification or other requirements of the Securities Act and as then in effect, or of the Trust Indenture Act of 1939, as amended and as then in effect; or

(iv) legislation is introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Notes, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Notes, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(v) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war or other calamity or crisis, or escalation thereof, the effect of which on financial markets is such as to make it, in the reasonable judgment of the Underwriter, impractical or inadvisable to proceed with the offering of the Notes as contemplated in the Official Statement; or

(vi) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Notes or similar obligations; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers such as to make it, in the judgment of the Underwriter, impractical or inadvisable to proceed with the offering of the Notes as contemplated in the Official Statement; or

(vii) a general banking moratorium shall have been declared by federal or New York or California state authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred such as to make it, in the judgment of the Underwriter, impractical or inadvisable to proceed with the offering of the Notes as contemplated in the Official Statement; or

(viii) a downgrading or suspension of any rating of any debt securities issued by the City, or (ii) there shall have been any official statement as to a possible downgrading (such as being placed on “credit watch” or “negative outlook” or any similar qualification) of any rating by a national rating service of any debt securities issued by the City, including the Notes; or

(ix) any investigation or proceeding is pending or threatened by the Securities and Exchange Commission against the City; or

(x) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the City, its property, income, securities (or interest thereon), the validity or enforceability of the Notes; or

(xi) any materially adverse change in the financial condition of the City.

9. Conditions to Obligations of the City. The performance by the City of its obligations under this Note Purchase Agreement with respect to issuance, sale and delivery of the Notes to the Underwriter is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the City and the Underwriter of opinions and certificates being delivered at or prior to the Closing by persons and entities other than the City.

10. Expenses. (a) The Underwriter shall be under no obligation to pay, and the City shall pay from its available funds or from the proceeds of the Notes, the following expenses: (i) all expenses in connection with the preparation, distribution and delivery of the Preliminary Official Statement, the Official Statement, and any amendment or supplement thereto, and this Note Purchase Agreement; (ii) all expenses in connection with the printing, issuance and delivery of the Notes; (iii) the fees and disbursements of Bond Counsel and Disclosure Counsel; (iv) the fees and disbursements of counsel and consultants, including the City’s financial advisor, in connection with the Notes; (v) the disbursements of the City in connection with the Notes; (vi) any and all fees incurred in connection with obtaining a rating on the Notes or in obtaining any form of credit enhancement; and (vii) all expenses in connection with the preparation, execution and delivery of the Resolution and the Notes. The City will also pay (or cause to be paid) expenses (included in the expense component of the spread)

incurred on behalf of the City's employees (including, but not limited to, meals, transportation, lodging and entertainment) which are incidental to implementing this Note Purchase Agreement.

(b) The City has agreed to pay the Underwriter's discount set forth in paragraph 1 of this Note Purchase Agreement, and inclusive in the expense component of the Underwriter's discount are actual expenses incurred or paid for by the Underwriter on behalf of the City in connection with the marketing, issuance, and delivery of the Notes, including, but not limited to, fees and expenses of Underwriter's Counsel, CUSIP fees, fees of the California Debt and Investment Advisory Commission, and transportation, lodging, and meals for the City's employees and representatives.

11. Notices. Any notice or other communication to be given under this Note Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) shall be given by telephone or telex, confirmed in writing, or by delivering the same in writing, if to the City, to the address first written above, attention: City Manager, or if to the Underwriter: Hilltop Securities Inc., 2533 S. Coast Highway 101, Suite 250, Cardiff by the Sea, California 92007, Attention: Mike Cavanaugh.

12. Parties in Interest: Survival of Representations and Warranties. This Note Purchase Agreement when accepted by the City in writing as specified herein shall constitute the entire agreement between the City and the Underwriter and is made solely for the benefit of the City and the Underwriter (including its respective successors and assigns). No other person shall acquire or have any right hereunder or by virtue hereof. The obligations of the City arising out of its representations and warranties in this Note Purchase Agreement shall not be affected by any investigation made by or on behalf of the Underwriter.

13. Execution in Counterparts. This Note Purchase Agreement may be executed in counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

14. Applicable Law. This Note Purchase Agreement shall be interpreted under, governed by and enforced in accordance with the laws of the State of California.

Very truly yours,

HILLTOP SECURITIES INC.

By _____
Managing Director

The foregoing is hereby agreed to
and accepted as of the date first
above written:

CITY OF EL CERRITO

By _____
Authorized Officer

Time of Execution: _____ p.m. California time

EXHIBIT A

ISSUE PRICE CERTIFICATE OF THE UNDERWRITER

§ _____
CITY OF EL CERRITO
2021-22 TAX AND REVENUE ANTICIPATION NOTES

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Hilltop Securities Inc. (“**Hilltop**”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned tax and revenue anticipation notes (the “**Notes**”).

1. ***Sale of the Notes.*** As of the date of this certificate, the first price at which at least 10% of the Notes was sold to the Public is the price listed in Schedule A.

2. ***Defined Terms.***

(a) *Issuer* means the City of El Cerrito.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Hilltop’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Jones Hall, A Professional Law Corporation, Bond Counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

HILLTOP SECURITIES INC.

By:_____

Name:_____

Dated: July __, 2021

SCHEDULE A
SALE PRICE OF THE NOTES
(Attached)

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or solicitation of an offer to buy nor will there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED [JUNE 7], 2021

**BANK QUALIFIED
NEW ISSUE - FULL BOOK ENTRY**

**RATING: S&P: “_____”
See “Rating.”**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The Notes are “qualified tax-exempt obligations” within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS.”

\$ _____
*
CITY OF EL CERRITO
2021-22 TAX AND REVENUE ANTICIPATION NOTES

Dated: Date of Delivery

Due: July __, 2022

The City of El Cerrito 2021-22 Tax and Revenue Anticipation Notes (the “Notes”) are to be delivered as fully registered notes without coupons and when delivered will be registered in the name of The Depository Trust Company, New York, New York (“DTC”), or its nominee. DTC will act as securities depository for the Notes. Individual purchases of an interest in the Notes will be made in book-entry form only in the principal amount of \$5,000 or integral multiples thereof. Purchasers of Notes will not receive the physical Notes when purchased. Principal and interest are payable at maturity. The principal and interest with respect to the Notes are payable when due by the City of El Cerrito (the “City”), as paying agent, to DTC, which will in turn remit such principal and interest to the actual purchasers of the Notes as described in this Official Statement. The Notes are not subject to redemption prior to maturity.

The Notes are, by statute, general obligations of the City, payable solely from taxes, income, revenue, cash receipts, and other moneys that are received by the City for the General Fund for fiscal year 2021-22 and that are generally available for the payment of current expenses and other obligations of the City (the “Unrestricted Moneys”). The Notes are secured by a pledge of Unrestricted Moneys to be received by the City in (a) an amount equal to 50% of the principal amount of the Notes in the month of January 2022; (b) an amount equal to 50% of the principal amount of the Notes in the month of May 2022; and (c) an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June 2022 (such pledged amounts being hereinafter called the “Pledged Revenues”). The Pledged Revenues will be deposited into and held by the City in a special account to be designated the “2021-22 Tax and Revenue Anticipation Note Special Account,” and applied as directed in the City Council’s Resolution adopted June 1, 2021.

Certain important issues relating to the City’s financial condition are discussed under the headings “THE CITY – Auditor’s Statement Regarding Ability to Continue as a Going Concern” and “– State Audit of City as High Risk.”

The following firm, serving as municipal advisor to the City, has structured this issue.



Interest Rate
%

Reoffering
Yield
%

Price

CUSIP

The Notes are, to the extent more fully described in this Official Statement, legal investments for commercial banks in California and eligible to secure deposits in public monies in the State of California.

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See “RISK FACTORS.”

The Notes are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed upon for the City by Jones Hall, A Professional Law Corporation, as Disclosure Counsel. Kutak Rock LLP, Los Angeles, California, is acting as underwriter’s counsel. Certain legal matters will be passed upon for the City by the City Attorney. It is anticipated that the Notes will be delivered in book-entry form through the facilities of DTC on or about July

8, 2021.

[Hilltop Securities]

Dated: _____, 2021

** Preliminary; subject to change.*

DRAFT

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Notes. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as a representation of facts.

The information set forth in this Official Statement has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The information and expressions of opinion stated in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information or opinions set forth in this Official Statement or in the affairs of the City since the date hereof. This Official Statement is submitted in connection with the sale of the Notes referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any purpose, unless authorized in writing by the City.

The Notes have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**"), in reliance upon an exemption contained in the Securities Act. The Notes have not been registered under the securities laws of any state.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE NOTES TO CERTAIN DEALERS AND BANKS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Although the City maintains an internet website for various purposes, none of the information on that website is incorporated by reference in this Official Statement or is intended to assist investors in making any investment decision or to provide any continuing information with respect to the Notes or any other bonds or obligations of the City.

CITY OF EL CERRITO

City Council

Paul Fadelli, *Mayor*
Gabriel Quinto, *Mayor Pro Tem*
Janet Abelson, *Council Member*
Lisa Motoyama, *Council Member*
Tessa Rudnick, *Council Member*

City Officials

Karen Pinkos, *City Manager*
Sky Woodruff, *City Attorney*
Holly M. Charl  ty, *City Clerk*
Mark Rasiah, *Finance Director/City Treasurer*

Bonds Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Municipal Advisor

NHA Advisors, LLC
San Rafael, California

Paying Agent

City of El Cerrito
El Cerrito, California

TABLE OF CONTENTS

INTRODUCTION	1
COVID-19 PANDEMIC	1
THE NOTES	4
Description of the Notes	4
Purpose of Issue	4
Book-Entry Only System	4
SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES	5
Security for the Notes	5
Available Sources of Repayment	6
Cash Flow	7
THE CITY	10
CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING CITY	
REVENUES AND APPROPRIATIONS	11
Limitations on Revenues	11
Expenditures and Appropriations	13
Future Initiatives	14
RISK FACTORS	14
Bankruptcy Considerations	14
Limitations on Remedies	15
TAX MATTERS	15
LEGAL MATTERS	17
RATING	17
LITIGATION	17
UNDERWRITING	17
MUNICIPAL ADVISOR	18
CONTINUING DISCLOSURE	18
ADDITIONAL INFORMATION	19
 APPENDIX A - FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY	
APPENDIX B - COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE YEAR ENDED JUNE 30, 2020	
APPENDIX C - FORM OF OPINION OF BOND COUNSEL	
APPENDIX D - DTC AND THE BOOK-ENTRY ONLY SYSTEM	
APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE	

OFFICIAL STATEMENT

\$ _____ *

CITY OF EL CERRITO
2021-22 TAX AND REVENUE ANTICIPATION NOTES

INTRODUCTION

This Official Statement provides information in connection with the issuance by the City of El Cerrito (the “**City**”) of its 2021-22 Tax and Revenue Anticipation Notes (the “**Notes**”). Issuance of the Notes will provide funds to meet fiscal year 2021-22 General Fund expenditures, including operating expenses, capital expenditures, and the discharge of other obligations of the City.

The Notes are issued in full conformity with the Constitution and laws of the State of California (the “**State**”), including Article 7.6 (commencing with section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (the “**Law**”), and are general obligations of the City payable solely from taxes, income, revenue, cash receipts, and other moneys that are received by the City for the General Fund for fiscal year 2021-22 and that are generally available for the payment of current expenses and other obligations of the City (the “**Unrestricted Moneys**”). The Notes are authorized by a resolution adopted by the City Council on June 1, 2021 (the “**Resolution**”). The City may, under the Law, issue the Notes only if the principal of and interest on the Notes will not exceed 85% of the estimated amount of the uncollected Unrestricted Moneys that will be available for the payment of said Notes. Proceeds from the sale of the Notes will be used and expended by the City for any purpose for which it is authorized to expend funds from the General Fund for the fiscal year 2021-22. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES,” “APPENDIX A – Financial, Economic and Demographic Information for the City” and “APPENDIX B – Comprehensive Annual Financial Report of the City for the Year Ended June 30, 2020.”

Brief descriptions of the Notes, the security and sources of payment for the Notes, the City and its financial status follow. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to various documents are qualified in their entirety by reference to the forms thereof, all of which are available for inspection at the office of the Finance Director of the City.

COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (“**COVID-19**”), which was first detected in China and has spread to other countries, including the United States, was declared a pandemic by the World Health Organization, a national emergency by the President of the United States (the “**President**”) and a state of emergency by the Governor of the State (the “**Governor**”). There has been tremendous volatility in the financial markets in the United States and globally, resulting in the onset of a national and global recession.

Federal Response. The President’s declaration of a national emergency on March 13, 2020, made available more than \$50 billion in federal resources to combat the spread of the virus. A multi-billion-dollar relief package was signed into law by the President on March 18, 2020,

**Preliminary; subject to change.*

providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. In addition, the Federal Reserve lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

On March 27, 2020, the United States Congress passed a \$2 trillion relief package, referred to as the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The package includes direct payments to taxpayers, jobless benefits, assistance to hospitals and healthcare systems, \$367 billion for loans to small businesses, a \$500 billion fund to assist distressed large businesses, including approximately \$30 billion to provide emergency grants to educational institutions and local educational agencies. Under the CARES Act, the City received \$14,398,739 from the federal and state governments to address the spread of COVID-19 and its economic impacts.

On April 9, 2020, the Federal Reserve took additional actions to provide up to \$2.3 trillion in loans to support the economy, including supplying liquidity to participating financial institutions in the Small Business Administration’s Paycheck Protection Program, purchasing up to \$600 billion in loans through the Main Street Lending Program and offering up to \$500 billion in lending to states and municipalities.

On April 24, 2020, an additional \$484 billion federal aid package was signed into law to provide additional funding for distressed small businesses and to provide funds for hospitals and COVID-19 testing. The legislation adds \$310 billion to the Paycheck Protection Program, increases the small business emergency grant and loan program by \$60 billion, and directs \$75 billion to hospitals and \$25 billion to a new COVID-19 testing program.

On March 11, 2021, President Biden signed a \$1.9 trillion stimulus package (the “**American Rescue Package**”) into law, authorizing a third round of one-time stimulus payments for qualifying Americans, extending additional unemployment benefits, and providing aid to cities and states facing budget shortfalls. The City has been allocated \$4.8 million in American Rescue Package funds to respond to the COVID-19 emergency and address its economic effects including assistance to small businesses, households, non-profits and hard-hit industries, offset the loss of revenue for the provision of government services, provide for premium pay for essential workers, and invest in water, sewer, and broadband infrastructure. These funds will be received 60 days after the effective date of the American Rescue Package and will be received in two payments separated by 12 months. All funds received by the City must be spent by December 31, 2024. Other resources that the City may qualify for are unknown at this time.

State Response. At the State level, on March 15, 2020, the Governor ordered the closing of California bars and nightclubs, the cancellation of gatherings of more than 250 and confirmed continued funding for school districts that close under certain conditions. On March 16, 2020, the State legislature passed \$1.1 billion in general purpose spending authority for emergency funds to respond to the Coronavirus crisis. On March 19, 2020, Governor Newsom issued Executive Order N-33-20, a blanket shelter-in-place order, ordering all California residents to stay home except for certain necessities and other essential purposes. On August 28, 2020, the Governor released a new system called “Blueprint for a Safer California,” which places the State’s 58 counties into four color-coded tiers – purple, red, orange, and yellow, in descending order of severity – based on the number of new daily cases of COVID-19 and the percentage of positive tests.

Under the State's "Blueprint for a Safer California," counties must spend at least three weeks in each tier before advancing to the next one. [The County is currently assigned to the orange tier, which is the second least restrictive tier.]

On April 6, 2021, Governor Newsom announced that California will fully reopen its economy across the state on June 15, 2021 if (i) there is enough vaccine supply for Californians 16 years and older to be vaccinated and (ii) hospitalization rates remain stable and low, especially among fully vaccinated Californians. According to Governor Newsom, common sense health measures, including wearing masks will continue, and testing and vaccination requirements will remain for some businesses and industries.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, the economic impacts and actions that may be taken by governmental authorities to contain the outbreak or to treat its impacts are uncertain and cannot be predicted. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to the Governor's office (<http://www.gov.ca.gov>) and the California Department of Public Health (<https://covid19.ca.gov/>). *The City has not incorporated by reference the information on such websites, and the City does not assume any responsibility for the accuracy of the information on such websites.*

Impacts of COVID-19 Pandemic on Global and Local Economies Cannot Be Predicted; Potential Declines in State and Local Revenues. The COVID-19 public health emergency will have negative impacts on global and local economies, including the economy of the State and in the region of the City. The extent and duration of the COVID-19 emergency is currently unknown, and the reach of its impacts uncertain.

The State's revenue sources are anticipated to be materially impacted by the COVID-19 pandemic, including with respect to reductions in personal income tax receipts and capital gains tax receipts. Economic uncertainty caused by the outbreak will significantly affect California's near-term fiscal outlook, with a likely recession due to pullback in activity across wide swaths of the economy. For more detail regarding the State's current budget, and related reports and outlooks, see Appendix A under the heading "APPENDIX A – FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY – State Budget and Its Impact on the City."

Impacts of COVID-19 Pandemic on City's General Fund. The City, like many other cities in California, saw immediate negative impacts in transient occupancy tax, charges for services, fines and forfeitures, development fees, franchise fees and other elastic revenue sources. Fortunately, Property Taxes, Sales Taxes and Real Property Transfer Taxes, which together account for about 70% of General Fund revenues, were not impacted, as was initially anticipated at the start of the pandemic.

These events led the City to implement budget reductions strategies immediately to maintain solvency and address the structural gap in anticipation of developing a revised forecast to understand the impacts from the recession. Starting in fiscal year 2020-21, the City implemented \$2.7 million in ongoing cost savings, as well as nearly \$1 million in one-time savings, to attempt to counteract the projected fiscal gap and the impacts of the pandemic-induced recession.

Impacts of COVID-19 Emergency Uncertain. The possible impacts that the COVID-19 emergency might have on the City's finances, programs, credit ratings on its debt obligations,

local property values and the economy in general are uncertain at this time. In addition, there may be unknown consequences of the COVID-19 emergency, which the City is unable to predict.

The City expects to issue tax and revenue anticipation notes in future years to manage revenue and expenditure timing mismatches and budgeting issues.

THE NOTES

Description of the Notes

The Notes will be issued in the principal amount and bear interest at the interest rate shown on the cover page of this Official Statement. Principal of and interest on the Notes are payable in lawful moneys of the United States of America upon maturity, and interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months and accrues from the date of delivery. The Notes shall be delivered in the form of fully registered Notes, without coupons, in denominations of \$5,000 or any integral multiple thereof, and shall be dated the date of delivery to the original purchaser thereof. The Notes will mature on the date set forth on the cover page of this Official Statement.

The Notes, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("**DTC**"). So long as DTC, or Cede & Co. as its nominee, is the registered owner of all Notes, all payments on the Notes will be made directly to DTC, and disbursement of such payments will be the responsibility of DTC, and disbursement of such payments will be the responsibility of the Direct and Indirect Participants, as more fully described in "APPENDIX D – DTC and the Book-Entry Only System."

Purpose of Issue

Proceeds of the Notes will provide moneys to meet the City's General Fund cash flow requirements during the 2021-22 fiscal year commencing July 1, 2021, and ending June 30, 2022, including current expenses, capital expenditures, and the discharge of other obligations or indebtedness.

Book-Entry Only System

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered certificates registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity and will be deposited with DTC. See "APPENDIX E – BOOK-ENTRY ONLY SYSTEM."

So long as the Notes are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and interest with respect to the Notes will be made to DTC as provided as in the representation letter delivered on the date of issuance of the notes. The City cannot and does not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium, if any, with respect to the Notes paid to DTC or its nominee as the registered owner, or will distribute any prepayment notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City is not responsible or liable for the failure of DTC or

any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Notes or an error or delay relating thereto.

SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES

Security for the Notes

The principal amount of the Notes, together with the interest thereon, is payable from **"Unrestricted Moneys,"** which are taxes, income, revenue, cash receipts, and other moneys that are received by the City for the General Fund for Fiscal Year 2021-22 and which are generally available for the payment of current expenses and other obligations of the City. As security for the repayment of principal of and interest on the Notes, the City has pledged to deposit into a special account within the General Fund designated as the "2021-22 Tax and Revenue Anticipation Note Special Account" (the **"Special Account"**) the first Unrestricted Moneys to be received by the City in: (a) an amount equal to 50% of the principal amount of the Notes in the month of January 2022; (b) an amount equal to 50% of the principal amount of the Notes in the month of May 2022; and (c) an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June 2022 (collectively, the **"Pledged Revenues"**). The Notes are equally and ratably secured by the City's pledge of the Pledged Revenues.

The principal of the Notes and the interest thereon shall constitute a first lien and charge against and shall be paid from the first moneys received by the City from such Pledged Revenues and, to the extent not so paid, shall be paid from any other moneys of the City lawfully available therefor. In the event that there are insufficient Unrestricted Moneys received by the City to permit the deposit into the Special Account of the full amount of the Pledged Revenues to be deposited in any month by the last business day of such month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the City lawfully available for the repayment of the Notes and interest thereon.

During the months of January, May and June 2022, all Pledged Revenues, shall be deposited by the City into the Special Account for the payment of the principal of and interest on the Notes at maturity. Amounts deposited by the City into the Special Account shall be applied solely for the purpose of paying the principal of and interest on the Notes. All moneys held by the City in the Special Account, if not invested, shall be held in time or demand deposits as public funds and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law. Moneys in the Special Account shall, to the greatest extent possible, be invested by the City directly, or through an investment agreement, in investments as permitted by the laws of the State, and the proceeds of any such investments shall be deposited in the Special Account. See "APPENDIX A – Financial, Economic and Demographic Information for the City" and "APPENDIX B – Comprehensive Annual Financial Report of the City for the Year Ended June 30, 2020."

Available Sources of Repayment

The Notes, in accordance with State law, are general obligations of the City, but are payable only out of Unrestricted Moneys. The City may, under existing law, issue the Notes only if the principal of, and interest on, the Notes will not exceed 85% of the estimated uncollected Unrestricted Moneys that will be available for the repayment of the Notes.

The Note coverage ratio is shown in the following table and is the ratio of estimated Unrestricted Moneys to the amount of Unrestricted Moneys needed to pay principal of and interest on the Notes.

DRAFT

The table below gives detail as to the sources of estimated Unrestricted Moneys and the Note Coverage Ratio.

**City of El Cerrito
Estimated Unrestricted General Fund Moneys
Fiscal Year 2021-22**

<u>Source</u>	<u>Amount</u>
Available Cash Balance, July 1, 2021	\$2,119,704
Taxes	23,178,000
Other Revenue	16,243,000
Proceeds of Notes	6,118,620
Transfers In	954,000
Total Unrestricted Moneys ⁽¹⁾	<u>\$48,613,324</u>
Principal + Interest for Note Repayment	\$6,179,500*
Note Coverage Ratio	7.87x*

(1) Includes proceeds of Notes.

* Preliminary; subject to change.

See also "APPENDIX A – Financial, Economic and Demographic Information for the City" and "APPENDIX B – Comprehensive Annual Financial Report of the City for the Year Ended June 30, 2020."

Cash Flow

The City has prepared the accompanying monthly General Fund cash flow statements covering fiscal year 2020-21 and the projected fiscal year 2021-22. The General Fund is used to finance the ordinary operations of the City and is available for any legal authorized purposes. While expenditures generally occur evenly throughout the fiscal year, cash receipts occur unevenly. As a result, the General Fund cash balance tends to show a deficit during parts of the fiscal year. The projections are based on the City's budget as well as the City's current financial condition.

The amounts shown in the following two tables reflect actual and projected cash receipts, as applicable. The financial information shown or discussed under the headings "THE CITY" and "APPENDIX A – Financial, Economic and Demographic Information for the City" (including but not limited to the discussion under the heading "– City General Fund Reserve Policy" therein) is presented on an accrual basis.

City of El Cerrito
Fiscal Year 2020-21 Actual/Projected General Fund Cash Flows*

	Actual										Projected		TOTAL
	July	August	September	October	November	December	January	February	March	April	May	June	
Beginning Balance	\$232,293	\$7,200,838	\$5,840,287	\$4,961,287	\$4,923,226	\$3,799,226	\$6,763,990	\$7,428,232	\$3,102,232	\$2,849,232	\$6,707,232	\$1,888,996	\$232,293
CASH RECEIPTS													
Property Tax	\$0	\$0	\$0	\$261,000	\$0	\$4,809,000	\$606,000	\$0	\$0	\$3,526,000	0	1,134,000	\$10,336,000
Transfer Tax	0	311,000	0	664,000	418,000	615,000	328,000	193,000	141,000	484,000	110,000	110,000	3,374,000
Sales Tax	0	585,000	556,000	554,000	845,000	486,000	469,000	695,000	472,000	510,000	510,000	500,000	6,182,000
Franchise Tax	0	0	95,000	29,000	253,000	0	0	133,000	0	207,000	134,000	100,000	951,000
Business Licenses	505,000	106,000	89,000	62,000	16,000	43,000	32,000	18,000	19,000	10,000	0	0	900,000
Utility Users Tax	87,000	173,000	134,000	342,000	234,000	258,000	349,000	313,000	325,000	533,000	350,000	310,000	3,408,000
Other Taxes & Revenues	0	8,000	0	22,000	64,000	0	3,000	117,000	14,000	99,000	20,000	15,000	362,000
Licenses and Permits	37,000	59,000	44,000	84,000	22,000	76,000	50,000	57,000	49,000	61,000	82,000	82,000	703,000
Fines and Forfeitures	13,000	1,000	6,000	17,000	14,000	17,000	29,000	11,000	20,000	21,000	0	0	149,000
Use of Property	15,000	33,000	14,000	40,000	12,000	20,000	35,000	22,000	37,000	34,000	33,000	34,000	329,000
In-Lieu Fees/Other													
Government Reimb.	0	0	742,000	766,000	108,000	589,000	1,501,000	874,000	645,000	524,000	603,000	1,409,000	7,761,000
Fees for Service	288,000	90,000	416,000	340,000	180,000	361,000	239,000	217,000	473,000	399,000	411,000	411,000	3,825,000
Loan Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	476,000	0	0	0	290,000	0	175,000	941,000
TRAN Proceeds	8,659,545	0	0	0	0	0	0	0	0	0	0	0	8,659,545
TOTAL RECEIPTS	\$9,604,545	\$1,366,000	\$2,096,000	\$3,181,000	\$2,166,000	\$7,750,000	\$3,641,000	\$2,650,000	\$2,195,000	\$6,698,000	\$2,253,000	\$4,280,000	\$47,880,545
CASH DISBURSEMENTS													
Personnel	\$2,129,000	\$2,343,000	\$2,593,000	\$2,462,000	\$2,379,000	\$3,758,000	\$2,377,000	\$2,235,000	\$2,094,000	\$2,043,000	\$2,041,000	\$3,063,000	\$29,517,000
Professional Services	91,000	213,000	222,000	249,000	109,000	279,000	262,000	295,000	122,000	364,000	335,000	335,000	2,876,000
Property/Other Services	408,000	105,000	141,000	315,000	66,000	601,000	203,000	135,000	151,000	368,000	290,000	287,000	3,070,000
Supplies	8,000	25,000	14,000	23,000	25,000	38,000	27,000	19,000	31,000	25,000	50,000	48,000	333,000
Fees & Charges	0	18,000	0	36,000	120,000	12,000	16,000	39,000	12,000	16,000	17,000	18,000	304,000
Debt Service Payments	0	22,551	0	9,061	0	65,236	25,758	0	0	0	65,236	0	187,842
Property and Capital	0	0	5,000	125,000	11,000	32,000	23,000	3,000	38,000	3,000	23,000	23,000	286,000
Transfers Out	0	0	0	0	580,000	0	43,000	0	0	21,000	0	21,000	665,000
TRAN Principal Payment	0	0	0	0	0	0	0	4,250,000	0	0	4,250,000	0	8,500,000
TRAN Interest Payment	0	0	0	0	0	0	0	0	0	0	0	254,292	254,292
TOTAL DISBURSEMENTS	\$2,636,000	\$2,726,551	\$2,975,000	\$3,219,061	\$3,290,000	\$4,785,236	\$2,976,758	\$6,976,000	\$2,448,000	\$2,840,000	\$7,071,236	\$4,049,292	\$45,993,134
Interfund Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash Flow	\$6,968,545	(\$1,360,551)	(\$879,000)	(\$38,061)	(\$1,124,000)	\$2,964,764	\$664,242	(\$4,326,000)	(\$253,000)	\$3,858,000	(\$4,818,236)	\$230,708	\$1,887,411
Ending Balance	\$7,200,838	\$5,840,287	\$4,961,287	\$4,923,226	\$3,799,226	\$6,763,990	\$7,428,232	\$3,102,232	\$2,849,232	\$6,707,232	\$1,888,996	\$2,119,704	\$2,119,704

* Actual cash flows through April 30, 2021.
Source: City of El Cerrito.

City of El Cerrito
Fiscal Year 2021-22 Projected General Fund Cash Flows
(Including Fiscal Year 2021-22 TRAN)

	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
Beginning Balance	\$2,119,704	\$6,414,652	\$4,948,213	\$4,056,394	\$3,778,577	\$3,249,676	\$5,797,393	\$3,213,336	\$3,041,435	\$2,729,762	\$6,465,958	\$2,773,935	\$2,119,704
CASH RECEIPTS													
Property Tax	\$0	\$0	\$0	\$263,778	\$0	\$4,860,179	\$612,449	\$0	\$0	\$3,563,525	\$0	\$1,146,068	\$10,446,000
Transfer Tax	0	276,526	0	590,397	371,666	546,829	291,642	171,606	125,370	430,350	97,807	97,807	3,000,000
Sales Tax	0	677,264	643,690	641,375	978,270	562,650	542,969	804,613	546,442	590,435	590,435	578,858	7,157,000
Franchise Tax	0	0	124,869	38,118	332,545	0	0	174,816	0	272,082	176,130	131,441	1,250,000
Business Licenses	505,000	106,000	89,000	62,000	16,000	43,000	32,000	18,000	19,000	10,000	0	0	900,000
Utility Users Tax	79,137	157,365	121,890	311,092	212,852	234,683	317,459	284,712	295,628	484,830	318,369	281,984	3,100,000
Other Taxes & Revenues	0	7,182	0	19,751	57,459	0	2,693	105,041	12,569	88,881	17,956	13,467	325,000
Licenses and Permits	33,474	53,377	39,807	75,994	19,903	68,757	45,235	51,568	44,330	55,186	74,185	74,185	636,000
Fines and Forfeitures	12,215	940	5,638	15,973	13,154	15,973	27,248	10,336	18,792	19,732	0	0	140,000
Use of Property	16,140	35,508	15,064	43,040	12,912	21,520	37,660	23,672	39,812	36,584	35,508	36,584	354,000
In-Lieu Fees/Other													
Government Reimb.	0	0	699,168	721,783	101,766	555,000	1,414,355	823,549	607,768	493,752	568,192	1,327,666	7,313,000
Fees for Service	361,412	112,941	522,039	426,667	225,882	453,020	299,922	272,314	593,569	500,706	515,765	515,765	4,800,000
Loan Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	482,576	0	0	0	294,006	0	177,418	954,000
TRAN Proceeds*	6,118,620	0	0	0	0	0	0	0	0	0	0	0	6,118,620
TOTAL RECEIPTS*	\$7,125,997	\$1,427,103	\$2,261,164	\$3,209,967	\$2,342,409	\$7,844,187	\$3,623,632	\$2,740,226	\$2,303,279	\$6,840,069	\$2,394,346	\$4,381,241	\$46,493,620
CASH DISBURSEMENTS													
Personnel	\$2,189,587	\$2,409,678	\$2,666,792	\$2,532,064	\$2,446,702	\$3,864,946	\$2,444,645	\$2,298,604	\$2,153,591	\$2,101,140	\$2,099,083	\$3,150,167	\$30,357,000
Professional Services	113,022	264,547	275,725	309,259	135,378	346,519	325,405	366,391	151,524	452,089	416,071	416,071	3,572,000
Property/Other Services	513,256	132,088	177,375	396,264	83,027	756,046	255,370	169,827	189,955	462,937	364,814	361,040	3,862,000
Supplies	15,183	47,447	26,571	43,652	47,447	72,120	51,243	36,060	58,835	47,447	94,895	91,099	632,000
Fees & Charges	0	17,230	0	34,461	114,868	11,487	15,316	37,332	11,487	15,316	16,273	17,230	291,000
Debt Service Payments	0	22,552	0	9,061	29,540	65,236	25,758	0	0	0	65,236	0	217,383
Property and Capital	0	0	6,521	163,024	14,346	41,734	29,997	3,913	49,559	3,913	29,997	29,997	373,000
Transfers Out	0	0	0	0	0	138,381	59,956	0	0	21,032	0	467,662	687,032
TRAN Principal Payment*	0	0	0	0	0	0	3,000,000	0	0	0	3,000,000	0	6,000,000
TRAN Interest Payment*	0	0	0	0	0	0	0	0	0	0	0	179,500	179,500
TOTAL DISBURSEMENTS	\$2,831,049	\$2,893,542	\$3,152,983	\$3,487,784	\$2,871,309	\$5,296,469	\$6,207,690	\$2,912,127	\$2,614,952	\$3,103,873	\$6,086,369	\$4,712,767	\$46,170,915
Interfund Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash Flow	\$4,294,948	(\$1,466,439)	(\$891,820)	(\$277,817)	(\$528,900)	\$2,547,717	(\$2,584,058)	(\$171,901)	(\$311,673)	\$3,736,196	(\$3,692,023)	(\$331,526)	\$322,705
Ending Balance	\$6,414,652	\$4,948,213	\$4,056,394	\$3,778,577	\$3,249,676	\$5,797,393	\$3,213,336	\$3,041,435	\$2,729,762	\$6,465,958	\$2,773,935	\$2,442,409	\$2,442,409

* Preliminary; subject to change.
Source: City of El Cerrito.

THE CITY

General. The City is a charter city that was incorporated in August 1917. It is located in the western portion of the County of Contra Costa (the “**County**”), approximately 17 miles northeast of San Francisco and 12 miles north of Oakland. It forms part of the highly urbanized area along the eastern shore of San Francisco Bay together with the cities of Richmond and Berkeley.

The City operates under the council-manager form of government. The City Council consists of five members elected at large for four-year, overlapping terms. The Mayor is selected by the City Council from among its members for a one-year term. The City Manager and the City Attorney are appointed by the City Council. The City Manager is responsible for administration of municipal affairs, and the City Attorney advises the City Council and the City staff on legal affairs. All municipal departments operate under the supervision of the City Manager. The City Clerk and Finance Director/City Treasurer are appointed by the City Manager.

For selected financial, economic and demographic information about the City, see “APPENDIX A – Financial, Economic and Demographic Information for the City.”

Auditor’s Statement Regarding Ability to Continue as a Going Concern. In the City’s audited financial statements for the fiscal year ended June 30, 2020, which are attached as APPENDIX B to this Official Statement, the City’s auditor, Badawi & Associates (the “**Auditor**”), included the following statement:

The accompanying financial statements have been prepared assuming that the City will continue as a going concern. As discussed in Note 21 to the financial statements, the City’s General Fund has a very limited fund balance that indicates that the City may not be able to continue as a going concern. These conditions raise substantial doubt about its ability to continue as a going concern. Management’s plans regarding those matters also are described in Note 21. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

The City has supplemented its cashflows with the revenues generated by the Real Property Transfer Tax approved by the electorate in November 2018, as discussed under the heading “APPENDIX A – Financial, Economic and Demographic Information for the City – Major Revenues – Property Taxes – Real Property Transfer Tax.” As of the date of the audited financial statements, the City had also already begun receiving its share of sales taxes from the City of Richmond, as discussed under the heading “APPENDIX A – Financial, Economic and Demographic Information for the City – Tax Sharing with City of Richmond.” Besides these sources of additional cash flow, several large development/building projects have been permitted, and they are expected to generate large one-time fees and ongoing property taxes on completion that will benefit the General Fund for years to come. The City has been taking steps to restore a positive fund balance position through the end of fiscal year 2020-21, and expects to be able to consolidate its reserves through fiscal year 2021-22 and beyond.

State Audit of City as High Risk. In November 2019, the State Auditor’s Office contacted the City regarding a report that the State Auditor’s Office had published regarding high-risk cities in the State. The City was listed seventh on the list of high risk cities, with serious liquidity issues. Because the City was included in the high-risk category, the State conducted an assessment of the City’s fiscal situation. Early in 2020, under the State Auditor’s legislative authority to establish

a high-risk local government agency audit program, the City was informed that the State Auditor's Office would be doing an audit to learn more about the City's finances and what actions the City has taken, and the City's plans to address the City's fiscal issues. The audit was conducted in early 2021 and identified five high risk areas for the City: continual diminishing of financial reserves through overspending; ineffective budget development and monitoring practices; lack of a formal financial recovery plan; insufficient reductions in ongoing costs; and missed opportunities to increase revenue.

The City agreed with a majority of the recommendations and responded with a draft Corrective Action Plan that addressed the recommendations with specific actions, including estimated timeframes for completion, and also assigned responsibility to City departments for execution of the plan. Overall, the Plan is meant to indicate that the City is committed to restoring the City to fiscal health, increase the General Fund reserves, and provide appropriate levels of service and employee compensation. City staff intends to continue monitoring revenues and expenditures closely and work with the City Council to take timely corrective action if needed. City staff are also committed to continuous improvement in implementing policies and procedures that conform with best practices in local government budgeting and to providing information to the City Council so that it can make educated decisions.

The State Auditor's report relating to the City can be found at the following website address: <https://www.auditor.ca.gov/reports/2020-803/index.html>. The City's response can be found at the following website address: www.el-cerrito.org/DocumentCenter/View/15430/El-Cerrito-Response-to-State-Auditor---PR. *The City has not incorporated by reference the information on such websites, and the City does not assume any responsibility for the accuracy of the information on such websites.*

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS

Limitations on Revenues

Article XIII A of the California Constitution. Article XIII A of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978 and has been amended on occasions, including most recently on November 7, 2000 to reduce the voting percentage required for the passage of school bonds. Section 1(a) of Article XIII A limits the maximum ad valorem tax on real property to one percent of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State statutes. Section 1(b) of Article XIII A provides that the one-percent limitation does not apply to ad valorem taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, or (iii) bonded indebtedness incurred by a school district or community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters voting on the proposition. The tax for payment of the City's general obligation bonds falls within the exception for bonds approved by a two-thirds vote.

Section 2 of Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the 1975-76 Fiscal Year tax bill, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The

full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. See "Litigation Relating to Two Percent Limitation" below. Legislation implementing Article XIII A provides that, notwithstanding any other law, local agencies may not levy any ad valorem property tax except the 1% base tax levied by each County and taxes to pay debt service on indebtedness approved by the voters as described above. Such legislation further provides that each county will levy the maximum tax permitted by Article XIII A, which is \$1.00 per \$100 of assessed market value.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when it is purchased, newly constructed or undergoes a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the City.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Articles XIII C and XIII D of the California Constitution.

General. On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the "Supermajority Vote to Pass New Taxes and Fees Act." Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to Article XIII C define "taxes" that are subject to voter approval as "any levy, charge, or exaction of any kind imposed by a local government," with certain exceptions.

Taxes. Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City ("**general taxes**") require a majority vote; taxes for specific purposes ("**special taxes**"), even if deposited into the City's General Fund, require a two-thirds vote. The voter approval requirements of Article XIII C reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Property-Related Fees, Charges and Assessments. Article XIII D also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments

must confer a “special benefit,” as defined in Article XIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Reduction or Repeal of Taxes, Fees and Charges. Article XIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City’s General Fund. If such repeal or reduction occurs, the City’s ability to pay debt service on the Notes could be adversely affected.

Burden of Proof. Article XIIC provides that local government “bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.” Similarly, Article XIID provides that in “any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance” with Article XIID.

Impact on City’s General Fund. The approval requirements of Articles XIIC and XIID reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase the taxes, fees, charges or taxes in the future that it may need to meet increased expenditure needs.

The City does not believe that any material source of General Fund revenue is subject to challenge under Proposition 218 or Proposition 26.

Judicial Interpretation. The interpretation and application of Articles XIIC and XIID will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Expenditures and Appropriations

In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and local governments are subject to an annual “appropriations limit” or “Gann Limit” imposed by Article XIII B of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” exclude tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds.

Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters,

appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in cases of emergency; however, the appropriations limit for the three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity have their own appropriations limits. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Each school district is required to establish an appropriations limit each year. In the event that a school district's revenues exceed its spending limit, the district may increase its appropriations limit to equal its spending by taking appropriations limit from the State.

Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years. If the aggregate "proceeds of taxes" for the preceding two-year period exceed the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D and Proposition 111 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time, other initiative measures could be adopted, further affecting City revenues or the City's ability to expend revenues. The nature and impact of these measures cannot be predicted by the City.

RISK FACTORS

Bankruptcy Considerations

In 1994, Orange County, California issued its 1994-1995 Tax and Revenue Anticipation Notes (the "**Orange County Notes**") under the same statutory authority as the statutory authority for the Notes. On December 6, 1994, Orange County filed a petition in bankruptcy. Subsequently, Orange County declined to set aside the taxes and revenues it had pledged for the repayment of the Orange County Notes and a noteholder brought suit to compel Orange County to do so. A March 8, 1995, ruling of the United States Bankruptcy Court for the Central District of California held that the lien securing the Orange County Notes did not attach to revenues received by Orange County after the filing of its bankruptcy petition on December 6, 1994, and therefore, Orange County was not required to set aside the revenues pledged under the note resolution following the bankruptcy. The Bankruptcy Court ruled that under the United States Bankruptcy Code (the "**Bankruptcy Code**"), the lien did not attach to revenues received by Orange County after December 6, 1994, because the lien was a consensual security interest rather than a statutory lien. In July 1995, the United States District Court for the Central District of California reversed the decision of the Bankruptcy Court. Orange County appealed the decision of the District Court to the United States Court of Appeals for the Ninth Circuit. Before the Ninth Circuit rendered a decision, the parties settled their disputes. Accordingly, if the City were to file for bankruptcy, it is not clear whether it would be required to set aside revenues pledged under the Resolution as described above.

In addition, the Pledged Revenues and other moneys that will be set aside to pay the Notes will be held in the City's General Fund, and these funds will be invested in the pooled investment fund. Should the City go into bankruptcy, a court might hold that the owners of the Notes do not have a valid lien on the Pledged Revenues. In that case, unless the owners could "trace" the funds, the owners would merely be unsecured creditors of the City. There can be no assurance that the owners of the Notes could successfully so "trace" the Pledged Revenues.

Limitations on Remedies

The rights of the owners of the Notes are subject to the limitations on legal remedies against local agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes and the obligations incurred by the City, may become subject to the following: the Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; equity principles that may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise and, consequently, may entail risks of delay, limitation, or modification of their rights.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The Notes are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Notes.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Notes in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes, and in order for the Notes to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Notes, or may cause the Notes to not be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Note is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Note is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Note on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Notes to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Note. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Notes who purchase the Notes after the initial offering of a substantial amount of such maturity. Owners of such Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Note (said term being the shorter of the Note's maturity date or its call date). The amount of Note premium amortized each year reduces the adjusted basis of the owner of the Note for purposes of determining taxable gain or loss upon disposition. The amount of Note premium on a Note is amortized each year over the term to maturity of the Note on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Note premium is not deductible for federal income tax purposes. Owners of premium Notes, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Notes.

California Tax Status. In the further opinion of Bond Counsel, interest on the Notes is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or cause the Notes to not be "qualified tax-exempt obligations," or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to Notes issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Notes, or as to the consequences of owning or receiving interest on the Notes, as of any future date. Prospective purchasers of the Notes should consult

their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Notes should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Notes may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Notes, the ownership, sale or disposition of the Notes, or the amount, accrual or receipt of interest on the Notes.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX C.

LEGAL MATTERS

Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will render the opinion set forth in APPENDIX C with respect to the validity and enforceability of the Resolution and as to the validity of the Notes. Jones Hall is also serving as Disclosure Counsel in connection with the issuance of the Notes. Jones Hall will receive compensation from the City contingent upon the sale and delivery of the Notes.

RATING

The City has obtained a rating of “_____” on the Notes from S&P Global Ratings. Certain information was supplied by the City to the rating agency to be considered in evaluating the Notes. The rating issued reflects only the views of the rating agency, and any explanation of the significance of such rating should be obtained from the rating agency. There is no assurance that any rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Notes.

LITIGATION

No litigation is pending or threatened concerning the validity of the Notes. In the opinion of the City, there are no lawsuits or claims pending against the City that would impair the ability of the City to repay the Notes.

UNDERWRITING

Hilltop Securities Inc. (the “**Underwriter**”) has entered into a Note Purchase Agreement with the City under which the Underwriter will purchase the Notes at a price of \$_____ (equal to the par amount of the Notes, plus/less an original issue premium/discount of \$_____, and less an Underwriter’s discount of \$_____).

The Underwriter will be obligated to take and pay for all the Notes if any are taken. The Underwriter intends to offer the Notes to the public at the offering prices set forth on the inside

cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

MUNICIPAL ADVISOR

The City has retained NHA Advisors, LLC, San Rafael, California, as the City's independent registered municipal advisor (the "**Municipal Advisor**") in connection with the preparation of this Official Statement and with respect to the issuance of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. NHA Advisors, LLC is an independent registered municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The Municipal Advisor's compensation is contingent upon the delivery of the Notes.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events. The notices of enumerated events will be filed by the City with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the notices of enumerated events is summarized under the caption "APPENDIX E – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the purchaser of the Notes in complying with Securities and Exchange Commission (the "**SEC**") Rule 15c2-12(b)(5) (the "**Rule**").

Based upon a review of the City's filing obligations during the past five years, there have been no instances in the previous five years in which the City failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Notes. Quotations from and summaries and explanations of the Notes, the resolutions, statutes and documents contained in this Official Statement do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Notes.

The execution and delivery of this Official Statement have been duly authorized by the City.

By: _____
City Manager

APPENDIX A

FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY

General

The City. The City is a charter City that was incorporated on August 1, 1917. Located in western Contra Costa County (the “**County**”), it has a geographical area of approximately 3.9 square miles and forms part of the highly urbanized area along the eastern shore of San Francisco Bay. Interstate Highway 80 passes near the west boundary of the community; the crest of the Berkeley Hills and Wildcat Canyon Regional Park defines the eastern boundary. The community is served by the Bay Area Rapid Transit system with stations near both the north and south boundaries of the City.

The County. The City is located the County, one of the nine counties in the San Francisco-Oakland Bay Area. Situated northeast of San Francisco, the County is bounded by San Francisco and San Pablo Bays, the Sacramento River Delta, and Alameda County on the south. Ranges of hills effectively divide the County into three distinct regions. The western portion, with its access to water, contains much of the County’s heavy industry. The central section is rapidly developing from a suburban area into a major commercial and financial headquarters center. The eastern part is also undergoing substantial change, from a rural, agricultural area, to a suburban region. The County has extensive and varied transportation facilities-ports accessible to ocean-going vessels, railroads, freeways, and rapid transit lines connecting the area with Alameda County and San Francisco.

City Services and Government

The City provides a full range of services, including police and fire protection; building permits and inspections; parks and recreation facilities and services, planning and environmental services, construction and maintenance of streets, public buildings, and other infrastructure and operation of a state of the art Recycling Center.

The City is organized as a council-manager form of local municipal government. The City Council consists of five members elected at-large for four-year, overlapping terms. The Council selects the Mayor from among its members for a one-year term. The Mayor and City Council provide community leadership, develop policies to guide the City in delivering services and achieving community goals, and encourage citizen understanding and involvement.

The City Manager is appointed by the City Council and responsible for administration of municipal affairs. All municipal departments operate under the supervision of the City Manager. Through the City Manager, City staff, using the resources appropriated by the Council in the budget to achieve desired service results in the community, carries out the policies of the Council.

Budget Process

In accordance with applicable sections of the California Government Code and the City’s Charter, an annual budget is adopted by the City Council by June 30 of each year. The annual budget is the City’s service and financial plan for the fiscal year: a planning tool that matches the services desired by the community to the resources required in order to provide those services.

The development, adoption, and implementation of the City budget compose a major decision-making process with several phases.

At the initial stage of the budget process, department heads and division managers propose to the City Manager those programs designed to provide essential services that meet the City Council's expression of community goals. Staff also prepares estimates of available revenues for the same period. The City Manager and department directors balance the requested program expenditures with the anticipated resources, and develop a proposed budget and financial forecasts. The proposed document is reviewed by the City's Financial Advisory Board, a five-member board consisting of members of the community that are appointed by City Council as having demonstrated expertise in financial management and accounting. The recommendations and revisions of the Financial Advisory Board are considered during the budget process.

After presentation of the staff-prepared proposed budget, the City Council holds public meetings on the budget to review the staff recommendations. The City Council also receives public testimony and reviews the service, expenditure, and revenue proposals contained in the proposed budget. After discussing and making amendments, if any, to the proposed budget, the City Council adopts the budget for the next fiscal year and establishes appropriations. The appropriations are the legal authority to spend money. While the budget document for fiscal year 2018-19 and 2019-20 incorporates two fiscal years, the City Council is required per the El Cerrito Municipal Code to adopt and appropriate an annual budget for each fiscal year.

General Fund Budgets

General. A comparison of the City's budgeted General Fund revenues and expenditures for fiscal years 2018-19 and 2019-20 against the actual General Fund revenues and expenditures for the same period, are set forth in the following table. The City's audited financial statements for the fiscal year ended June 30, 2020, are included as APPENDIX B to this Official Statement.

Table A-1
CITY OF EL CERRITO
General Fund Adopted Budgets
Fiscal Years 2018-19 and 2019-20

	<u>Final Budget 2018-19</u>	<u>Audited 2018-19</u>	<u>Final Budget 2019-20</u>	<u>Audited 2019-20</u>
Revenues:				
Property taxes	\$10,068,000	\$10,182,035	\$10,489,640	\$10,091,133
Taxes other than property	16,512,000	16,812,948	17,940,740	19,104,059
Licenses and permits	875,000	775,876	992,720	784,982
Fines and forfeitures	310,000	218,684	300,600	226,597
Use of money and property	103,000	157,264	106,090	272,232
Intergovernmental	3,801,000	4,091,055	3,837,650	3,910,792
Charges for services	6,709,700	6,933,840	7,348,040	5,472,601
Other revenues	82,000	182,030	84,760	118,334
Total revenues	38,460,700	39,353,732	41,100,240	39,980,730
Expenditures:				
General government:				
City council	95,545	195,465	199,439	159,496
City manager	1,139,694	1,345,679	1,238,246	1,194,851
City attorney	300,000	519,482	309,000	334,216
Financial services	1,492,253	1,530,765	1,512,704	1,628,028
City clerk	399,079	346,335	442,958	477,609
Information services	854,538	848,768	846,414	871,895
Employee services	1,169,082	1,148,462	1,236,995	1,332,989
Public works	1,847,397	1,967,260	2,139,483	1,860,308
Recreation	5,393,176	5,794,027	5,861,578	5,351,137
Community development	2,284,615	2,522,098	2,640,959	2,505,481
Public safety:				
Police	11,842,040	12,121,461	12,745,173	12,199,388
Fire	10,156,212	11,257,758	11,177,828	11,182,414
Capital outlay	172,775	344,253	118,775	256,324
Debt service: principal	126,504	126,504	104,386	166,493
Debt service: interest and fiscal charges	29,728	134,436	26,319	165,654
Total expenditures	37,302,638	40,202,753	40,369,084	39,686,283
Excess of revenues over (under) expenditures	1,158,062	(849,021)	731,156	294,447
Other financing sources (uses):				
Transfers in	54,671	1,117,990	54,671	54,671
Transfers out	(1,289,473)	(1,330,107)	(608,328)	(607,522)
Capital lease financing	--	116,121	--	187,346
Total other financing sources (uses)	(1,234,802)	(95,996)	(553,657)	(365,505)
Special Items:				
Proceeds from sale of land from Contra Costa Co.	681,951	800,755	--	--
Net change in fund balance	605,211	(144,262)	177,499	(71,058)
Fund balance - July 1	87,570	87,570	(38,963)	(38,963)
Fund balance - June 30	\$692,781	\$(56,692)	\$(138,536)	\$(248,557)

Source: City of El Cerrito Comprehensive Annual Financial Reports.

Adopted Budget for Fiscal Year 2020-21

Following the onset of the COVID-19 pandemic, the City Council had directed staff to amend the fiscal year 2020-21 budget process by preparing a one-year budget that would be adopted prior to July 1, with the intention to perform a more detailed budget process during the summer months and present Council with proposed amendments by the end of October 2020. It was believed that this would allow City staff to have a much clearer picture of the sustained revenue losses and prepare an amended budget that would portray the City's rapidly evolving fiscal situation. Accordingly, staff prepared and presented an amended fiscal year 2020-21 budget that was adopted by the City Council on October 6, 2020 (such budget being the "**Adopted Budget**"). The budget represents staff's best efforts to provide the programs and services consistent with the City's Strategic Plan and other input received from the community and the City Council. The economic impacts of COVID-19 have created a significant amount of uncertainty relative to the City's ability to accurately project City revenues for fiscal year 2020-21, and therefore, the amended budget was based on providing sustainable levels of service at a reasonable cost.

The City's ability to maintain City services relies heavily on tax revenue, with property and sales taxes representing the largest percentage. Both had slowed during the economic downturn. Like most cities, the City has struggled to balance increasing expenses due in large part to health and pension costs with sluggish revenues that have not kept pace with the increase in expenditures. In addition, some revenues have been permanently lost as in the case of redevelopment. Staff estimates that about \$1 million annually has been lost as a result of redevelopment dissolution.

Approximately 76% of the General Fund expenditures are related to personnel costs. Within Personnel, salaries and benefits have traditionally been governed by the City Council's policy to provide median compensation, which is intended to act as a ceiling for salaries and benefits as agreed upon in the memorandums of understanding with the various benefit groups. Currently, all employees are now contributing between 8-12% of their salary towards the total pension costs. Of the remaining General Fund expenses, very few are discretionary and include costs related to contract services such as Public Safety dispatch, Animal Control services, legal services, independent audit services, election services and criminalist services that the City could not provide as efficiently as other organizations can on its behalf. When other non-discretionary items are factored in such as insurance, medical supplies, utilities, vehicles, and a minimal level of supplies, nearly 95% of the General Fund is non-discretionary.

City General Fund Reserve Policy

The City's General Fund Reserve Policy (the "**Reserve Policy**") forms a part of its Comprehensive Financial Policy, which the City Council approved on May 21, 2019 (the "**Comprehensive Financial Policy**"). The purpose of the Reserve Policy is to set aside funds to insure against events that would adversely affect the financial condition of the City and jeopardize the continuation of necessary public services. The Reserve Policy is designed to provide adequate cash flow, protect bond ratings, and offset economic downturns and revenue shortfalls. The reserve is also available to provide for one-time funding in the event of an emergency situation such as a natural disaster or unanticipated liability.

The Reserve Policy expresses the City's goal of achieving a General Fund annual operating reserve of 10% of projected General Fund operating expenditures in each fiscal year. As part of the annual budget process, the City Council will consider a Five-Year Plan that attempts

to maintain a reserve ratio of 10%. The City Council may adopt a deficit budget to deal with certain uses so long as the projected reserve does not go below 10% in any year of the Five-Year Plan. Should the General Fund reserve fall below 10%, each budget year the City will adopt a plan to restore the reserve percentage to 10% within five years and 15% within 10 years.

The Comprehensive Financial Policy is reviewed annually by the City's Financial Advisory Board and any proposed substantive revisions are submitted to the City Council for approval.

City Actions to Increase General Fund Reserve

The City is taking action to address budget challenges and restore General Fund reserves to levels as expressed in the Comprehensive Financial Policy. During the last recession and following the dissolution of the City's Redevelopment Agency in 2012, the City used General Fund reserves in order to preserve and maintain services. The City has not recovered its reserve levels from that time and has made doing so a priority. The City has taken steps to increase revenues by passing ballot measures for a real property transfer tax in 2018 (see "– Property Taxes – Real Property Transfer Tax") and a parks and recreation services parcel tax in 2019 and is taking action to reduce expenses in the current and future fiscal years.

The "baseline" for the 2020-21 General Fund budget was presented to the City Council in February 2020, along with the 5-year General Fund forecast. The baseline budget projected General Fund Revenues of \$42.7 million and Expenditures of \$42.6 million, which would have resulted in a small surplus. However, due to the COVID-19 pandemic and its effect on City revenues, staff presented City Council with expenditure reductions of approximately \$4 million in the months since February 2020. Staff revised the original baseline estimates for revenues for fiscal year 2020-21 based on Covid-19 impacts on revenues. With these adjustments staff proposed a General Fund Budget of \$39.3 million in revenues and \$38.7 million in expenses for fiscal year 2020-21. This represented a \$3.4 million (or 8%) reduction in revenues and \$3.9 million (or 9%) reduction in expenditures over the baseline budget and still yields a small General Fund surplus.

In response to the COVID-19 emergency, the City has taken more aggressive actions in fiscal year 2020-21 to mitigate the economic impacts of the public health crisis. This includes implementing unpaid furloughs for 90 part-time staff and 70 non-sworn full-time staff, instituting a hiring freeze, implementing a freeze on non-essential spending, deferring capital projects, and cancelling events and programs. The City has worked with each bargaining unit to defer cost of living adjustments (COLAs); implemented furloughs for non-sworn full-time staff that equate to a 5% - 10% salary reduction; required Management staff to increase employee contributions to CalPERS and suspended discretionary pay and benefits. The City is currently evaluating further expense reductions including reduced services and cuts in staffing. These budget reduction strategies will be implemented over the next 12 to 24 months.

State Budget and Its Impact on the City

The General Fund receives amounts from the State that could impact the services provided by the City. The City cannot predict what actions will be taken in future years by the State Legislature and the Governor to address a State budget deficit. Future State budgets will be affected by national and state economic conditions and other factors over which the City has no control. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget. Decreases in such revenues may have an adverse impact on the City's ability to pay the Notes.

Information about the fiscal year 2020-21 adopted State budget, the proposed fiscal year 2021-22 State budget, the May Revise for fiscal year 2021-22 and other State budgets is regularly available at various State-maintained websites. An impartial analysis of the budget is posted by the Legislative Analyst Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. *The information referred to in this paragraph is prepared by the respective State agency maintaining each website and not by the City or Underwriter, and the City and Underwriter take no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated in this Official Statement by these references.*

Financial Statements

Certain important issues relating to the City's financial condition are discussed in the forefront of this Official Statement under the headings "THE CITY – Auditor's Statement Regarding Ability to Continue as a Going Concern" and "– State Audit of City as High Risk."

The accounting policies of the City conform to generally accepted accounting principles. The Governmental Accounting Standards Board ("GASB") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting; (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting; and (iv) required supplementary information.

Accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. There are three groups of funds: governmental funds (which include the General Fund), proprietary funds (which include enterprise funds and internal service funds) and fiduciary funds (which are used to account for resources held for the benefit of parties outside the City). The City maintains 36 individual governmental funds. Information is presented separately in the governmental statement of revenues, expenditures, and changes in fund balances for the General Fund and the Street Maintenance and Construction Fund, both of which are considered to be major funds. Data for the 35 other funds are combined into a single aggregated presentation.

All governmental funds and fiduciary funds use the modified accrual basis of accounting. The proprietary funds use the accrual basis of accounting. The General Fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in a separate fund.

The City's most recent audited financial statements are included in the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020, which is attached as APPENDIX B to this Official Statement. The financial statements were prepared by the City and audited by the Auditor.

The financial statements should be read in their entirety. *The City has neither requested nor obtained permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City or General Fund. In addition, the Auditor has not reviewed this Official Statement.*

Set forth on the following pages are (i) a general fund balance sheet for fiscal years 2015-16 through 2019-20 and (ii) a statement of revenues, expenditures and changes in fund balance for the City's General Fund for the same period.

DRAFT

Table A-2
CITY OF EL CERRITO
General Fund Balance Sheet
(Audited)

	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
ASSETS:					
Cash and investments	\$5,116,309	\$3,107,248	\$3,419,338	\$4,349,089	\$9,016,794
Cash with fiscal agents	10,187	10,205	--	--	--
Accounts receivable	155,287	3,743	9,530	--	633,574
Due from other governments	1,663,837	2,348,549	2,778,497	2,113,059	1,249,313
Due from other funds	1,270,421	1,671,263	385,338	951,617	374,902
Advance to other funds	--	--	988,351	317,967	315,306
Due from El Cerrito Redevelopment Agency Successor Agency	--	873,766	1,321,189	1,321,189	1,321,189
Interest receivable	--	--	--	--	32,158
Loans receivable	--	--	--	--	--
Inventory	110,975	23,595	11,537	11,772	27,737
Prepays	59,378	97,381	--	--	3,279
Land held for resale or redevelopment	--	--	--	--	--
Total assets	8,386,394	8,135,750	8,913,780	9,064,693	12,974,252
LIABILITIES:					
Accounts payable	883,120	524,897	346,261	888,579	844,519
Accrued liabilities	61,268	1,081,986	1,102,088	1,231,944	1,551,848
Due to other funds	--	--	--	--	--
Deposits payable	500,000	515,730	645,593	804,162	1,605,016
Deferred revenue	--	--	--	--	--
Unearned revenue	47,682	515,730	65,000	80,381	82,890
Note payable	5,000,000	5,000,000	6,000,000	6,000,000	9,000,000
Total liabilities	6,492,552	7,170,002	8,159,439	9,005,066	13,084,273
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - sales tax	--	147,028	666,771	116,319	--
Unavailable revenue - due from other governments	--	--	--	--	--
Unavailable revenue - loans receivable	--	--	--	--	--
Total deferred inflows of resources	--	147,028	666,771	116,319	--
Fund Balances:					
Nonspendable					
Advance to other funds	--	--	988,351	317,967	315,306
Due from El Cerrito Redevelopment Agency Successor Agency	--	873,766	1,321,189	1,321,189	1,321,189
Items not in spendable form:					
Prepays and Inventory	170,353	120,976	11,537	11,772	31,016
Restricted	--	--	--	--	--
Redevelopment projects & programs	--	--	--	--	--
Solar Project	10,187	10,205	--	--	--
Assigned to various contrast	--	--	--	--	--
Unassigned	1,713,302	(186,277)	(2,233,507)	(1,707,620)	(1,777,532)
Total fund balances	1,893,842	818,720	87,570	(56,692)	(110,021)
Total liabilities and fund balances	\$8,386,394	\$8,135,750	\$8,913,780	\$9,064,693	\$12,974,252

Source: City of El Cerrito Comprehensive Annual Financial Reports.

Table A-3
CITY OF EL CERRITO
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
(Audited)

	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
Revenues:					
Taxes and assessments	\$21,444,662	\$23,367,464	\$23,829,757	\$26,994,983	\$29,195,192
Licenses and permits	607,729	719,843	767,706	775,876	784,982
Fines and penalties	326,544	350,855	222,173	218,684	226,597
Use of money and property	311,786	345,665	373,954	157,264	272,232
Intergovernmental revenues	3,621,780	3,373,887	4,115,543	4,091,055	3,910,792
Charges for services	4,391,219	5,740,974	6,099,394	6,933,840	5,472,601
Other revenues	768,149	577,753	377,394	182,030	118,334
Total revenues	31,471,869	34,476,441	35,783,921	39,353,732	39,980,730
Expenditures:					
Current:					
General government	4,359,038	4,927,484	5,248,920	5,934,956	5,999,084
Public works	1,116,997	1,443,104	1,673,715	1,967,260	1,860,308
Recreation	4,465,879	4,818,238	5,183,872	5,794,027	5,351,137
Community development	1,769,422	2,157,162	2,405,103	2,522,098	2,505,481
Public safety	19,325,987	20,277,045	21,261,548	23,379,219	23,381,802
Payment of sales tax to City of Richmond	--	--	--	--	--
Capital outlay	182,594	45,770	276,683	344,253	256,324
Debt service: principal	93,373	95,959	98,616	126,504	166,493
Debt service: interest	--	106,389	103,732	134,436	165,654
Total expenditures	31,313,290	33,871,151	36,252,189	40,202,753	39,686,283
Excess of revenues over (under) expenditures	158,579	605,290	(468,268)	(849,021)	294,447
Other financing sources (uses):					
Proceeds from sale of capital assets	7,290	--	--	--	--
Issuance of debt	--	--	--	--	--
Transfers in	890,194	54,583	54,583	1,117,990	54,671
Transfers out	(623,733)	(456,668)	(317,465)	(1,330,107)	(607,522)
Capital lease financing	--	--	--	116,121	187,346
Total other financing sources (uses)	273,751	(402,085)	(262,882)	(95,996)	(365,505)
Proceeds of sale of land from Contra Costa County	--	--	--	800,755	--
Net change in fund balance	432,330	203,205	(731,150)	(144,262)	(71,058)
Fund balance - July 1	1,461,512	615,515 ⁽¹⁾	818,720	87,570	(38,963)
Fund balance - June 30	\$1,893,842	\$818,720	\$87,570	\$(56,692)	\$(110,021)

(1) As restated.

Source: City of El Cerrito Comprehensive Annual Financial Reports.

Major Revenues

General. Taxes and other sources of revenue received by the City are listed in the table below. Certain general taxes currently imposed by the City are affected by Proposition 218. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 218 – Article XIIC and Article XIID.”

The following table presents historical audited tax revenues for fiscal years 2015-16 through 2019-20 for the City’s General Fund.

**Table A-4
CITY OF EL CERRITO
Major Tax Revenues by Source
(Audited)**

	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2016-17</u>	<u>Fiscal Year 2017-18</u>	<u>Fiscal Year 2018-19</u>	<u>Fiscal Year 2019-20</u>	<u>% of 2019-20 Total</u>
Property Taxes	\$7,908,458	\$9,082,380	\$9,486,999	\$12,428,008 ⁽⁴⁾	\$12,521,071	39.34%
Sales Taxes ⁽²⁾	5,750,190	6,144,993	6,458,292	8,318,511	8,134,818	25.56
Utility User Tax	3,291,251	3,360,277	2,965,675	3,207,892	3,165,974	9.95
Local Parcel Taxes	1,934,752	2,340,319	2,499,743	1,814,512	1,860,370	5.85
Franchise Taxes	1,453,351	1,375,048	1,279,037	1,244,897	1,637,666	5.15
Business License Tax	787,122	775,413	846,900	910,104	918,799	2.89
Other Taxes	319,531	289,034	293,111	1,252,048	3,589,234	11.28
Total Taxes	\$21,444,655	\$23,367,464	\$23,829,757	\$29,175,972	\$31,827,932	100.00%

- (1) Historical financial results may not be representative of future results due to the COVID-19 pandemic, among other factors.
- (2) Includes revenues from Measure A, a 1/2-cent transactions and use tax on certain retailers and other commercial enterprises within the City (“**Measure A**”). The revenues from Measure A are pledged to the payment of debt service on the City’s 2017 Sales Tax Revenue Bonds (“**Sales Tax Bonds**”) and will be unavailable for debt service on the Certificates. Measure A revenues for fiscal years 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 were \$1,800,598, \$1,278,472, \$1,529,550, \$1,630,826, and \$1,631,894 respectively.
- (3) Measure R sales tax was first levied on April 1, 2015. See “– Sales and Use Taxes – Sales Tax Rates.”
- (4) Of this amount, \$1,102,563 represents the City’s real property transfer tax revenues received from January through June 2019. The real property transfer tax was approved by the electorate in November 2018 and became effective in January 2019. See “– Property Taxes – Real Property Transfer Tax.”

Source: City of El Cerrito.

Property Taxes

General. This section describes property tax levy and collection procedures and certain information regarding historical assessed values and major property tax-payers in the City.

Property taxes represent the largest source of tax revenue to the City. See “– Assessed Valuation” below. The City received \$16.1 million in property tax revenues (representing approximately 39% of total General Fund revenues) for fiscal year 2019-20, which included \$2.8 million in Vehicle Licensing Fees and \$3.5 million in revenues from the City’s real property transfer tax, which was approved by the electorate in November 2018 and first collected in January 2019. See “– Real Property Transfer Tax.”

Property taxes have historically been the primary revenue source affected by voter initiatives and legislative actions. With approval of Proposition 13, property tax revenues were curtailed when they were reduced by two-thirds and thereafter limited to 2% annual increases or the CPI, whichever was less. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

ERAF Shift Legislation. Certain property taxes have been shifted from local government agencies to schools by the State Legislature for deposit in the Education Revenue Augmentation Fund ("**ERAF**"), a shift that has resulted in diversion of City property taxes since fiscal year 1992-93. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 1A." There can be no assurance that the State will not undertake future ERAF shifts.

Levy and Collection. Property taxes are levied for each fiscal year on taxable real and personal property as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property the taxes on which are a lien sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State of California and may be sold at public auction.

Property taxes on the unsecured roll are due as of the January 1 lien dates and become delinquent on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Beginning in 1978-79, Proposition 13 and its implementing legislation shifted the function of property tax allocation to the counties, except for levies to support prior voted debt, and prescribed how levies on countywide property values are to be shared with local taxing entities within each county.

Assessed Valuation. All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

Assessed Valuation History. The following table shows a ten-year history of the City’s assessed valuation.

**Table A-5
CITY OF EL CERRITO
Assessed Value of Taxable Property
Fiscal Years 2010-11 to 2019-20**

Fiscal Year	Local Secured	Utility	Unsecured	Total
2011-12	\$2,881,842,764	\$0	\$38,112,554	\$2,919,955,318
2012-13	2,811,186,014	0	37,430,254	2,848,616,268
2013-14	2,961,865,602	0	40,596,347	3,002,461,949
2014-15	3,222,404,322	0	41,830,854	3,264,235,176
2015-16	3,547,584,767	0	41,828,039	3,589,412,806
2016-17	3,789,900,085	0	40,622,301	3,830,522,386
2017-18	4,051,635,481	0	37,711,053	4,089,346,534
2018-19	4,304,672,359	0	39,306,939	4,343,979,298
2019-20	4,555,822,972	0	43,922,044	4,599,745,016
2020-21	4,862,260,473	0	42,091,289	4,904,351,762

Source: California Municipal Statistics, Inc.

Proposition 13 and Proposition 8 Property Value Adjustments. Proposition 13, passed in 1978, established the base year value concept for property tax assessments. Under Proposition 13, the 1975-76 fiscal year serves as the original base year used in determining the assessment for real property. Thereafter, annual increases to the base year value are limited to the inflation rate, as measured by the California Consumer Price Index, or 2%, whichever is less. A new base year value, however, is established whenever a property, or portion thereof, has had a change in ownership or has been newly constructed.

Proposition 8, enacted in 1978, allows for a temporary reduction in assessed value when a property suffers a “decline-in-value.” As of the January 1st (lien date) each year, the Assessor must enroll either a property’s Proposition 13 value (adjusted annually for inflation by no more than 2%) or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 value, the lower value is commonly referred to as a “Proposition 8 Value.” “Proposition 8 values” are temporary and, once enrolled, must be reviewed annually by the assessor until the Proposition 13 adjusted base year value is enrolled.

Major Property Taxpayers. The following table shows the principal property taxpayers in the City as determined by their secured assessed valuations in fiscal year 2020-21.

**Table A-6
CITY OF EL CERRITO
Principal Property Taxpayers**

<u>Taxpayer</u>	<u>Fiscal Year 2020-21</u>		<u>Percentage of Total City Taxable Assessed Value⁽¹⁾</u>
	<u>Taxable Assessed Value</u>	<u>Rank</u>	
MCD-RCCA-El Cerrito LLC ⁽²⁾	\$99,886,097	1	2.05%
KMF X El Cerrito LLC ⁽³⁾	60,097,879	2	1.24
Del Norte Place Apartments LP ⁽³⁾	50,857,698	3	1.05
El Cerrito Shopping Center LLC ⁽²⁾	47,470,741	4	0.98
Creekside Walk Ventures LLC ⁽³⁾	30,690,852	5	0.63
Lucky FLA Nocal Investor LLC	20,490,000	6	0.42
RB Del Norte LLC ⁽²⁾	17,711,552	7	0.36
Civic Plaza Riley Group LLC ⁽³⁾	17,539,223	8	0.36
East Bay Sierra School Inc. ⁽⁴⁾	14,361,085	9	0.30
El Cerrito Affordable Housing Partnership ⁽⁵⁾	<u>13,770,000</u>	10	<u>0.28</u>
Total	\$372,875,127		7.67%

(1) Fiscal Year 2020-21 Local Secured Assessed Valuation: \$4,862,260,473.

(2) Shopping center.

(3) Multifamily housing.

(4) Independent school.

(5) Commercial building.

Source: California Municipal Statistics, Inc.

Teeter Plan. The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions, including the City, for which the County acts as the tax-levying or tax-collecting agency. The Teeter Plan was effective beginning the fiscal year commencing July 1, 1993.

The Teeter Plan is applicable to all tax levies on secured property for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the City) for which the County acts as the tax-levying or tax-collecting agency.

Real Property Transfer Tax. The City's real property transfer tax was approved by the electorate in November 2018, became effective in January 2019 and generated nearly \$3.5 million in fiscal year 2020 and is expected to generate at least \$3 million annually. The tax is \$12 for each \$1,000 of the value of consideration paid for a transfer of real property, or fractional part of each \$1,000 of the value of consideration.

Sales and Use Taxes

Sales and use taxes represent the second largest source of tax revenue to the City. This section describes the current system for levying, collecting and distributing sales and use tax revenues in the State of California. The City received \$6.9 million in sales tax revenue (representing approximately 17% of total General Fund revenues) for fiscal year 2019-20 .

Sales Tax Rates. The City collects a percentage of taxable sales in the City (minus certain administrative costs imposed by the State Board of Equalization) pursuant to the Bradley-Burns Uniform Local Sales and Use Tax (the "**Sales Tax Law**"), as shown below.

At an election held on November 2, 2010, the voters of the City approved Measure R (by a majority vote), a measure to increase the sales tax in the City by a half-cent, to be used by the City for general purposes. Measure R was set to expire after seven years; however, in November 2014, El Cerrito voters approved the extension and increase of Measure R at the one percent sales tax rate for 12 years. The new sales tax rate went into effect on April 1, 2015, and will end on March 31, 2027. This increased El Cerrito's sale tax rate to 10% and is expected to generate approximately an additional \$1.4 million per year.

At a February 2008 election, a majority of City voters approved Measure A, which increased sales tax by a one-half cent to be used exclusively for street improvements. Prior to 2008, the City faced a backlog of street maintenance and repairs. Measure A accelerated work plan was a multi-year, intensive pothole and street repair program designed to rapidly improve the City's street system and to complete the repairs in the most efficient and quickest way possible. As part of the Measure A Street Improvement Program, construction as completed on the 2013-14 Street Improvement Project, 2014 Pavement Rehabilitation Project, 2014 Patch Paving Program, and 2015 Slurry Seal and Curb Ramp Project to repair and resurface various streets as well as install related improvements to curb, gutter, sidewalk, curb ramps, storm drain facilities and traffic striping.

Currently, taxable transactions in the City are subject to the following sales and use tax, of which the City's share is only a portion. The State collects and administers the tax, and makes distributions on taxes collected within the City, as follows:

**Table A-7
CITY OF EL CERRITO
Sales Tax Rates
As of April 1, 2020**

<u>Component</u>	<u>Rate</u>
Statewide	7.25%
Contra Costa County Transactions and Use Tax	0.50
Contra Costa County Transportation Authority	0.50
Bay Area Rapid Transit District	0.50
El Cerrito Measure A (Streets)	0.50
El Cerrito Measure R (General Fund)	1.00
Total Tax Rate	10.25%

Source: CDTFA.

Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State of California. The use tax is imposed on the purchase, for storage, use, or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State of California where the use will occur within the State of California. For additional information, see Publication No. 44 (July 2019) entitled "District Taxes (Sales and Use Taxes)", which can be found on the CDTFA's website at <https://www.cdtfa.ca.gov/formspubs/pub44.pdf>. *The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City or the Underwriter and is not incorporated in this Official Statement by reference.*

Certain transactions are exempt from the State sales tax, including sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity, and water when delivered to consumers through mains, lines, and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization's Publication No. 61 (March 2018) entitled "Sales and Use Taxes: Exemptions and Exclusions," which can be found on the State Board of Equalization's website at <http://www.boe.ca.gov/>. *The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City or the Underwriter, and is not incorporated in this Official Statement by reference.*

Sales Tax Collection Procedures. Collection of the sales and use tax is administered by the CDTFA. This process was formerly administered by the State Board of Equalization. The Taxpayer Transparency and Fairness Act of 2017, which took effect July 1, 2017, restructured

the State Board of Equalization and separated its functions among three separate entities: the State Board of Equalization, the CDTFA, and the Office of Tax Appeals. The State Board of Equalization will continue to perform the duties assigned to it by the state Constitution, while all other duties will be transferred to the newly established CDTFA and the Office of Tax Appeals. CDTFA will handle most of the taxes and fees previously collected by the State Board of Equalization, including sales and use tax.

Under the Sales and Use Tax Law, all sales and use taxes collected by the CDTFA under a contract with any city, city and county, redevelopment agency, or county are required to be transmitted by the CDTFA to such city, city and county, redevelopment agency, or county periodically as promptly as feasible. These transmittals are required to be made at least twice in each calendar quarter.

Under its procedures, the CDTFA projects receipts of the sales and use tax on a quarterly basis and remits an advance of the receipts of the sales and use tax to the City on a monthly basis. The amount of each monthly advance is based upon the CDTFA's quarterly projection. During the last month of each quarter, the CDTFA adjusts the amount remitted to reflect the actual receipts of the sales and use tax for the previous quarter.

According to the CDTFA, it distributes quarterly tax revenues to cities, counties, and special districts using the following method:

Using the prior year's quarterly tax allocation as a starting point, the CDTFA first eliminates nonrecurring transactions such as fund transfers, audit payments, and refunds, and then adjusts for growth, in order to establish the estimated base amount. The CDTFA disburses 90% to each local jurisdiction in three monthly installments (advances) prior to the final computation of the quarter's actual receipts. Ten percent is withheld as a reserve against unexpected occurrences that can affect tax collections (such as earthquakes, fire, or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 30% of the 90% distribution, while the third advance represents 40%. One advance payment is made each month, and the quarterly reconciliation payment (clean-up) is distributed in conjunction with the first advance for the subsequent quarter. Statements showing total collections, administrative costs, prior advances, and the current advance are provided with each quarterly clean-up payment.

The CDTFA receives an administrative fee based on the cost of services provided by the CDTFA to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City.

Other Taxes and Revenues

Utility Users Tax. The utility users tax ("UUT") was initially approved by the voters of the City in 1991 and revised with voter approval of the ordinance in 2004. The tax has generated approximately \$3 million in revenues annually for the General Fund. The ordinance calls for an 8% tax to be assessed by providers of gas, electricity, water, telephone and video/television services to all City customers and then remitted to the City. These revenues are subject to changes in market conditions, weather, and/or pricing in the sectors subject to the utility user tax ordinance. Although use of these services is generally declining, prices and rates are generally increasing on these services. Therefore, a slight decrease in overall utility user revenues is projected for coming fiscal years.

Business License Tax. Business License Taxes are imposed on certain types of businesses in the City and has reflected about \$850,000 of General Fund revenue annually. The tax is based on factors such as a business's number of employees or vehicles, its annual gross receipts, or a property owner's number of residential rental units. A slight increase is projected in the new few years.

Franchise Taxes. Franchise taxes are paid by utilities based on various methodologies and represent over \$1 million in General Fund revenue. They are projected to increase slightly over the new few years.

Other Taxes. Other taxes include the Transient Occupancy Tax, a 10% tax on room rates for hotels and motels, and other minor taxes. Other taxes are a minor General Fund revenue source, projected to increase slightly over the new few years.

Tax Sharing with City of Richmond

Pursuant to an agreement dated November 18, 1991 (the "**Tax Sharing Agreement**"), between the City and the City of Richmond ("**Richmond**"), the City and Richmond agreed that, with respect to a Home Depot located on a site consisting of 8 parcels located in the City and 13 parcels located in Richmond, the City will be allocated 30%, and Richmond will be allocated 70%, of sales taxes, property taxes, utility users' taxes and business license taxes to be generated by the Home Depot ("**Home Depot Tax Revenues**"). Under the Tax Sharing Agreement, if either party receives more than its allocated share of aggregate Home Depot Tax Revenues, it must, within 30 days of each January 15 and July 15, transmit the excess above the allocated share to the other party.

Long-Term General Fund Obligations

Set forth below is a summary of long-term obligations payable from the City's General Fund.

2020-21 Tax and Revenue Anticipation Notes. On July 2, 2020, the City issued its 2020-21 Tax and Revenue Anticipation Notes (the "**2020-21 TRAN**"), in the aggregate principal amount of \$8,500,000. The 2020-21 TRAN matures on July 1, 2021, and is payable from taxes, income, revenue, cash receipts and other moneys that are received by the City for the General Fund for fiscal year 2020-21. As security for the payment of the principal of and interest on the 2020-21 TRAN, the City has pledged the first "unrestricted moneys" (as defined below) to be received by the City as follows: (a) an amount equal to 50% of the principal amount of the 2020-21 TRAN in January 2021; (b) an amount equal to 50% of the principal amount of the 2020-21 TRAN in May 2021; and (c) an amount sufficient to pay interest as due on the 2020-21 TRAN at maturity, in June 2021 (collectively, "**Pledged Revenues**"). The principal of and interest on the 2020-21 TRAN constitutes a first lien and charge on, and is payable from, the Pledged Revenues. To the extent not so paid from the Pledged Revenues, the 2020-21 TRAN will be paid from any other moneys of the City lawfully available for such purpose. The term "**unrestricted moneys**" means taxes, income, revenue, cash receipts, and other moneys intended as receipts for the General Fund for fiscal year 2020-21 and that are generally available for the payment of current expenses and other obligations of the City.

2017 Certificates of Participation. On January 26, 2017, the MUFG Union Bank, N.A., executed and delivery 2017 Certificates of Participation (2006 City Hall Lease

Refinancing) (the “**2017 Certificates**”), in the original principal amount of \$7,040,000. The 2017 Certificates were outstanding in the principal amount of \$6,475,000 as of June 30, 2020. Principal payments are due annually on January 15, with interest payments payable semi-annually on January 15 and July 15 through January 15, 2036. The City has covenanted in the related Lease Agreement (payments under which are certificated by the 2017 Certificates) to take such action as may be necessary to include all estimated Lease Payments and all estimated Additional Payments due under the Lease Agreement in each of its final approved budgets.

Solar Photovoltaic Capital Lease. On December 5, 2012, the City entered into a lease agreement in the amount of \$1,595,300 at 2.75% interest with Green Campus Partners, LLC (the “**Solar Lease**”), to finance the purchase and installment of six solar photovoltaic electricity generation systems as six different sites in the City. Semiannual principal and interest payments of \$65,236 are due each December 1 and June 1 through December 1, 2027. The Solar Lease had an outstanding principal amount of \$898,797 as of June 30, 2020.

Employee Relations

The City had 174 authorized positions at the beginning of fiscal year 2020-21, of which 43 were sworn Police personnel and 36 were sworn Fire personnel. The City’s employees are represented by four labor groups, and Management, Confidential, and Aquatics employees are unrepresented.

<u>Labor Group</u>	<u>Number of Employees</u>	<u>Contract Expiration Date</u> ⁽¹⁾
Public Safety - Police	41	12/31/2022
Public Safety - Fire	31	6/30/2021
SEIU	45	6/30/2022
Public Safety Management	10	Varies by classification

(1) Upon expiration, contract continues on existing terms until renegotiated.

There have been no work stoppages by City employees.

Risk Management

The City is a member of the Municipal Pooling Authority of Northern California. The Authority provides coverage against loss risks under the terms of a joint-powers agreement with the City and several other cities and governmental agencies.

See Note 12 in the City’s fiscal year 2019-20 audited financial statements, which are attached to this Official Statement as Appendix B, for additional information about the City’s risk management practices.

Employee Retirement System

*This caption contains certain information relating to California Public Employees’ Retirement System (“**CalPERS**”). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified*

the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement. None of the Authority, City or Underwriter can guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

GASB Statement No. 68. In June 2012, the GASB adopted new standards (GASB Statement No. 68, or "**GASB 68**") with respect to accounting and financial reporting by state and local government employers for defined benefit pension plans. The new standards revise the accounting treatment of defined benefit pension plans, changing the way expenses and liabilities are calculated and how state and local government employers report those expenses and liabilities in their financial statements. Major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (previously, such unfunded liabilities were typically included as notes to the government's financial statements); (ii) pension expense incorporates more rapid recognition of actuarial experience and investment returns and is no longer based on the employer's actual contribution amounts; (iii) lower actuarial discount rates that are required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities that are required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns to will be recognized over a closed five-year smoothing period. The reporting requirements took effect in fiscal year 2014-15. Based on the adoption of the new accounting standards, beginning with the fiscal year 2014-15 actuarial valuation, the annual required contribution and the annual pension expense will be different. GASB 68 is a change in accounting reporting and disclosure requirements, but it does not change the City's pension plan funding obligations.

Information shown in this section that has been sourced from a CalPERS Actuarial Valuation Report has not been prepared in accordance with GASB 68. For a presentation of additional information that is required by GASB 68, see Note 10 to the City's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020, which is attached as APPENDIX B.

Plan Description. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Employee Pensions Plans (the "**Plans**"), cost-sharing multiple employer defined benefit pension plans administered by CalPERS. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily

reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The provisions and benefits of each plan that were in effect at June 30, 2020, are summarized as follows:

Miscellaneous Plan

	Miscellaneous - Classic	Miscellaneous - PEPRA
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.00% - 2.70%	1.00% - 2.50%
Required employee contribution rates	8.00%	6.75%
Required employer contributions rates	14.194%	7.732%

Safety Plan

	Safety - Classic	Safety - PEPRA Police	Safety - PEPRA Fire
Hire Date	Prior to January 1, 2013	On or after January 1, 2013	On or after January 1, 2013
Benefit	3% @ 50	2.7% @ 57	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	52	50	50
Monthly benefits, as a % of eligible compensation	3.00%	2.00% - 2.70%	2.00% - 2.70%
Required employee contribution rates	9.00%	13.00%	13.00%
Required employer contributions rates	23.674%	13.044%	13.044%

The City is required to contribute at an actuarially determined rate of annual covered payroll, plus a fixed payment of unfunded liability. The actuarially determined rates and amounts for each plan for the fiscal years ended June 30, 2020, through June 30, 2022, are as follows:

City's Required Employer Contribution Rate

	<u>Fiscal Year 2019-20</u>		<u>Fiscal Year 2020-21</u>		<u>Fiscal Year 2021-22</u>	
	<u>Employer Normal Cost Rate</u>	<u>Employer Payment of Unfunded Liability</u>	<u>Employer Normal Cost Rate</u>	<u>Employer Payment of Unfunded Liability</u>	<u>Employer Normal Cost Rate</u>	<u>Employer Payment of Unfunded Liability</u>
Miscellaneous Plan - Classic	13.182%	\$1,404,112	14.194%	\$1,542,149	14.020%	\$1,734,419
Miscellaneous Plan - PEPRA	6.985	2,729	7.732	4,523	7.590	6,971
Safety Plan - Classic	21.927	2,955,657	23.674	3,306,700	23.710	3,789,412
Safety-Police Plan - PEPRA	13.034	3,276	13.044	7,125	13.130	12,105
Safety-Fire Plan - PEPRA	13.034	1,813	13.044	2,967	13.130	4,677

Source: CalPERS Actuarial Reports dated July 2020.

The City's total contributions to each plan in fiscal years 2018-19, 2019-20 and 2020-21 were as follows:

Miscellaneous Plan

<u>Fiscal Year</u>	<u>Total City Contribution</u>
2018-19	\$1,408,271
2019-20	1,663,598
2020-21	1,749,421

Safety-Police Plan

<u>Fiscal Year</u>	<u>Total City Contribution</u>
2018-19	\$1,999,602.
2019-20	2,200,658
2020-21	2,522,842

Safety-Fire Plan

<u>Fiscal Year</u>	<u>Total City Contribution</u>
2018-19	\$2,202,928
2019-20	2,527,500
2020-21	2,898,084

Funded Status. The following table sets forth the schedule of funding for the City's Miscellaneous and Safety pension plans for the fiscal years ended June 30, 2017, 2018 and 2019.

Miscellaneous Plan

Miscellaneous Plan - Classic

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio ⁽¹⁾	Annual Covered Payroll
2017	\$52,784,582	\$34,734,477	\$18,050,105	65.8%	\$4,872,517
2018	57,323,516	37,269,868	20,053,648	65.0	4,978,297
2019	60,510,884	39,820,379	20,690,505	65.8	5,020,297

Miscellaneous Plan - PEPRA

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio ⁽¹⁾	Annual Covered Payroll
2017	\$430,332	\$408,601	\$21,731	95.0%	\$1,282,271
2018	715,573	658,044	57,529	92.0	1,487,336
2019	1,029,551	939,572	89,979	91.3	2,107,811

(1) Based on the market value of assets.

Source: CalPERS Actuarial Report Dated July 2020.

Safety Plan

Safety Plan - Classic

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio ⁽¹⁾	Annual Covered Payroll
2017	\$128,583,157	\$86,999,870	\$41,583,287	67.7%	\$7,158,298
2018	138,612,535	91,780,070	46,832,465	66.2	7,353,844
2019	146,218,995	97,388,993	48,830,002	66.6	6,956,438

Safety-Police Plan - PEPRA

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio ⁽¹⁾	Annual Covered Payroll
2017	\$789,467	\$742,844	\$46,623	94.1%	\$1,617,401
2018	1,250,981	1,132,286	118,695	90.5	1,755,726
2019	1,675,612	1,487,307	188,305	88.8	2,087,105

(1) Based on the market value of assets.

Source: CalPERS Actuarial Report Dated July 2020.

Safety-Fire PEPPRA Plan

<u>Valuation Date (June 30)</u>	<u>Accrued Liability</u>	<u>Market Value of Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio ⁽¹⁾</u>	<u>Annual Covered Payroll</u>
2017	\$220,456	\$209,018	\$11,438	94.8%	\$550,581
2018	389,350	357,340	32,010	91.8	686,356
2019	546,388	491,118	55,270	89.9	874,387

(1) Based on the market value of assets.

Source: CalPERS Actuarial Report Dated July 2020.

Recent Actions Taken by CalPERS. On November 18, 2015, the CalPERS Board adopted a funding risk mitigation policy intended to incrementally lower its discount rate – its assumed rate of investment return – in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. The policy established a mechanism to reduce the discount rate by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing discount rate, currently 7.0%, by at least four percentage points. CalPERS staff modeling anticipates the policy will result in a lowering of the discount rate to 6.5% in about 21 years, improve funding levels gradually over time and cut risk in the pension system by lowering the volatility of investment returns. More information about the funding risk mitigation policy can be accessed through CalPERS' web site at the following website address:

<https://www.calpers.ca.gov/docs/funding-risk-mitigation-policy.pdf>

The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City or the Underwriter, and is not incorporated in this Official Statement by reference.

On December 21, 2016, the CalPERS Board voted to lower its discount rate from 7.5% to 7.0% over the next three years according to the following schedule.

<u>Valuation Date</u>	<u>Fiscal Year Required Contribution</u>	<u>Discount Rate</u>
June 30, 2016	2018-19	7.375%
June 30, 2017	2019-20	7.250
June 30, 2018	2020-21	7.000

For public agencies like the City, the new discount rate began increasing contribution costs in fiscal year 2018-19. Lowering the discount rate means employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities and that active members hired after January 1, 2013, under PEPPRA will see their contribution rates rise.

On February 13, 2018, the CalPERS Board voted to shorten the period over which CalPERS will amortize actuarial gains and losses from 30 years to 20 years for new pension liabilities, effective for the June 30, 2019, actuarial valuations. Amortization payments for all unfunded accrued liability bases will be computed to remain a level dollar amount throughout the amortization period, and certain five-year ramp-up and ramp-down periods will be eliminated. As

a result of the shorter amortization period, the contributions required to be made by employers may increase beginning in fiscal year 2021-22.

Impact of CalPERS' Investment Returns on Pension Expenses. Any investment losses experienced by CalPERS due to the COVID-19 pandemic, or other factors, could give rise to additional liability of the City to CalPERS and, therefore, increase pension expense.

Other Post-Employment Benefits ("OPEB")

The City does not provide health care benefits to its retired employees; however, the City provides post-retirement health care benefits to employees who retire in good standing from the City by allowing them to maintain their health plan benefit level at the time of retirement at the retiree's own cost, if permitted by the health insurance carrier. The City's medical insurance providers charge the City the same premiums for retirees who are not yet eligible for Medicare as they charge for active employees. Since retirees typically have higher health care costs than active employees, the retiree premium rates are being subsidized by the inclusion of active lives in setting rates. As of June 30, 2019, 192 employees (including inactive employees or beneficiaries currently receiving benefits and active employees) were covered by the benefit terms for the plan.

The City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020, and in particular Note 10 thereto, includes information about the City's post-employment healthcare liabilities and funding.

Based on an actuarial valuation as of June 30, 2019, the City's total OPEB liability as of June 30, 2020, was \$3,906,161.

For the fiscal year ended June 30, 2019, the City recognized an OPEB expense of \$388,454.

Investment Policies and Procedures

The City invests its funds in accordance with the City's Investment and Portfolio Policy (the "**Investment Policy**"), which is subject to annual review and approval by the City Council. The purpose of the Investment Policy is to establish the investment goals of safety, liquidity, and return on investments (in that order). The Investment Policy complies with the provisions of the California Government Code, Sections 53600 through 53659 (the authority governing investments for municipal governments in the State). The Investment Policy limits the City to investments authorized by State law (Sections 53601 et seq). In addition, the Investment Policy establishes further guidelines.

It is the policy of the City to invest public funds in a manner which provides for safety of principal while providing sufficient liquidity to cover the City's short and long-term needs while generating the appropriate yield.

The City Council receives monthly investment reports. According to the report for the month ended March 31, 2021, the City has invested funds as set forth in the table below.

Table A-8
CITY OF EL CERRITO
Investment Portfolio as of March 31, 2021

	Par Value	Cost Value	Market Value
LAIF	\$11,307,178	\$11,307,178	\$11,307,178
Mechanics Bank	1,419,259	1,419,259	1,419,259
Total	\$12,726,437	\$12,726,437	\$12,726,437

Source: City of El Cerrito Quarterly Cash & Investment Report for Period Ending March 31, 2021.

Population

As of January 1, 2021, the population of the City was estimated to be 24,846. The following table presents population data for the last five years for the City, County and State.

Table A-9
COUNTY OF CONTRA COSTA
Population

Year	City of El Cerrito	County of Contra Costa	State of California
2017	24,534	1,137,577	39,352,398
2018	24,645	1,143,188	39,519,535
2019	24,788	1,147,623	39,605,361
2020	24,835	1,149,853	39,648,938
2021	24,846	1,153,854	39,466,855

Source: California State Department of Finance, Demographic Research Unit.

Employment and Industry

The Oakland-Hayward-Berkeley Metropolitan Division (“MD”) encompasses Alameda and Contra Costa Counties. The unemployment rate in the Oakland-Hayward-Berkeley MD was 6.6% in March 2021, down from a revised 6.9% in February 2021, and above the year-ago estimate of 3.6%. This compares with an unadjusted unemployment rate of 8.2% for California and 6.2% for the nation during the same period. The unemployment rate was 6.5% in Alameda County and 6.8% in the County.

The table below lists employment by industry group for the County for the years 2016 to 2020.

Table A-10
OAKLAND-HAYWARD-BERKELEY METROPOLITAN DIVISION
(Alameda and Contra Costa Counties)
Annual Averages Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2020 Benchmark)

	2016	2017	2018	2019	2020
Civilian Labor Force ⁽¹⁾	1,385,000	1,396,900	1,401,800	1,400,800	1,355,100
Employment	1,324,400	1,344,300	1,357,900	1,358,000	1,235,600
Unemployment	60,600	52,600	43,900	42,800	119,400
Unemployment Rate	4.4%	3.8%	3.1%	3.1%	8.8%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	1,300	1,400	1,300	1,400	1,500
Mining, Logging and Construction	68,200	71,400	75,100	75,700	70,600
Manufacturing	91,300	95,700	100,600	101,000	98,200
Wholesale Trade	48,100	48,700	47,500	45,400	42,000
Retail Trade	113,400	114,400	114,400	111,700	100,500
Transportation, Warehousing and Utilities	39,700	41,300	42,300	43,700	45,100
Information	26,500	26,900	27,600	27,600	25,800
Finance and Insurance	38,900	38,900	37,500	37,200	36,000
Real Estate and Rental and Leasing	16,900	17,400	17,800	18,100	16,700
Professional and Business Services	181,100	184,500	189,500	193,200	184,600
Educational and Health Services	185,900	191,500	194,300	198,400	189,800
Leisure and Hospitality	111,700	114,900	117,700	121,000	84,100
Other Services	39,100	40,200	41,000	41,200	32,900
Federal Government	13,900	13,800	13,400	13,400	14,100
State Government	39,700	39,300	39,400	39,600	38,000
Local Government	119,800	121,500	121,800	121,800	113,800
Total, All Industries ⁽³⁾	1,135,400	1,161,800	1,181,300	1,190,400	1,093,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: Labor Division of the California State Employment Development Department.

Principal Employers

The following table shows the principal employers in the City, listed alphabetically, as shown in the City's Comprehensive Annual Financial Report for fiscal year ending June 30, 2020.

Table A-11
CITY OF EL CERRITO
Principal Employers⁽¹⁾

Employer	
Barnes and Noble	Nation's
Bed Bath & Beyond	Pastime Hardware
City of El Cerrito	Prospect Sierra School
CVS Pharmacy	Romano's Macaroni Grill
El Cerrito Royale	Safeway
Fat Apple's Restaurant	Shields Nursing Center
Home Depot	Tehiyah Day School
Honda of El Cerrito	Trader Joe's
Lucky's	US Post Office
Mira Vista Golf and Country Club	

(1) Data not available for total employees for each employer.

Source: *City Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020.*

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2017 through 2021:

**Table A-12
CITY OF EL CERRITO
Effective Buying Income
2017 through 2021**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2017	City of El Cerrito	\$1,034,072	\$73,185
	Contra Costa County	39,248,375	69,967
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of El Cerrito	\$1,102,688	\$78,153
	Contra Costa County	42,543,271	74,398
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of El Cerrito	\$1,182,823	\$82,665
	Contra Costa County	46,121,254	79,603
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of El Cerrito	\$1,263,907	\$87,166
	Contra Costa County	48,775,464	83,242
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	City of El Cerrito	\$1,304,137	\$90,166
	Contra Costa County	51,959,070	87,804
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790

Source: The Nielsen Company (US), Inc for years 2017 and 2018; Claritas, LLC for 2019 through 2021.

Commercial Activity

Summaries of the historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables.

Total taxable sales during the first three quarters of calendar year 2020 in the City were reported to be \$156,661,236, a 17.94% decrease from the total taxable sales of \$190,902,495 reported during the first three quarters of calendar year 2019.

**TABLE A-13
CITY OF EL CERRITO
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	419	\$283,340	603	\$306,208
2016	417	243,393	612	264,739
2017	417	244,418	618	268,938
2018	398	246,120	621	265,240
2019	403	241,345	644	261,691

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Department of Tax and Fee Administration.

Total taxable sales during the first three quarters of calendar year 2020 in the County were reported to be \$12,748,851,207, a 1.95% decrease from total taxable sales of \$13,002,550,077 reported during the first three quarters of calendar year 2019.

**TABLE A-14
CONTRA COSTA COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	8,980	\$11,420,248	23,996	\$15,670,053
2016	14,920	11,756,808	24,064	15,924,592
2017	14,945	12,302,863	24,114	16,558,840
2018	15,095	13,163,891	25,317	17,607,890
2019	15,337	13,301,946	26,210	18,048,985

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Department of Tax and Fee Administration.

Construction Activity

The following tables show a five-year summary of the valuation of building permits issued in the City and the County.

TABLE A-15
CITY OF EL CERRITO
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2015	2016	2017	2018	2019
<u>Permit Valuation</u>					
New Single-family	\$1,250.0	\$1,195.0	\$2,650.0	\$5,569.8	\$4,142.7
New Multi-family	23,027.3	0.0	250.0	0.0	16,378.2
Res. Alterations/Additions	8,282.4	8,810.0	9,741.2	9,355.4	9,710.0
Total Residential	\$32,559.7	\$10,005.0	\$12,641.2	\$14,925.2	\$30,230.9
New Commercial	\$103.1	\$374.0	\$285.0	\$50.0	\$9,682.1
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	1,452.7	2,559.9	13,647.6	1,328.9	1,113.0
Com. Alterations/Additions	987.3	616.8	2,841.5	5,704.6	2,563.0
Total Nonresidential	\$2,543.1	3,550.7	\$16,774.1	\$7,083.5	13,358.1
<u>New Dwelling Units</u>					
Single Family	3	3	5	11	22
Multiple Family	<u>131</u>	<u>0</u>	<u>5</u>	<u>0</u>	<u>102</u>
TOTAL	134	3	10	11	124

Source: Construction Industry Research Board, Building Permit Summary.

TABLE A-16
CONTRA COSTA COUNTY
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2015	2016	2017	2018	2019
<u>Permit Valuation</u>					
New Single-family	\$629,638.5	\$605,151.7	\$541,940.5	\$576,116.0	\$502,567.7
New Multi-family	123,088.7	155,051.9	55,154.8	169,461.5	213,697.9
Res. Alterations/Additions	301,221.7	312,967.0	354,340.6	337,089.0	300,066.4
Total Residential	\$1,053,948.9	\$1,073,170.6	\$951,435.9	\$1,082,666.5	\$1,016,332.0
New Commercial	\$122,256.4	\$144,878.8	\$133,930.0	\$200,592.4	\$148,405.7
New Industrial	15,020.1	11,624.8	3,552.0	52,919.3	2,974.5
New Other	170,219.6	309,861.2	108,530.0	189,246.6	81,032.5
Com. Alterations/Additions	219,320.4	333,717.2	361,757.0	287,139.5	240,543.0
Total Nonresidential	\$526,816.5	\$800,082.0	\$607,769.0	\$729,897.8	472,955.7
<u>New Dwelling Units</u>					
Single Family	1,909	1,853	1,732	1,647	1,573
Multiple Family	<u>629</u>	<u>1,043</u>	<u>272</u>	<u>1,161</u>	<u>1,229</u>
TOTAL	2,538	2,896	2,004	2,808	2,802

Source: Construction Industry Research Board, Building Permit Summary.

Education

The City is part of the West Contra Costa Unified School District (“**WCCUSD**”), which also serves other west Contra Costa County communities. In the City, WCCUSD operates one early intervention preschool, three public elementary schools, one public middle school, and one public high school. Nearby higher education institutions include Contra Costa College and the University of California-Berkeley.

Transportation

Highly developed transportation facilities of the San Francisco-Oakland Metropolitan area are readily available to the residents of the City. The City is traversed by Interstate 80 (Eastshore Freeway). Five miles north, California Highway 4 runs east from I-80 to Concord, where freeway connections can be made to San Jose (I-680), the Central Valley (I-580), and Los Angeles (I-5). The community is also served by the Bay Area Rapid Transit (BART) system with stations near both the north and south boundaries of the City, the East Bay Paratransit Service and the AC Transit bus system.

APPENDIX B

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY
FOR THE YEAR ENDED JUNE 30, 2020**

DRAFT

APPENDIX C
FORM OF OPINION OF BOND COUNSEL

DRAFT

APPENDIX D

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal, interest and other payments on the Notes to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Notes and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Notes (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Notes (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “**Disclosure Certificate**”) is executed and delivered by the City of El Cerrito (the “**City**”) in connection with the issuance by the City of the \$_____ City of El Cerrito 2021-22 Tax and Revenue Anticipation Notes (the “**Notes**”). The Notes are being issued pursuant to a resolution adopted by the City Council of the City on June 8, 2021, (the “**Resolution**”). The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Notes and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Dissemination Agent**” shall mean Willdan Group, Inc., or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“**Listed Events**” shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

“**MSRB**” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“**Official Statement**” means the final official statement dated _____, 2021, executed by the District in connection with the issuance of the Notes.

“**Participating Underwriter**” shall mean Hilltop Securities Inc., the original purchaser of the Notes required to comply with the Rule in connection with offering of the Notes.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Notes:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13) (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material." The City shall cause a notice to be filed as set forth in paragraph (b) above

with respect to any such event only to the extent that the City determines the event's occurrence is material for purposes of U.S. federal securities law.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 3(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 4. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the City shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

Section 5. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Willdan Group, Inc.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a) it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Notes, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized Bond Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Notes, or (ii) does not, in the opinion of the Trustee or nationally recognized Bond Counsel, materially impair the interests of the holders or beneficial owners of the Notes.

Section 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other

information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 8. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate any holder or beneficial owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Notes and shall create no rights in any other person or entity.

Date: _____, 2021

CITY OF EL CERRITO

By _____
City Manager

ACKNOWLEDGED AND ACCEPTED:

WILLDAN GROUP, INC.

By _____
Authorized Representative

CITY OF EL CERRITO

TAX AND REVENUE ANTICIPATION NOTES

NHA | ADVISORS
Financial & Policy Strategies.
Delivered.

What is a Tax and Revenue Anticipation Note (TRAN)?

- ▶ Short-term general fund borrowing
 - ▶ *Must be repaid with revenues from the fiscal year for which the funds were borrowed*
- ▶ TRAN sizing based on the maximum projected cumulative monthly cash flow deficit (plus a 5% working capital reserve)
 - ▶ Cannot exceed 85% of unrestricted General Fund taxes and other revenues
- ▶ Typical note structures used in California
 - ▶ TRAN
 - ▶ Bond Anticipation Note
 - ▶ Grant Anticipation Note
 - ▶ Revenue Anticipation Note

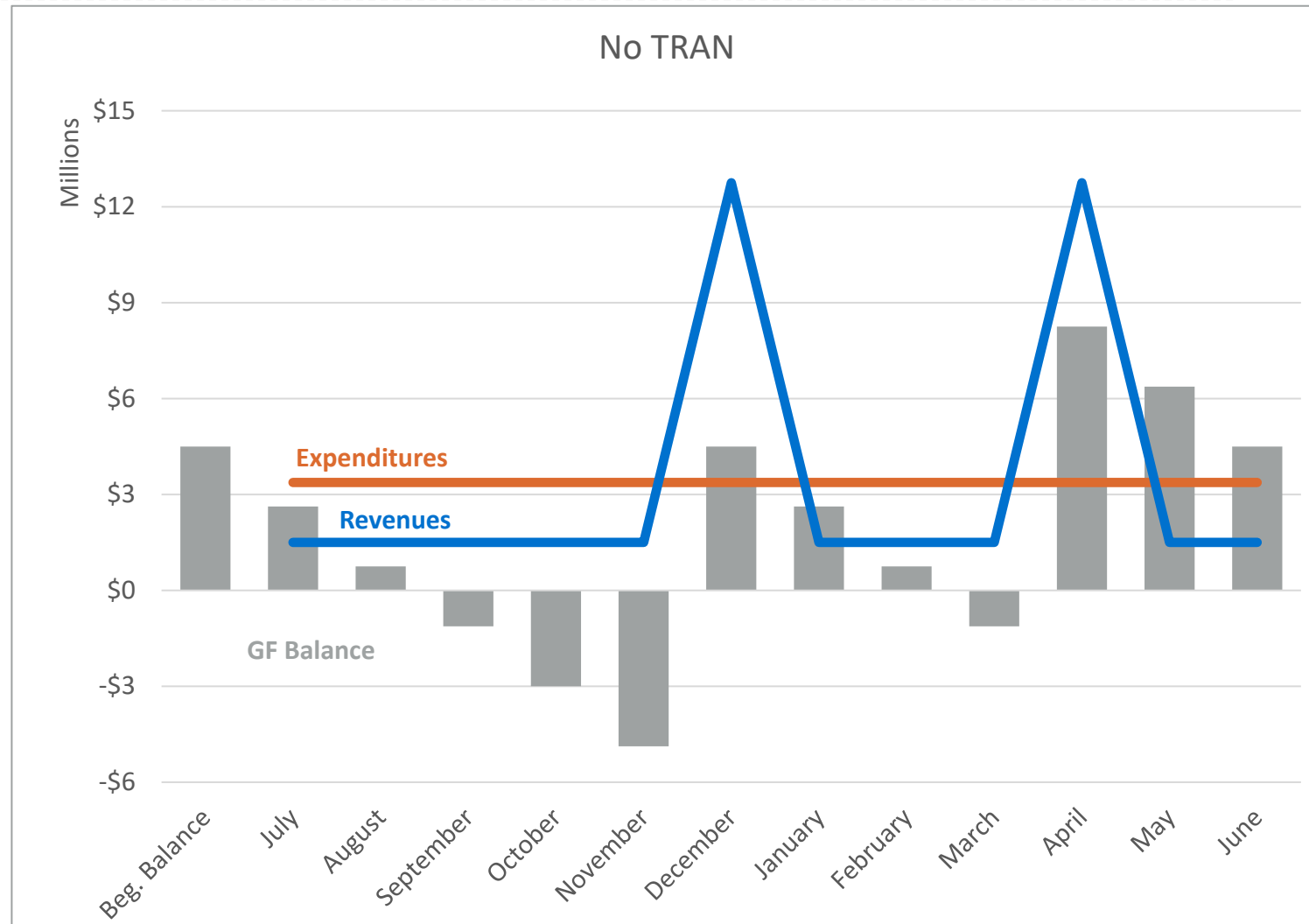
Who Issues a TRAN?

- ▶ Public agencies such as cities, school districts and counties
- ▶ TRAN Statistics (2017-2020):
 - ▶ \$16.2 billion issued in California
 - ▶ Approximately \$4 billion per year on average
 - ▶ # of California Issuers: 107
 - ▶ # of Series Issued: 263
 - ▶ Median Principal Amount: \$7.1 million
 - ▶ Ranging from \$190,000 to \$1.8 billion

Source: California State Treasurer's Office (CDIAC)

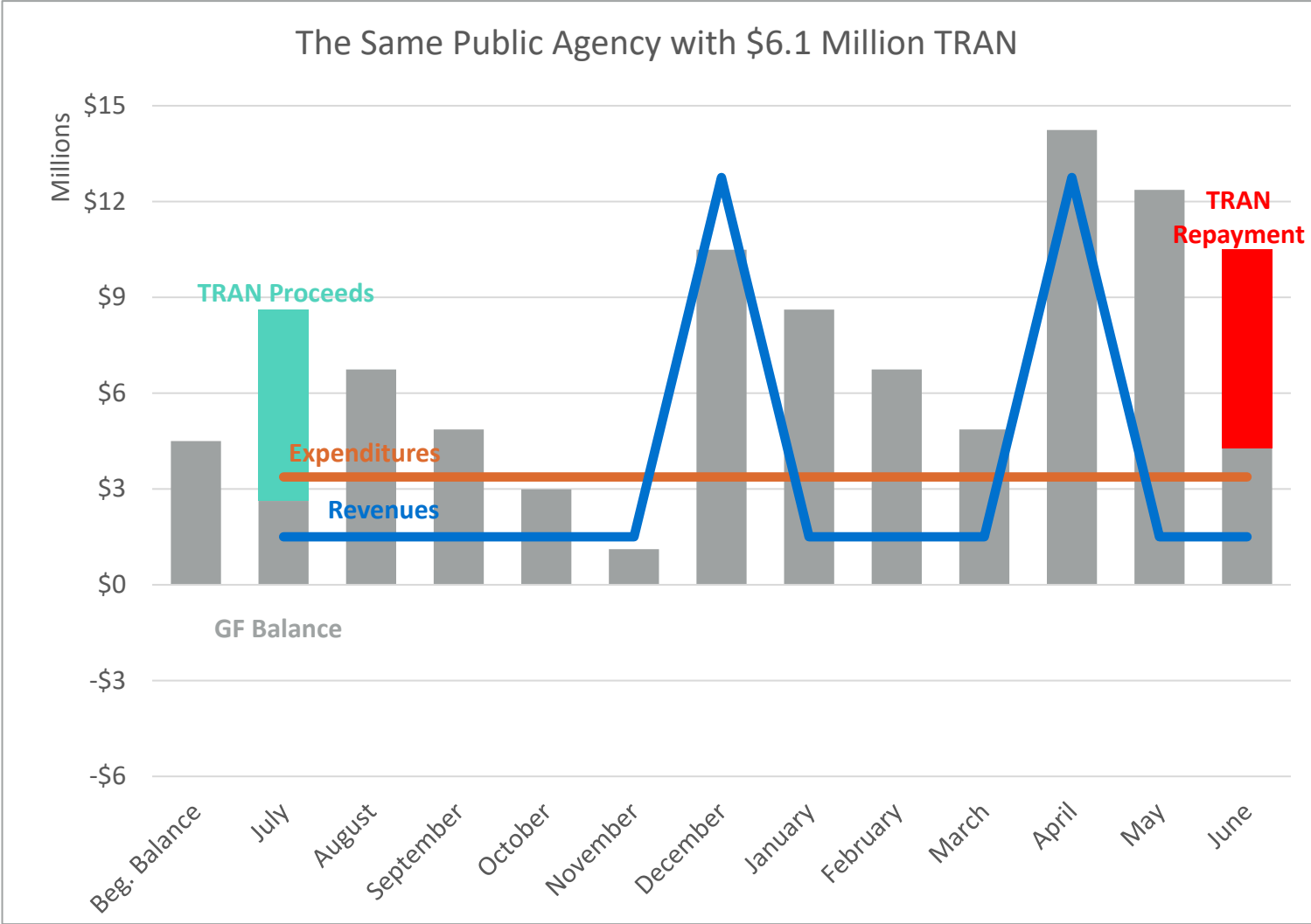
Why Issue a TRAN?

- ▶ Fund short-term cash flow deficits due to disconnect between revenues and expenditures
- ▶ Largest revenue source (property tax) only received twice per year (December and April)
- ▶ Example: General Fund balance decreases until property tax revenues received in December
 - ▶ Short-term internal loans are often used to address the deficit if no TRAN is issued



How Does a TRAN Affect Cash Flow?

- ▶ A TRAN increases General Fund cash balances to avoid monthly deficits
- ▶ TRAN maintains a positive cash position throughout fiscal year
- ▶ TRAN acts like line of credit to provide funds for ongoing expenditures



City's Historically TRAN Issuance

- ▶ Amounts borrowed each of the last 5 years:
 - ▶ FY 2016-17: \$5,000,000
 - ▶ FY 2017-18: \$6,000,000
 - ▶ FY 2018-19: \$6,000,000
 - ▶ FY 2019-20: \$9,000,000
 - ▶ FY 2020-21: \$8,500,000
- ▶ Interest rates ranged from 0.85% (2020) to 2.25% (2018)
- ▶ TRANs historically issued in early July and repaid the following July
 - ▶ Repaid with revenues from the corresponding fiscal year

Proposed FY 2021-2022 TRAN Process

- ▶ City is projected to have a monthly cash flow deficit in FY 2021-2022
- ▶ Preliminary analysis estimates TRAN size of ~\$6,000,000
 - ▶ Subject to budget approval showing sufficient revenues in FY 2021-2022 to repay TRAN
- ▶ TRAN **does not** address long-term budget deficits
 - ▶ Can only be issued if the City has balanced budget for FY 2021-2022
- ▶ Financing process
 - ▶ City Council Approval of TRAN Issuance
 - ▶ Preliminary Official Statement (disclosure document)
 - ▶ Credit review by rating agency
 - ▶ TRAN sale (interest rate set)
- ▶ Targeting early July for delivery of funds



AGENDA BILL

Agenda Item No. 7.B.

Date: June 1, 2021
To: El Cerrito City Council
From: Mark R. Rasiah, Finance Director/City Treasurer, Finance Department
Subject: FY 2020-21 General Fund Budget Update for April 2021

ACTION PROPOSED

Receive and file an update on City General Fund revenues and expenses for FY 2020-21 through April 2021.

BACKGROUND

The El Cerrito City Council adopted an annual Budget for FY 2020-21 on June 16, 2020. Following that, the City Council amended the budget on October 6, 2020 and again at mid-year on February 16, 2021 taking revenue trends into consideration that were not readily apparent earlier on in the year. The Council has been closely monitoring the City's budget and financial position over the past several months during the COVID-19 closure of the City and has directed staff to provide a monthly General Fund budget update which is to include an Income Statement, Balance Sheet and Cash Flow projection. This report will discuss material variances if any through the end of March 2021, from this most recent amendment.

ANALYSIS

The General Fund Income Statement in Attachment 1 provides a summary of the major General Fund Revenue and Expenditure categories through April 2021 on a cash basis. Monthly revenue and expenditure projections are based on the mid-year Amended Budget and known revenue trends for the major revenue components. The draft General Fund Balance Sheet and Cash Flow Forecast statements are presented in Attachments 2 and 3 respectively.

The following are some of the highlights on a cash basis through March with 10 months or 83% of the year complete:

1. Total revenue was \$32.6 million or 86% of budget. This compares with an average of \$30.2 million for the same time frame over the preceding 3 years. The increase is mainly due to higher than budgeted Real Property Transfer Tax revenues in FY 2021.
2. Total expenditure was \$30.5 million or 82% of budget, compared with a three year average of \$31.6 million.
3. Personnel costs of \$24.4 million include fully reimbursed Fire Department OES overtime costs of \$852,000, Workers Compensation Insurance premiums of \$680,000 for the year and terminal payments to staff that separated from the City through February. Public safety regular overtime to date is nearly \$1.25 million, and is about

10% lower than the average for the past three years through April.

4. On an adjusted budget basis, recognizing the timing lags in revenue sources, revenues were \$1.5 million higher than budgeted and expenses were \$0.7 million lower than budgeted.

5. Real Property Transfer Tax receipts through April continue to exceed expectations by nearly \$1.2 million. Receipts have been trending at a monthly average of nearly \$350,000, versus an expectation of \$216,000 per month.

6. Charges for Services are nearly at budget and recreation program revenues are on track to make the revised budget estimates of \$2.4 million in the remaining 2 months of the year.

7. The Cash Flow Forecast in Attachment 3 projects a cash balance of nearly \$10 million at the end of June.

STRATEGIC PLAN CONSIDERATIONS

This report is consistent with the City's Strategic Plan Goal B - Achieve long-term financial sustainability– and will allow the City Manager to develop a plan to ensure that Citywide Revenue meets the cost of providing Citywide services, including adequate reserves in the face of significant unanticipated revenue shortfalls. It further ensures procedures that represent best practices in financial management.

ENVIRONMENTAL CONSIDERATIONS

This section is not applicable to this agenda item.

FINANCIAL CONSIDERATIONS

Staff expects the City will meet or exceed the General Fund budget surplus by year-end and repay the Tax Receipts Anticipation Note (TRAN) in early July.

LEGAL CONSIDERATIONS

This section is not applicable to this agenda item.

Reviewed by:



Karen Pinkos, City Manager

Attachments:

1. General Fund Income Statement
2. General Fund Balance Sheet
3. General Fund Cash Flow Forecast

DRAFT FY 2020-21 General Fund Revenues and Expenditures from July 2020 to April 2021.

	A	B	C	D	E	F	G	H	I
Revenues (\$000s)	FY 2018-19 Audited	FY 2019-20 Audited	FY 2020-21 Adopted Budget	Actuals July-April 2021	Year to Date Budget Expectations	Variance from Budget Expectations Fav./(Unfav.)	FY 2020-21 Projected Year-End	with 83% Year to date - actuals as a % of Projections	Comments
Taxes									
Property Taxes	10,182	9,840	10,440	9,202	9,202	-	10,240	90%	Balance \$1.04 million in June
Sales Taxes	7,545	6,975	6,450	5,172	5,200	(28)	6,250	83%	Through March with est. April.
Utility Tax	3,208	3,166	3,200	2,748	2,400	348	3,200	86%	Through April
Property Transfer Taxes	1,102	3,467	2,400	3,154	1,950	1,204	2,600	121%	Through April. Exceeds Amended Budget.
Franchise Taxes	1,244	1,587	1,250	717	667	50	1,000	72%	Through March.
Business License Tax	910	919	850	900	850	50	850	106%	Through March. Exceeds Adopted Budget.
Other Tax	149	173	136	116	102	-	136	85%	TOT through March.
Total Taxes	\$24,340	\$26,127	\$24,726	\$22,009	\$20,371	\$1,625	\$24,276	91%	
Licenses & Permits	776	785	758	539	616	(77)	739	73%	Through April.
Fines and Forfeitures	219	227	170	149	96	53	115	130%	Through April.
Use of Money and Property	157	465	350	262	277	(15)	332	79%	Through April.
Intergovernmental Revenues	6,744	6,729	6,958	5,749	5,750	(1)	7,805	74%	\$1.5m VLF, \$0.6m Kensington.
Charges for Services	6,934	4,748	5,223	3,003	3,048	(45)	3,658	82%	Through April.
Other Revenues	182	118	253	207	178	29	213	97%	Through April.
Interfund Transfers	2,036	1,024	938	706	706	(0)	941	75%	Quarterly cost allocation through March.
Total	\$41,388	\$40,222	\$39,376	\$32,624	\$31,042	\$1,568	\$38,079	86%	
Expenditures (\$000s)	FY 2018-19 Audited	FY 2019-20 Audited	FY 2020-21 Adopted Budget	Actuals July-April 2021	Year to Date Budget Expectations	Variance from Budget Expectations Fav./(Unfav.)	FY 2020-21 Mid Year Budget Projected Year-End	with 83% Year to date - actuals as a % of Projections	
Personnel	29,862	30,383	29,490	24,413	24,390	(23)	29,268	83%	Terminal/annual pmts, Worker's Comp.
Professional Services	4,487	3,702	3,534	2,206	2,583	377	3,100	71%	Through March.
Purchased Property Services	2,300	2,152	1,814	1,216	1,425	209	1,710	71%	Through March.
Other Services	1,840	1,806	1,833	1,297	1,313	16	1,576	82%	Through March.
Supplies	726	606	611	235	340	105	408	58%	Through March.
Property & Capital	422	413	456	240	341	101	409	59%	Through March.
Financing Costs	478	536	310	269	258	(11)	310	87%	Includes annual interest costs.
Other Financing Uses	1,416	697	665	644	644	-	665	97%	City Hall Debt Svc. & Retiree Pension.
Total	\$41,531	\$40,294	\$38,713	\$30,520	\$31,294	\$774	\$37,446	82%	
Net Change in Fund Balance (\$000s)	(\$143)	(\$72)	\$663	\$2,104	(\$252)		\$633		

Quantities within parenthesis (-) denote reduction in revenue or overage in expenditure.

City of El Cerrito			
DRAFT General Fund - Balance Sheet	Audited 6/30/19.	Audited 6/30/20.	Unaudited 04/30/21 Est.
Assets			
Cash and Investments	4,349,089	9,016,794	9,494,924
Taxes Receivable	2,113,059	1,882,887	-
Accounts Receivable Net	-	32,158	12,742
Due from other funds	2,590,773	2,011,397	2,011,397
Inventory	11,772	27,737	45,865
Prepaid Expense	-	3,278	101,890
Total Assets	9,064,693	12,974,251	11,666,818
Liabilities			
Accounts Payable	888,579	844,570	(1,288)
Accrued Payroll	1,231,945	1,227,263	47,441
Other Accrued Liabilities	-	324,585	95,708
Short Term Note	6,000,000	9,000,000	8,659,545
Unearned Revenues	62,651	82,890	83,463
Deposit Payable	804,162	1,604,964	1,718,415
Total Liabilities	8,987,337	13,084,272	10,603,284
Deferred inflows of Resources			
Deferred Inflows of Resources - Unavailable Revenue	116,319	-	-
Total deferred Inflows of Resources	116,319	-	-
Fund Balances	(38,963)	(110,022)	1,063,534
Total Liabilities, Deferred Inflows of Resources and Fund balance	9,064,693	12,974,251	11,666,818

DRAFT

FY 2020-21 Projected General Fund Cash Flows - April 2021

														FY 2020-21 Mid-Year Projected Year End
(Currency: \$000s)	ACTUALS July	ACTUALS August	ACTUALS September	ACTUALS October	ACTUALS November	ACTUALS December	ACTUALS January	ACTUALS February	ACTUALS March	ACTUALS April	FORECAST May	FORECAST June	TOTAL	
Beginning Balance	\$9,017	\$6,789	\$5,451	\$4,572	\$4,543	\$3,419	\$6,427	\$7,062	\$7,063	\$6,414	\$10,584	\$9,528	\$9,017	
Cash Receipts														
Property Tax	-	-	-	261	-	4809	606	-	-	3526	-	1,038	\$10,240	10,240
Sales Tax	-	585	556	554	845	486	469	695	472	510	510	500	6,182	6,250
Transfer Tax	-	311	-	664	418	615	328	193	141	484	50	50	3,254	2,600
Franchise Tax	-	-	95	29	253	-	-	133	-	207	134	100	951	1,050
Business Licenses	505	106	89	62	16	43	32	18	19	10	-	-	900	821
Utility Users Tax	87	173	134	342	234	258	349	313	325	533	226	226	3,200	3,200
Licenses and Permits	37	59	44	84	22	76	50	57	49	61	82	82	703	739
Fines and Forfeitures	13	1	6	17	14	17	29	11	20	21	-	-	149	95
Use of Property	15	33	14	40	12	20	35	22	37	34	33	34	329	332
Other Government Reimb.	-	-	742	766	108	476	10	308	427	293	350	350	3,830	3,855
Fire OES Overtime Reimbursements	-	-	-	-	-	113	-	566	218	231	22	-	1,150	1,150
In-Lieu Fees	-	-	-	-	-	-	1491	-	-	-	-	1,309	2,800	2,800
Fees for Service - Other	170	17	194	287	58	110	104	61	187	180	56	56	1,480	1,479
Fees for Service - Recreation	118	73	222	53	122	251	135	156	286	219	270	275	2,180	2,180
Other Revenues/Taxes	-	8	-	22	64	-	3	117	10	99	20	15	358	349
Transfers In	-	-	-	-	-	476	-	-	-	230	-	235	941	941
TRAN Proceeds	8,660	-	-	-	-	-	-	-	-	-	-	-	8,660	
Total Cash Receipts	\$9,605	\$1,366	\$2,096	\$3,181	\$2,166	\$7,750	\$3,641	\$2,650	\$2,191	\$6,638	\$1,753	\$4,270	\$47,307	38,081
Cash Disbursements														
Personnel	\$2,129	\$2,210	\$2,172	\$2,226	\$2,320	\$3,758	\$2,377	\$2,235	\$2,091	2,043	\$2,041	\$3,063	\$28,665	28,418
Fire OES Overtime	-	\$133	421	236	59	\$0	-	-	\$3	-	-	-	\$852	850
Professional Services	91	213	222	249	109	279	262	295	122	364	335	335	2,876	3,100
Property/Other Services	408	105	141	315	66	601	203	135	151	388	290	287	3,090	3,286
Supplies	8	25	14	23	25	38	27	19	31	25	50	48	333	408
Financing Costs and Debt Service	-	18	-	36	120	12	16	39	12	16	70	70	409	409
Property and Capital	-	-	5	125	11	32	23	3	38	3	23	23	286	310
CIP - Cash Flow	-	-	-	76	19	158	77	-	392	0	294	50	1,066	1,066
CIP - Reimbursement	-	-	-	(76)	(19)	(158)	-	(77)	0	(392)	(294)	(50)	(1,066)	(1,066)
Transfers Out	-	-	-	-	580	22	21	-	-	21	-	42	686	665
TRAN Principal Payment	9,000	-	-	-	-	-	-	-	-	-	-	-	9,000	
TRAN Interest Payment	196	-	-	-	-	-	-	-	-	-	-	-	196	
Total Cash Disbursements	\$11,832	\$2,704	\$2,975	\$3,210	\$3,290	\$4,742	\$3,006	\$2,649	\$2,840	\$2,468	\$2,809	\$3,868	\$46,393	37,446
Net Cash Flow Surplus/(Deficit)	(\$2,227)	(\$1,338)	(\$879)	(\$29)	(\$1,124)	\$3,008	\$635	\$1	(\$649)	\$4,170	(\$1,056)	\$402	\$914	\$635
Ending Balance	\$6,789	\$5,451	\$4,572	\$4,543	\$3,419	\$6,427	\$7,062	\$7,063	\$6,414	\$10,584	\$9,528	\$9,930	\$9,930	



AGENDA BILL

Agenda Item No. 7.C.

Date: June 1, 2021
To: El Cerrito City Council
From: Karen Pinkos, City Manager, City Management; Mark R. Rasiah, Finance Director/City Treasurer, Finance Department
Subject: CITY COUNCIL/PUBLIC FINANCING AUTHORITY/EMPLOYEE PENSION TRUST BOARD ITEM
Proposed Fiscal Year 2021-22 Budget

ACTION PROPOSED

Receive and file a presentation on the Draft Proposed FY 2021-22 City Budget and provide direction, as necessary to Staff.

BACKGROUND

The City of El Cerrito's Fiscal Year 2021-22 Proposed Annual Budget presents the City's projection of revenues and expenditures for the next fiscal year. It describes in detail the various components of the City, each of its departments and divisions, and the City's separate legal entities: the Employee Pension Board and the El Cerrito Public Financing Authority. The budget also describes the City's mission, vision, and values, outlines overall goals and strategies developed through the Strategic Plan, and indicates how resources are allocated to fulfill these objectives.

The City Council has closely monitored the budget and the City's financial position for the past two years in light of the State Auditor's report and the ongoing COVID-19 pandemic. The Council has provided direction to staff that has resulted in adjustments in revenue and reductions in expenses over the past fiscal year, with an eye toward short-term budget strategies as well as long-term budget solutions that will restore the City to fiscal health and build the General Fund reserves to recommended levels. The FY 2021-22 budget was prepared with these same goals in mind, and staff has been intentionally conservative with respect to revenue projections and expenditure levels due to the continuing uncertainty with respect to the ongoing pandemic and its effect on the economy.

The draft proposed budget document has been published on the City's [website](#) and provided to the City Council. The presentation will introduce the FY 2021-22 Proposed Budget and provide an overview of all funds and departments for the City Council's review and discussion. The City Council will consider approval of the FY 2021-22 Proposed Budget at a subsequent Council meeting.

ANALYSIS

City staff has again prepared a budget document that will span one fiscal year, July 1, 2021 to June 30, 2022. As with last year, due to the ongoing pandemic, staff felt it was prudent to continue to consider a one-year budget so that the City Council can be more flexible with respect to any necessary budget amendments or adjustments. Staff seeks to return to a biennial budget process next fiscal year, once the pandemic has ended and economic conditions are more certain.

Budget Reductions by Department

The City Council has directed staff to prepare a budget that will seek to restore General Fund reserves as quickly as possible. This has resulted in approximately \$4 million dollars in reductions in FY 2020-21, with many of these reductions continued through to FY 2021-22. Because staff has provided conservative revenue assumptions due to the economic climate and ongoing pandemic, reductions of expenses throughout City departments are critical short-term strategies to presenting a balanced budget for FY 2021-22. Cost savings include eliminating, suspending, or reducing programs and reducing expenditure categories including professional services, travel and training, events and field trips, public printed materials and supplies, equipment and vehicles. Revenue and expenses were analyzed against prior year trends and expectations for this fiscal year. The following measures described within the departments are included in the FY 2021-22 budget document:

- City Administration:
 - Elimination of two positions in the City Manager's office, one through the FY 2020-21 Fiscal Response Plan and one as a result of a retirement in early 2021, resulting in a 50% reduction in staff that will continue through FY 2021-22.
 - The Human Resources Manager position has been vacant since February 2021, with duties assumed by the Assistant City Manager and resulting in cost savings. This position will be reviewed for replacement in FY 2021-22.
 - Significantly reduced public information functions, including suspension of printed/mailed Citywide newsletter "News and Views", moving to online communication only. Disseminated webpage update and social media responsibilities among the departments.
 - Passport Acceptance Services were suspended with the closure of City Hall, and services have been eliminated indefinitely.
 - Increased reliance on remote work and training due to the pandemic, which has resulted in a significant reduction in training costs that will remain in place through FY 2021-22 regardless of reopening.
- Community Development:
 - Elimination of Management Analyst position for Economic Development.
 - Continued reductions in consulting services and travel and conferences, utilizing contract services as necessary that will be recovered by development-related revenues.

- Continue with grant applications for various projects and continued use of grant funding for implementation of the San Pablo Avenue Specific Plan Update, Housing Element and obtain software/hardware to advance and streamline housing production.
- Finance:
 - An account technician position has been vacant since February 2021, resulting in cost savings. This position is planned for replacement in FY 2021-22.
 - Continued reductions related to expenses for consulting services and retiree pension cost financing.
- Fire:
 - Filling three vacant firefighter positions to reduce the amount of overtime required to maintain constant staffing. Barring any unforeseen injuries or medical leaves, filling these positions will decrease the overtime budget by \$400,000.
 - The Fire Marshal/Battalion Chief position is being left vacant as a cost savings measure. The Fire Chief is handling the Fire Marshal duties and the other three shift Battalion Chiefs are handling the other administrative duties in addition to managing their shifts.
 - Delayed the replacement of a 27 year old fire engine again to save on lease purchase costs.
 - Continued suspension/cancellation of education programs.
- Police:
 - The Department has implemented a restructuring plan that eliminated the Special Operations Division and will permanently eliminate the positions of Special Operations Lieutenant and Special Operations Sergeant. The plan permanently eliminated the school resource officer program, the community liaison officer program, and the traffic officer program as well as significantly reduced staff available for public education and events.
 - Elimination of vacant positions that has resulted in a new maximum deployment level of 37 sworn officers, a 17% reduction in the authorized staff level for the El Cerrito Police Department.
 - The vacant Captain position remains unfilled as cost saving measure.
- Public Works:
 - Continued reduction in consulting services, reducing landscape maintenance costs in addition to transferring costs to Measure H fund, and suspending the Neighborhood Traffic Management and Streetlight Programs.
 - Elimination of the Engineering Technician position and one part-time maintenance worker as a result of layoffs.
 - Reallocation of Management Analyst to be fully funded by the Integrated Waste Management Fund, relieving the General Fund of this position's costs.

- Continue with grant applications and design for the El Cerrito Del Norte TOD Complete Streets Project, assisting with El Cerrito Plaza BART TOD development and parking and access studies, and plan review and engineering permits for several large developments.
- Recreation:
 - The Department's FY 2021-22 budget includes the elimination of three positions from FY 2020-21 due to layoffs through the Fiscal Response Plan and one resignation as well as mid-year layoffs of two part-time citywide custodians and two part-time assistants at the Midtown Activity Center.
 - Reducing the Senior Services Division to just its core services including paratransit and day trips, the lunch program and support services that are either paid for by user fees or provided by outside agencies such as Contra Costa County.
 - Continued cost savings including reducing events, contract expenses, supplies and equipment, and transferring eligible maintenance costs to Measure H.

American Rescue Plan Act (ARPA)

The American Rescue Plan Act (ARPA) was passed by Congress and signed by President Biden on March 11, 2021. While the City Council's original intention for the use of this funding was to place the funds in reserves to offset the City's revenue loss due to COVID-19, the US Treasury has come out with an Interim Final Rule that would disallow depositing the funding directly into financial reserves or rainy day funds. However, there are clear provisions for using the funding to backfill revenue losses sustained due to the pandemic as well as wide categories of eligible expenses that the City will be able to use the funding for, including public safety (Police and Fire) expenses, childcare expenses, software and infrastructure expenses, to name a few. The requirements for Non-Entitlement Units (generally, cities under 50,000 population including El Cerrito) is still being finalized by the Treasury and is expected to be released soon. The State Department of Finance will then be responsible for allocating and distributing the funds to all of the Non-Entitlement Units in California. Once the regulations are confirmed and receiving the funding is imminent, City staff will discuss with the City Council what expenses the funding should be used for, which would result in relief to the General Fund. According to the legislation, ARPA funding will need to be spent by December 2024, and the City is required to provide an expenditure report to the US Treasury annually. After the City Council has determined the appropriate programming of the funds, the budget will be amended and the budget document will be updated to reflect the budget amendments.

STRATEGIC PLAN CONSIDERATIONS

The FY 2021-22 Proposed Budget represents a plan to ensure that Citywide Revenue meets the cost of providing Citywide services, including the continued replenishment of adequate reserves for unanticipated revenue shortfalls. It will further ensure procedures that represent best practices in financial management. This item seeks to fulfill Goal B, Achieve Long-Term Financial Sustainability.

ENVIRONMENTAL CONSIDERATIONS

This section is not applicable to this agenda item.

FINANCIAL CONSIDERATIONS

The City Council will begin its review the FY 2021-22 Proposed Budget and no action is requested, therefore no financial impact is accounted for at this time. At subsequent City Council meetings, the City Council will consider the appropriations authority for all funds for the City and its and legal entities.

LEGAL CONSIDERATIONS

Reviewed by:

A handwritten signature in blue ink, appearing to read "Alexandra Orologas".

Alexandra Orologas, Assistant City Manager

Attachments:

1. FY21-22 DRAFT Budget Book

(online at <https://www.el-cerrito.org/DocumentCenter/View/15682/FY21-22-Draft-Budget-Book>)



SUPPLEMENTAL AGENDA MATERIALS

CONCURRENT SPECIAL MEETING OF THE EL CERRITO PUBLIC FINANCING AUTHORITY, EMPLOYEE PENSION TRUST BOARD, AND SPECIAL AND REGULAR MEETING OF THE CITY COUNCIL

June 1, 2021

(Revised June 2, 2021)

PUBLIC COMMENT INDEX

1. Public Comments received

Agenda Item 7A - Tax and Revenue Anticipation Notes – FY 2021-22 Short Term Cash Flow Financing

1. Revised Preliminary Official Statement

Agenda Item 7C - CITY COUNCIL/PUBLIC FINANCING AUTHORITY/EMPLOYEE PENSION TRUST BOARD Proposed Fiscal Year 2021-22 Budget

1. Presentation
2. Revised Presentation



SUPPLEMENTAL AGENDA MATERIALS PUBLIC COMMENT INDEX

CONCURRENT SPECIAL MEETING OF THE EL CERRITO PUBLIC FINANCING AUTHORITY, EMPLOYEE PENSION TRUST BOARD, AND SPECIAL AND REGULAR MEETING OF THE CITY COUNCIL June 1, 2021

The following Public Comments were **received by 2:00 p.m. 6/1/2021**, were provided directly to City Councilmembers in advance of the meeting, and were posted online as supplemental materials at www.el-cerrito.org/CouncilMeetingMaterials

Public Comments – Items Not on the Agenda

1. Jason Kaldis
2. Cathy Hanville
3. Gary Prost
4. Nick Zamorano

Agenda Item 7A – Tax and Revenue Anticipation Notes – FY 2021-22 Short Term Cash Flow Financing

1. Pearson Miller

Agenda Item 7B - FY 2020-21 General Fund Budget Update for April 2021

1. Ira Sharenow
2. Pearson Miller
3. Marlene George

Agenda Item 7C - CITY COUNCIL/PUBLIC FINANCING AUTHORITY/EMPLOYEE PENSION TRUST BOARD

Proposed Fiscal Year 2021-22 Budget

1. Daniel Schulman

From: Jason Kaldis [REDACTED]
Sent: Friday, May 28, 2021 5:54 PM
To: Tessa Rudnick <TRudnick@ci.el-cerrito.ca.us>
Cc: Russell Gruber [REDACTED]; Jenny Yu <[REDACTED]>; Elias Sanchez <[REDACTED]>
Subject: Building Department backlog in taking in applications, processing invoices for plan check fees, performing plan check review, and issuing building permits

Dear Councilmember Rudnick,

My client, Russell Gruber, of [REDACTED], has been in touch with you about the unprecedented delay in processing, reviewing, approving, and issuing building permit applications.

The delay began with the limited staff availability to the public by phone or email.

The delay continued with staff's back log in simply intaking the applications and processing invoices for plan check fees.

Certainly, the City should be motivated to receive these fees.

The delay further continues with every day of a general lack of actual responsiveness which clearly has agitated the public and increased the numbers of emails into the City, thereby worsening the workload and no doubt contributing to a sense of hopelessness that is felt on the citizen-applicant's end.

And finally, the delay in the actual review of the plans contributes to a loss of employment for the home remodeling and addition contractors.

The average residential remodel and addition employs dozens of different trades and dozens of separate businesses, and more than fifty workers on site over the life of these projects, routinely.

The typical single family residential addition and remodel project employs demolition contractors, hazardous material removers, excavators and haulers, concrete foundation, drainage, and waterproofing specialists, framers, structural steel fabricators, sheet metal and flashing fabricators and installers, roofers, electricians, plumbers, HVAC contractors, wireless and cable network installers, insulation installers (spray foam and batt), drywall installers and finishers, hardwood installers and finishers, sheet vinyl installers, cabinetmakers and cabinet installers, countertop fabricators and countertop installers, appliance installers, tile installers, decorative metal fabricators (for guardrails and handrails, for example), and painters, among others, as well as the local material suppliers for all of these trades and more, such as product suppliers for exterior doors, interior doors, windows, and skylights, plumbing fixtures and fittings, bath accessories, glazing, mirrors, grab bars, and so forth. The list is yet longer on some projects.

Delays in permit reviews have real economic consequences, and in the the case of El Cerrito, this translates to revenues from permit fees and business licenses, at the very least.

The backlog of Building Permit intake and Building Permit review and issuance has reached a point where emergency measures should be considered in the form of authorizing additional funds - to assist the City's in-house staff - for outside plan check agents such as Phillips Seabrook Associates of Santa Rosa, West Coast Code Consultants of San Ramon, or similarly qualified professional plan check engineers.

I have had many projects reviewed by these, and other companies, over the years, and they are all very thorough and professional.

In other communities, this is offset by additional fees or surcharges.

I don't know if it will help, but the furlough Fridays are contributing further to the backlog in intake,

review, and issuance of building permits.

Might you consider authorizing additional funds - for overtime work for the City's staff - to make a dent in the backlog, if there are staff willing to work extra to get through this difficult time?

The City received federal and state relief funds. This is just one area where the use of those funds will make a difference for your community.

I don't see a resolution to the current backlog problem that does not involve more human resources and more expenditure by the City, unless it just results in more delay and loss of revenues.

I have no objection if this email is read at your next Council meeting - or entered into the record - as a plea from a concerned neighbor and a professional who works in and supports the economic growth of your community.

Sincerely,

Jason

JASON KALDIS, Architect (Lic. C22085)

Jason Kaldis Architect, Inc.

[REDACTED]

Berkeley CA 94702

[REDACTED]

From: [Cathy Hanville](#)
To: [City Clerk](#)
Subject: Public Comment not on the agenda
Date: Tuesday, June 1, 2021 10:44:45 AM
Attachments: [petition.pdf](#)

Public Comment Not on the Agenda

I am making this comment as an individual and not as representing any groups I may be a part of.

I am writing a second time in regards to the creation of a financial reserve policy ordinance. I have heard the City Manager dismiss the idea because there will be legal consequences to not following it. That is exactly the point of the ordinance. El Cerrito has long had a reserve policy that has been disregarded. We want an ordinance that puts some teeth on the policy. It is reasonable that the consequence be a cure and correct clause. Which gives the public the right to go to a judge and force compliance IF the ordinance is not followed. So if the City follows the ordinance no legal consequences would be necessary. If they did not a judge could order them too. It is not the community's goal to force this to happen via a judge but for simply the city to follow their own financial policies. The current staff has shown on multiple occasions that they don't follow policies or even direction by the staff. We deserve better.

The first time I presented this idea it was ignored so I am currently presenting this to you a second time with a petition signed by 115 of our residents. Because it was posted online there are some signatures from the out of the area. I have counted only the locals which don't always show up as El Cerrito but instead as Richmond, Berkeley, or San Pablo. I want the city to take this opportunity to create this ordinance. Perhaps the new Subcommittee can take it on. If this financial mismanagement continues the community will be forced to look at other options to mandate the city council and staff to address this crisis. That may include a ballot measure for 2022 when there is also an election for two seats. It is very clear we need a more actively engaged and financially focused city council.

As we come out of the pandemic the community continues to engage even more on this issue. In the past ECDC has controlled who was on the city council and those times are changing. We will work hard to get qualified council members who engage with the public and hold city staff accountable. Write us off as disgruntled community members at your own electoral peril. We are not going to stop holding you accountable. Please work with us because as I think you may be well aware at this point we are not going to stop pushing for a fiscally responsible city.

Cathy Hanville
El Cerrito

Attachment is part of the public comment.

El Cerrito needs a financial ordinance to build our reserves



El Cerrito is in a financial crisis. The City has not had a reserve since 2011 and has had to use loans to stay afloat. There is a policy for a 10% reserve but that policy has not been observed. It's time for an Ordinance so that the City can build back reserves, be financially responsible and be held accountable. An Ordinance will have teeth and be enforceable.

Without an ordinance El Cerrito is at risk for continued financial mismanagement and even more painful service cuts. Local financial crisis such as ours have proven to be a drag on property values.

Name of Person

Signature

Street Name/City

① Larry Vitale
② Kelly Sof

[Redacted Signature]
[Redacted Signature]

[Redacted Street Name] St.
[Redacted Street Name] Ave.

Without an ordinance El Cerrito is at risk for continued financial mismanagement and even more painful service cuts. Local financial crisis such as ours have proven to be a drag on property values.

	Name of Person
3	Kimberly White
4	Gloria Schliesser
5	Amelie Ullrich
6	Marlene Lymphman
7	Albert Rayford

St El Cerrito
El Cerrito
EC
EC
El Cerrito

Signatures

	Name	Location	Date
8	Cathy Hanville	El Cerrito, CA	2021-03-15
9	Debra saunders	El Cerrito, CA	2021-03-15
10	Marguerite Meade	El Cerrito, CA	2021-03-15
11	David Pon	El Cerrito, CA	2021-03-15
12	Denise Defreese	El Cerrito, CA	2021-03-15
13	sherry drobner	El Cerrito, CA	2021-03-16
14	Melissa Holmes	El Cerrito, CA	2021-03-16
15	Natalie Toledo	El Cerrito, CA	2021-03-16
16	Stacy Robinson	El Cerrito, CA	2021-03-16
17	Roger Smith	El Cerrito, CA	2021-03-16
18	Maya Spark	El Cerrito, CA	2021-03-16
19	Swee Peck Quek	El Cerrito, CA	2021-03-16
20	Pearson Miller	El Cerrito, CA	2021-03-16
21	Fred Bialy	El Cerrito, CA	2021-03-16
22	Adam Oesterle	El Cerrito, CA	2021-03-16
23	Brenda Carter	El Cerrito, CA	2021-03-16
24	Christine Dexter	El Cerrito, CA	2021-03-16
25	Trung Ha	El Cerrito, CA	2021-03-16
26	Shelby Holguin	El Cerrito, CA	2021-03-16
27	Jorien Campbell	El Cerrito, CA	2021-03-16

Name	Location	Date
Cristina Moreau	Madid, Spain	2021-03-16
(28) Sandra Simons	Richmond, CA	2021-03-16
(29) Minh Nguyen	El cerrito, CA	2021-03-16
(30) Paul Wyckoff	El Cerrito, CA	2021-03-16
(31) Alejandro Helmeyer	El Cerrito, CA	2021-03-16
(32) Donna Sidel	El Cerrito, CA	2021-03-16
(33) Anna Mahony	El Cerrito, CA	2021-03-16
(34) Marisa Singer	El Cerrito, CA	2021-03-16
(35) Sarah Stone	El Cerrito, CA	2021-03-16
(36) Rose Stamm	Richmond, US	2021-03-16
(37) Peggy Dey	Richmond, CA	2021-03-16
(38) Rachel Stark	El Cerrito, CA	2021-03-16
(39) Karen Leung	El Cerrito, CA	2021-03-16
(40) Linda Rose	Richmond, CA	2021-03-16
(41) Polly Mayer	Berkeley, CA	2021-03-16
(42) Dan Schulman	El Cerrito, CA	2021-03-16
(43) Tomi Nagai-Rothe	Richmond, CA	2021-03-17
(44) Andy zhanZ	el cerrito, CA	2021-03-17
(45) Maurie Ange	El Cerrito, CA	2021-03-17
(46) Duncan Lee Pullen	San Pablo, CA	2021-03-17
(47) Susan Jane Kirsch	El Cerrito, CA	2021-03-17
(48) Amanda Millstein	El Cerrito, CA	2021-03-17

	Name	Location	Date
(44)	Ira Sharenow	El Cerrito, CA	2021-03-18
(50)	James Baker	El Cerrito, CA	2021-03-19
(51)	Eric Helgeson	El Cerrito, CA	2021-03-19
—	Paul Markillie	Grand Blanc Township, US	2021-03-19
—	Óscar Guzmán	East Wenatchee, US	2021-03-19
—	Sydney Park	Englewood, US	2021-03-19
—	Sue Nuccio	Syracuse, US	2021-03-19
(52)	Rochelle Morrissey	El Cerrito, CA	2021-03-19
—	Meghan McKenney	Norristown, PA	2021-03-19
—	Kenny Cheung	Staten Island, US	2021-03-19
—	shawn ouyang	Rosemead, US	2021-03-19
—	Heather Butler	Orlando, US	2021-03-19
—	Daunte Jackson	Silver Spring, US	2021-03-19
—	OLUGBEMIRO Shodiya	Indianapolis, US	2021-03-19
—	Alysa Smith	North Kingstown, CT	2021-03-19
—	Andrew Lieb	Lumberton, US	2021-03-19
—	Cardi Mosley	Crawford, US	2021-03-19
—	Nora Huff	Bellingham, US	2021-03-19
(53)	Valeria Gonzalez	El Cerrito, CA	2021-03-19
(54)	Janice Woo	El Cerrito, CA	2021-03-19
(55)	Donna Davis	El Cerrito, CA	2021-03-19
(56)	Richard Franklin	El Cerrito, CA	2021-03-19

Name	Location	Date
(57) C Miller	El Cerrito, CA	2021-03-17
— Marcus Carbajal	US	2021-03-17
— emma traugott	Austin, US	2021-03-17
— isabella hermidia	Staten Island, US	2021-03-17
— Arianna Wyatt	Fort Worth, US	2021-03-17
— Courtney Vinson	San Diego, US	2021-03-17
— Terisha Thomas	Las Vegas, US	2021-03-17
(58) Donna Lipton	Richmond, CA	2021-03-17
— Latraysha Hogan	Old Hickory, US	2021-03-17
— Lilian Ruedas	Pacioma, US	2021-03-17
— Julia Fuhrman	McSherrystown, US	2021-03-17
(59) Guy Knight	San Pablo, CA	2021-03-17
(60) Barbara Chan	El Cerrito, CA	2021-03-17
(61) Lisa Wayne	El Cerrito, CA	2021-03-17
(62) Gary Prost	El Cerrito, CA	2021-03-17
(63) Robert Jacobs	El Cerrito, CA	2021-03-17
(64) Carrie Schulman	El Cerrito, CA	2021-03-17
(65) Denton Christner	El Cerrito, CA	2021-03-17
(66) Margy Chapin	El Cerrito, CA	2021-03-17
(67) Claudia kruse	El Cerrito, CA	2021-03-17
— Ernesto Garcia	Morgan Hill, US	2021-03-17
— Ian Polachy	Largo, US	2021-03-17

Name	Location	Date
— Faith Eldridge	New London, US	2021-03-17
68 Jennifer Chang	El Cerrito, CA	2021-03-17
— Robin Harrison	San Francisco, CA	2021-03-17
69 Lynn Watkins	El Cerrito, CA	2021-03-17
70 Paola Sensi-Isolani	El Cerrito, CA	2021-03-17
71 Bea Lieberman	El Cerrito, CA	2021-03-17
72 Tram Nguyen	El Cerrito, CA	2021-03-18
73 Leslie Pozdena	El Cerrito, CA	2021-03-18
74 Colin Toomey	El Cerrito, CA	2021-03-18
75 Takashi Nikaidoh	El Cerrito, CA	2021-03-18
76 Alison Shimada	El Cerrito, CA	2021-03-18
— Lisa Meniketti	Castro Valley, CA	2021-03-18
77 Gina Calicura	El Cerrito, CA	2021-03-18
— Joycelin Craig	San Francisco, CA	2021-03-18
78 Karin Rosman	Berkeley, CA	2021-03-18
— samay kudesia	Cumming, US	2021-03-18
— willow raper	Windsor Mill, US	2021-03-18
— Estifani Hernandez	Morgan Hill, US	2021-03-18
— philip chow	jericho, US	2021-03-18
— Cristina Clark	Marietta, US	2021-03-18
— Rober Chavez	Phoenix, US	2021-03-18
— Brenda Vaughn	San Antonio, US	2021-03-18

Name	Location	Date
— Mari Dominguez	Linden, US	2021-03-30
— Sara Mansouri	Los Angeles, US	2021-03-30
— Tanner Johnston	Leicester, US	2021-03-30
— Jessica Arre	Sandy, US	2021-03-30
— Larry Anderson	San Diego, US	2021-03-31
— Mehdi Amercian	New York, US	2021-03-31
— Ogadinma Okakpu	Moreno Valley, US	2021-03-31
— Chayden Stacy	Logan, US	2021-03-31
— Jil Tetro	South Amboy, US	2021-03-31
— Mohamad Tahernezhad	Vancouver, US	2021-03-31
— Lanchun He	College Station, US	2021-03-31
— Amie Poitras	Portland, US	2021-03-31
— علی جواد جابری	Santa Clara, US	2021-03-31
— Miansha Strickland	Chicago, US	2021-03-31
— Nolan Truong	Las Vegas, US	2021-03-31
79 Chris Long	El Cerrito, CA	2021-04-03
80 Miguel Gravelle	Richmond, CA	2021-04-10
11 hok Gouw	El Cerrito, CA	2021-04-12
— Colin Orr	White Plains, US	2021-04-12
2 Antara Mason	Bozeman, US	2021-04-12
3 Toni Mayer	El Cerrito, CA	2021-04-12
4 Karen Taberski	El Cerrito, CA	2021-04-12

Name	Location	Date
— Steve Waschensky	North Tonawanda, US	2021-03-28
— Dennis Carballo	Redlands, US	2021-03-28
— vana kendirjian	Fresno, US	2021-03-28
— Samantha Wurst	Minneapolis, US	2021-03-28
— David Fincher	Kent, WA	2021-03-28
— Lana Jaeger	Waubay, US	2021-03-28
— squid berry	Corpus Christi, US	2021-03-29
— Carolyn Hartung	Derby, NY	2021-03-29
— Sean Henderson	Winchester, US	2021-03-29
— Arsenio Reynolds	Wichita, US	2021-03-29
— Dennis McKinney	Berea, US	2021-03-29
— Aiden Patrissi	Ware, US	2021-03-29
— Jennifer Messex	Chesterfield, US	2021-03-29
— JoEllen Coker	North Las Vegas, US	2021-03-29
— Nalani Carter	Kaneohe, US	2021-03-29
65 — Alia John	El Cerrito, CA	2021-03-29
— Kathy Turney	Cleveland, US	2021-03-29
— Jeremy Anderson	US	2021-03-29
— Agim Demirovski	Staten island, US	2021-03-29
— Melissa Munoz	Hialeah, US	2021-03-30
— Arthur Frost	Pompano Beach, US	2021-03-30
— Sean Otis	Rocklin, US	2021-03-30

Name	Location	Date
akeeli abdur rahman	Murfreesboro, US	2021-03-26
Chung Luc	Phoenix, US	2021-03-26
James Romero	San Francisco, US	2021-03-27
Carolyn D'sa	Cupertino, US	2021-03-27
Naydeline Morales	Mcallen, US	2021-03-27
Lizbeth Pineda	Wilmington, US	2021-03-27
thomas palumbo	Plainfield, US	2021-03-27
Nancy Beede	The Villages, US	2021-03-27
Samantha Fratus	Boston, US	2021-03-27
Benee Kent	Tacoma, US	2021-03-27
Rachele Perez	Banning, US	2021-03-27
Danielle Lee	Cathedral City, US	2021-03-27
Joe Mama	Toronto, US	2021-03-27
Alexander Trepler	Watertown, US	2021-03-27
Jinny W	New York, US	2021-03-28
Steve Charmin	Madison, US	2021-03-28
Siobhan Kramer	New York, US	2021-03-28
Trevor Langhann	Owosso, MI	2021-03-28
Shakir Wilson	Brockton, US	2021-03-28
Jazmine Douglas	Orlando, US	2021-03-28
Alena Valentova	Richmond, CA	2021-03-28
Jakya Barnes	Lakeland, US	2021-03-28

Name	Location	Date
87 Jonathan Gole	El Cerrito, CA	2021-03-20
88 Corinne Gustafson	El Cerrito, CA	2021-03-21
89 Thomas Schaaf	El Cerrito, CA	2021-03-21
— roy zhong	Spring, US	2021-03-22
— Nancy Thelot	Maplewood, US	2021-03-22
— Kelly Ferrante	San Leandro, US	2021-03-22
— Jan Coss	Davis, US	2021-03-22
— asher hanks	Flushing, US	2021-03-22
— Natallia Tsuprynovich	Brooklyn, US	2021-03-22
90 William Michaely	Richmond, CA	2021-03-23
— Charles Wilson	El Cerrito, Uruguay	2021-03-24
91 Lynn Armstrong	El Cerrito, CA	2021-03-24
Dep Kimberly White	San Pablo, CA	2021-03-26
92 Ruby MacDonald	El Cerrito, CA	2021-03-26
— Jane McVEIGH-McNee	Indiantown, US	2021-03-26
— Brandon Sanchez	Lakewood, US	2021-03-26
93 David Kator	El Cerrito, CA	2021-03-26
— Fiona Caporizzo	Franklin, US	2021-03-26
— Kari Jimenez	El Paso, US	2021-03-26
— Laura Garrett	US	2021-03-26
— Madalynn Gardner	Ogdensburg, US	2021-03-26
— John Baranowski	North Las Vegas, US	2021-03-26

Name	Location	Date
94 Ronald Bogin	El Cerrito, CA	2021-03-17
— Robert Campbell	San Francisco, CA	2021-03-17
95 Philip MacEachron	El Cerrito, CA	2021-03-17
96 Oleksiy Demidov	El Cerrito, CA	2021-03-17
97 Patty Enrado	El Cerrito, CA	2021-03-17
— Jake Van	Des Moines, US	2021-03-17
98 Natalie Slama	El Cerrito, CA	2021-03-17
— Rachel Arnold	Fayetteville, US	2021-03-17
— Marisol Esparza	Atlanta, US	2021-03-17
— Ani Armenyan	Rancho Cordova, US	2021-03-17
— Launie Morones	Los Osos, CA	2021-03-17
— Mehret Yosief	San Diego, US	2021-03-17
— Mercedes Cabrera	Miami, US	2021-03-17
99 Deborah Kim	El cerrito, CA	2021-03-17
— Bryain Long	District Heights, US	2021-03-17
— Keoni Carman	Redwood City, US	2021-03-17
— Anonymous .	Mount Holly, US	2021-03-17
— Sarah Lynch	Orlando, US	2021-03-17
100 Don Simon	Richmond, CA	2021-03-17
101 Lisa Cronin	El Cerrito, CA	2021-03-17
102 Alexander Harmon	El Cerrito, CA	2021-03-17
103 Barbara Bennett	El Cerrito, CA	2021-03-17

Name	Location	Date
104 Brian Richmond	Richmond, CA	2021-04-12
105 Alan Lazere	Richmond, CA	2021-04-12
106 Tara Wagner	Richmond, CA	2021-04-13
107 Lori Levin	San Pablo, CA	2021-04-13
108 William Ktsanes	El Cerrito, CA	2021-04-13
109 Guy Oei	El Cerrito, CA	2021-04-13
110 Martine Pham	El Cerrito, CA	2021-04-13
111 Jessica Lin	El Cerrito, CA	2021-04-13
112 Frederik Schulz	El Cerrito, CA	2021-04-14
→ Marco Martinez	Las Vegas, US	2021-04-14
113 Ellen Spitalnik	El Cerrito, CA	2021-04-22
114 Justin Chang	El Cerrito, CA	2021-05-30
115 Jane Chang	El Cerrito, CA	2021-05-31

From: [Gary Prost](#)
To: [City Clerk](#)
Subject: El Cerrito City Council Meeting, 1 June 2021 - Public Comments NOT on the Agenda: Illegal Fireworks and Present Fire Danger
Date: Tuesday, June 1, 2021 11:17:07 AM

Mayor Fadelli and City Council:

It appears we are entering “Illegal Fireworks Season” in the lead-up to the Fourth of July. Starting in late May we have been hearing illegal fireworks explosions every evening. Not only is the noise annoying, but the fireworks threaten property and, more importantly, lives. If ANYTHING is going to start an urban wildfire, these illegal fireworks will.

Everyone I talk to feels helpless and don’t know what they can do. It will take a coordinated effort of all the fire and police departments in the East Bay to find and prosecute the sellers of these illegal fireworks. The Oakland Police and Fire departments, for example, are using social media to track them down.

It is more difficult to catch those using the fireworks, but again in Oakland they are levying a \$1,000 fine on violators, making parents responsible for the actions of their minor children, impounding vehicles, and advertising these measures extensively (contact Joe DeVries of the Oakland Fire Prevention Task Force: jdevries@oaklandca.gov , [510-238-3083](tel:510-238-3083)).

Other cities are stepping up patrols of the Very High Fire Hazard Severity Zones prior to and just after the 4th of July, and are closing roads and pullouts where people gather to set off fireworks.

It is the duty of the Police and Fire Departments to “serve and protect” the lives of their residents. I and my neighbors urge you to make fire prevention, and the ending of illegal fireworks that cause fires, a top priority of our police and fire departments.

Thank you,

Gary Prost, Make El Cerrito Fire Safe

[REDACTED]
[REDACTED]



Virus-free. www.avg.com

From: [nick zamorano](#)
To: [City Clerk](#)
Subject: Public Comments Not On The Agenda
Date: Tuesday, June 1, 2021 1:05:10 PM

Dear Mayor Fadelli, Councilmembers Quinto, Abelson, Rudnick and Motoyama

Now that wildfire season has “officially” begun and illegal fireworks season is rapidly approach (July 4th if not before), I believe now is the time that El Cerrito requires the support from fully funded fire and police departments. Because of the severe drought and dry brush throughout the East Bay Hills, El Cerrito is in danger of fires started by individuals using illegal fireworks. Recently, there have been loud “kabooms” at night coming from the Richmond area and this is likely to continue leading up the 4th of July. Police and fire need to be hyper vigilant with their patrolling areas of EC such as HNA and Wildcat Canyon to prevent such fires from occurring wherever possible. This will require a concentrated effort from EC police and fire and other public safety jurisdictions such as Richmond, Oakland and Berkeley. I strongly urge council to advocate on the residents behalf to making fire prevention and the monitoring of illegal fireworks a top priority.

Thank you,
Nick Zamorano
El Cerrito Resident

Sent from [Mail](#) for Windows 10

From: [Pearson Miller](#)
To: [City Clerk](#)
Subject: Public Comments – Public Comments – agenda item 7 A
Date: Monday, May 31, 2021 5:18:29 PM

- The City Financial Reserve policy stated on pages A-4 & A-5 o the TRAN document is not followed in the CAFR, page 37, issued 5/27/2021. Is the city comfortable with this discrepancy?
- The Audited results for Fiscal Year 2019-2020 on page A-9 of the TRAN document are different from the numbers given as Actuals on page 37 of the CAFR issued 5/27/21.. Is the city comfortable with this discrepancy?

--

[Pearson Miller](#)



From: [Ira Sharenow](#)
To: [Paul Fadelli](#); [Tessa Rudnick](#); [Lisa Motoyama](#); [Gabe Quinto](#); [Janet Abelson](#); [City Clerk](#)
Cc: [Cathy Hanville](#); [Sherry Drobner](#); [William Ktsanes](#); [Mike Cunningham](#); [Debra Saunders](#); [Kimberly White](#); [Arthur Yee](#); [Ira Sharenow](#)
Subject: public comments –agenda item #7B
Date: Saturday, May 29, 2021 11:06:11 AM

I think the city council needs to understand why El Cerrito government is so much more expensive to run than neighboring small communities.

I think the council also needs to understand why from 2016 to 2019 the citywide budget increased from \$38,407,819 to \$54,756,028 (CAFR Table A-2) with no apparent increases in services. It seems that as soon as new tax money comes in it gets spent with much of it going to the highest paid employees.

Out of that more than \$16 million in increased spending the city council should be able to find ways to make cuts without hurting the overburdened taxpayers or the lower paid workers.

Cuts and increases should be compared to audited financials or at least to unaudited actual spending and not to some fictional proposal. Meaningful and actionable data need to be presented to the council and to the public.

2019 Transparent California

Cost Per Resident of city government

El Cerrito	\$1,237
Albany	\$883
Pinole	\$752
San	
Pablo	\$819

Total City Employees Compensation

City	Cost	Population
El Cerrito	\$31,435,888	25,398
Albany	\$17,500,759	19,804
Pinole	\$14,507,510	19,279
San		
Pablo	\$25,377,709	30,967

Median pay and benefits for city employees 2019

City	Cost
El Cerrito	\$191,331
Albany	\$155,723

Pinole	\$142,228
San	
Pablo	\$148,508

El Cerrito median pay 2016: \$135,348
Albany median pay 2016: \$143,280

Median earnings private workers

City	Cost
El Cerrito	\$76,184
Albany	\$83,232
Pinole	\$57,229
San Pablo	\$36,884

Ira Sharenow
El Cerrito, CA

From: [Pearson Miller](#)
To: [City Clerk](#)
Subject: Public Comments – agenda item #7 B
Date: Monday, May 31, 2021 5:19:41 PM

Dear Council Members:

I have reviewed the CAFR released this past week. I hope you will agree that it fails to provide a path to a secure financial future for the city. Specifically:

- The budget creates a reserve only through a windfall of COVID relief funds this year and next; a \$4.4 million reserve after a windfall of \$4.8 million. It then proceeds with 4 years of deficit budgets drawing on that reserve and reducing it to \$1.272 million in 2026. This is the exact same plan the city followed after the 2008-2009 recession: spend our reserve to support yearly deficit spending. The city council and city management have said they plan to change our city's fiscal culture. This document shows the status quo for the next five years, with no prospect of a balanced budget or fiscal solvency in year 6.
- The 5-year budget violates our Financial Reserve Policy. The policy holds that if a budget provides for less than a 10% reserve, the 5-year plan must have 1 year with a 10% reserve. The 5-year plan does not do this.
- The city has blown up the budget projections from just 9 months ago. Then, consultants hired by the city, Management Partners, were paid to provide a Fiscal Response Plan, it is included in CAFR as Appendix 8. It states that by adopting the budget strategies in their plan, and assuming a recessionary forecast, the city would have a .9 million surplus this year, with a growing reserve each year after (this was without 4.8 million in Covid Relief funds). We adopted their cuts, we are not in a recession and we will have a deficit spending in every budget through 2026, offset by COVID relief funds. There is no plan to structurally reform the budget to provide for balanced budgets and reserves
- On 3/21/2021 the city staff presented a 5-year plan with reserves of 10.9 to 9.4% over the next 5 years. Yet today, 10 weeks later, those projections are 11.1% to 2.8%. How can you possibly plan with these conflicting forecasts?
- The City Council is not getting accurate forecasting, either from the city staff or from paid consultants. You must begin holding city staff and their vendors accountable for their failures to properly forecast our budgeting. We cannot get out of this unless we have that forecasting.
- It contains errors. Comparing tax revenue charts on pages 19 and 21, the actual 'sales tax' and 'other taxes' figures vary. How can figures that are past actuals vary?
- We have had two city-wide budget town hall/meetings to gather input from the community. Is there a single idea presented by the community included in this (or any other binding) document?

It is clear that the only way to bring financial stability to the city is to either raise taxes or reduce public safety budgets, neither of which are included in the CAFR. We passed

measure V to raise \$3 million in new taxes compared to 3 years ago, yet we still see deficit budgets. We see a trend of reductions for our police force, but not for our fire department. Any objective comparison of our fire department shows that they are overpriced for the level of service provided. Specifically, 3 fire stations, 3 battalion captains, and the number of highly compensated employees is far more than other departments. We must be honest about what a fair, efficient and competitive department looks like. We can no longer afford a Cadillac Fire Department. We need to look at Fords. For example, a quick comparison to the Rodeo-Hercules District: it covers 10.8 square miles and 34,000 residents with 1 battalion chief, 2 fire houses, handling approx. 2,500 annual calls and a budget of approx. \$8 million. Contrast that with our smaller, less populous El Cerrito-Kensington district with 4.6 square miles, 29,000 residents, 3 battalion chiefs, 3 fire houses, 3,000 annual calls and a budget of approx. \$12 million. Why can other jurisdictions provide good services for a lower cost? A further question arises from the CAFR statement by the fire department on page 103 " Supported responses to 17 major wildland fires including 4 complexes throughout the State, providing 12,000 hours of mutual aid". If our firefighters were able to spend 12,000 hours away from the city and our service levels did not suffer, exactly why do we need so many personnel?

It is unfortunate that you are being presented with a CAFR that leaves so much work to be done, and uses windfalls, deficit spending, and no structural changes to maintain the status quo.

Thank you,

Pearson Miller



From: [Marlene George](#)
To: [City Clerk](#)
Subject: Public Comment Agenda Item 7B
Date: Tuesday, June 1, 2021 2:01:36 PM

Dear Mayor Fadelli and Councilmembers Quinto, Abelson, Motoyama and Rudnick

I am writing in support of the police and fire department budgets. I agree that police and fire need to make reasonable cuts in line with other city departments. I believe that a comprehensive salary study is appropriate for both fire and police. I believe that Chief Keith has done an excellent job in maintaining the EC police dept in terms of demographics and crime rate. There are those individuals who want to micromanage the police budget and question expenditures such as the addition of 3 police vehicles. Before the pandemic the community embarked on a priority study of top priorities in El Cerrito and public safety was unanimously decided as a top priority. Parks and recreation is not a part of public safety and are nonessential services. Once El Cerrito has a balanced budget and a robust reserve we can consider providing subsidized services in parks and rec. As more affordable housing units are built in El Cerrito many residents may need subsidized services from parks and rec. Police and fire departments should remain top priorities in El Cerrito in terms of budget planning.

Thank You,
Marlene George
El Cerrito Resident

From: [Dan Schulman](#)
To: [City Clerk](#)
Subject: Public Comments - Agenda Item #7C
Date: Monday, May 31, 2021 4:09:35 PM

Dear City Council,

I am writing to express confusion at the current state of the El Cerrito budget as well as the process that drives it.

I will use the Police Budget as an example. According to the numerous presentations given by the City Manager, the police department has cut 10 positions in recent years, and has implemented many hundreds of thousands of dollars worth of cuts over the same time period.

However, when looking at the budget book, the line items for salaries / wages do not show anything resembling a reduction of 10 positions. There are reductions in Police Operations, but those are basically offset by increases in Police Investigations. There have indeed been increases in the PERS unfunded accrued liability, but the increases do not offset the many hundreds of thousands of dollars that the police department claims to have cut. I cannot figure out or understand what is going on. This is after spending time getting multiple tables out of the budget book PDF document into spreadsheet form so I could actually analyze the information.

Additionally, I am puzzled by the budget process. I expressed a similar concern 1 year ago and I haven't seen anything change, even after the State Auditor made clear that changes are needed. There were two public workshops nearly back to back, and it's unclear what purpose those served. The council has repeatedly asked for options, and I've yet to see any options or choices presented.

As best as I can tell, it seems like the city is hoping to tread water using the Federal stimulus money, buying time for the cannabis dispensaries to open, and for the San Pablo Ave projects to complete. If that's the plan let's just be up front about it as opposed to continuing these obtuse, difficult to follow budget processes that leave most of us confused.

Sincerely,

Daniel Schulman
El Cerrito, CA

PRELIMINARY OFFICIAL STATEMENT DATED JUNE [3], 2021

**BANK QUALIFIED
NEW ISSUE - FULL BOOK ENTRY**

**RATING: S&P: “_____”
See “Rating.”**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The Notes are “qualified tax-exempt obligations” within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS.”

\$6,000,000* CITY OF EL CERRITO 2021-22 TAX AND REVENUE ANTICIPATION NOTES

Dated: Date of Delivery

Due: July 7, 2022

The City of El Cerrito 2021-22 Tax and Revenue Anticipation Notes (the “Notes”) are to be delivered as fully registered notes without coupons and when delivered will be registered in the name of The Depository Trust Company, New York, New York (“DTC”), or its nominee. DTC will act as securities depository for the Notes. Individual purchases of an interest in the Notes will be made in book-entry form only in the principal amount of \$5,000 or integral multiples thereof. Purchasers of Notes will not receive the physical Notes when purchased. Principal and interest are payable at maturity. The principal and interest with respect to the Notes are payable when due by the City of El Cerrito (the “City”), as paying agent, to DTC, which will in turn remit such principal and interest to the actual purchasers of the Notes as described in this Official Statement. The Notes are not subject to redemption prior to maturity.

The Notes are, by statute, general obligations of the City, payable solely from taxes, income, revenue, cash receipts, and other moneys that are received by the City for the General Fund for fiscal year 2021-22 and that are generally available for the payment of current expenses and other obligations of the City (the “Unrestricted Moneys”). The Notes are secured by a pledge of Unrestricted Moneys to be received by the City in (a) an amount equal to 50% of the principal amount of the Notes in the month of January 2022; (b) an amount equal to 50% of the principal amount of the Notes in the month of May 2022; and (c) an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June 2022 (such pledged amounts being hereinafter called the “Pledged Revenues”). The Pledged Revenues will be deposited into and held by the City in a special account to be designated the “2021-22 Tax and Revenue Anticipation Note Special Account,” and applied as directed in the City Council’s Resolution adopted June 1, 2021.

Certain important issues relating to the City’s financial condition are discussed under the headings “THE CITY – Auditor’s Statement Regarding Ability to Continue as a Going Concern” and “– State Audit of City as High Risk.”

The following firm, serving as municipal advisor to the City, has structured this issue.



Interest Rate
%

**Reoffering
Yield**
%

Price

CUSIP

The Notes are, to the extent more fully described in this Official Statement, legal investments for commercial banks in California and eligible to secure deposits in public monies in the State of California.

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See “RISK FACTORS.”

The Notes are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed upon for the City by Jones Hall, A Professional Law Corporation, as Disclosure Counsel. Kutak Rock LLP, Los Angeles, California, is acting as underwriter’s counsel. Certain legal matters will be passed upon for the City by the City Attorney. It is anticipated that the Notes will be delivered in book-entry form through the facilities of DTC on or about July 8, 2021.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or solicitation of an offer to buy nor will there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

[Hilltop Securities]

Dated: _____, 2021

** Preliminary; subject to change.*

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Notes. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as a representation of facts.

The information set forth in this Official Statement has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The information and expressions of opinion stated in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information or opinions set forth in this Official Statement or in the affairs of the City since the date hereof. This Official Statement is submitted in connection with the sale of the Notes referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any purpose, unless authorized in writing by the City.

The Notes have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**"), in reliance upon an exemption contained in the Securities Act. The Notes have not been registered under the securities laws of any state.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE NOTES TO CERTAIN DEALERS AND BANKS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Although the City maintains an internet website for various purposes, none of the information on that website is incorporated by reference in this Official Statement or is intended to assist investors in making any investment decision or to provide any continuing information with respect to the Notes or any other bonds or obligations of the City.

CITY OF EL CERRITO

City Council

Paul Fadelli, *Mayor*
Gabriel Quinto, *Mayor Pro Tem*
Janet Abelson, *Council Member*
Lisa Motoyama, *Council Member*
Tessa Rudnick, *Council Member*

City Officials

Karen Pinkos, *City Manager*
Sky Woodruff, *City Attorney*
Holly M. Charl  ty, *City Clerk*
Mark Rasiah, *Finance Director/City Treasurer*

Bonds Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Municipal Advisor

NHA Advisors, LLC
San Rafael, California

Paying Agent

City of El Cerrito
El Cerrito, California

TABLE OF CONTENTS

INTRODUCTION	1
COVID-19 PANDEMIC	1
THE NOTES	4
Description of the Notes	4
Purpose of Issue	4
Book-Entry Only System	4
SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES	5
Security for the Notes	5
Available Sources of Repayment	5
Cash Flow	7
THE CITY	10
CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING CITY	
REVENUES AND APPROPRIATIONS	11
Limitations on Revenues	11
Expenditures and Appropriations	13
Future Initiatives	14
RISK FACTORS	14
Bankruptcy Considerations	14
Limitations on Remedies	15
TAX MATTERS	15
LEGAL MATTERS	17
RATING	17
LITIGATION	17
UNDERWRITING	17
MUNICIPAL ADVISOR	18
CONTINUING DISCLOSURE	18
ADDITIONAL INFORMATION	19

APPENDIX A - FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY
APPENDIX B - COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE YEAR ENDED JUNE 30, 2020
APPENDIX C - FORM OF OPINION OF BOND COUNSEL
APPENDIX D - DTC AND THE BOOK-ENTRY ONLY SYSTEM
APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE

OFFICIAL STATEMENT

\$6,000,000* **CITY OF EL CERRITO** **2021-22 TAX AND REVENUE ANTICIPATION NOTES**

INTRODUCTION

This Official Statement provides information in connection with the issuance by the City of El Cerrito (the “**City**”) of its 2021-22 Tax and Revenue Anticipation Notes (the “**Notes**”). Issuance of the Notes will provide funds to meet fiscal year 2021-22 General Fund expenditures, including operating expenses, capital expenditures, and the discharge of other obligations of the City.

The Notes are issued in full conformity with the Constitution and laws of the State of California (the “**State**”), including Article 7.6 (commencing with section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (the “**Law**”), and are general obligations of the City payable solely from taxes, income, revenue, cash receipts, and other moneys that are received by the City for the General Fund for fiscal year 2021-22 and that are generally available for the payment of current expenses and other obligations of the City (the “**Unrestricted Moneys**”). The Notes are authorized by a resolution adopted by the City Council on June 1, 2021 (the “**Resolution**”). The City may, under the Law, issue the Notes only if the principal of and interest on the Notes will not exceed 85% of the estimated amount of the uncollected Unrestricted Moneys that will be available for the payment of said Notes. Proceeds from the sale of the Notes will be used and expended by the City for any purpose for which it is authorized to expend funds from the General Fund for the fiscal year 2021-22. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES,” “APPENDIX A – Financial, Economic and Demographic Information for the City” and “APPENDIX B – Comprehensive Annual Financial Report of the City for the Year Ended June 30, 2020.”

Brief descriptions of the Notes, the security and sources of payment for the Notes, the City and its financial status follow. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to various documents are qualified in their entirety by reference to the forms thereof, all of which are available for inspection at the office of the Finance Director of the City.

COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (“**COVID-19**”), which was first detected in China and has spread to other countries, including the United States, was declared a pandemic by the World Health Organization, a national emergency by the President of the United States (the “**President**”) and a state of emergency by the Governor of the State (the “**Governor**”). There has been tremendous volatility in the financial markets in the United States and globally, resulting in the onset of a national and global recession.

Federal Response. The President’s declaration of a national emergency on March 13, 2020, made available more than \$50 billion in federal resources to combat the spread of the virus. A multi-billion-dollar relief package was signed into law by the President on March 18, 2020,

**Preliminary; subject to change.*

providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. In addition, the Federal Reserve lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

On March 27, 2020, the United States Congress passed a \$2 trillion relief package, referred to as the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The package includes direct payments to taxpayers, jobless benefits, assistance to hospitals and healthcare systems, \$367 billion for loans to small businesses, a \$500 billion fund to assist distressed large businesses, including approximately \$30 billion to provide emergency grants to educational institutions and local educational agencies. Under the CARES Act, the City received \$308,000 from the federal and state governments to address the spread of COVID-19 and its economic impacts.

On April 9, 2020, the Federal Reserve took additional actions to provide up to \$2.3 trillion in loans to support the economy, including supplying liquidity to participating financial institutions in the Small Business Administration’s Paycheck Protection Program, purchasing up to \$600 billion in loans through the Main Street Lending Program and offering up to \$500 billion in lending to states and municipalities.

On April 24, 2020, an additional \$484 billion federal aid package was signed into law to provide additional funding for distressed small businesses and to provide funds for hospitals and COVID-19 testing. The legislation adds \$310 billion to the Paycheck Protection Program, increases the small business emergency grant and loan program by \$60 billion, and directs \$75 billion to hospitals and \$25 billion to a new COVID-19 testing program.

On March 11, 2021, President Biden signed a \$1.9 trillion stimulus package (the “**American Rescue Package**”) into law, authorizing a third round of one-time stimulus payments for qualifying Americans, extending additional unemployment benefits, and providing aid to cities and states facing budget shortfalls. The City has been allocated \$4.8 million in American Rescue Package funds to respond to the COVID-19 emergency and address its economic effects including assistance to small businesses, households, non-profits and hard-hit industries, offset the loss of revenue for the provision of government services, provide for premium pay for essential workers, and invest in water, sewer, and broadband infrastructure. These funds will be received 60 days after the effective date of the American Rescue Package and will be received in two payments separated by 12 months. All funds received by the City must be spent by December 31, 2024. Other resources that the City may qualify for are unknown at this time.

State Response. At the State level, on March 15, 2020, the Governor ordered the closing of California bars and nightclubs, the cancellation of gatherings of more than 250 and confirmed continued funding for school districts that close under certain conditions. On March 16, 2020, the State legislature passed \$1.1 billion in general purpose spending authority for emergency funds to respond to the Coronavirus crisis. On March 19, 2020, Governor Newsom issued Executive Order N-33-20, a blanket shelter-in-place order, ordering all California residents to stay home except for certain necessities and other essential purposes. On August 28, 2020, the Governor released a new system called “Blueprint for a Safer California,” which places the State’s 58 counties into four color-coded tiers – purple, red, orange, and yellow, in descending order of severity – based on the number of new daily cases of COVID-19 and the percentage of positive tests.

Under the State's "Blueprint for a Safer California," counties must spend at least three weeks in each tier before advancing to the next one. The County is currently assigned to the orange tier, which is the second least restrictive tier.

On April 6, 2021, Governor Newsom announced that California will fully reopen its economy across the state on June 15, 2021, if (i) there is enough vaccine supply for Californians 16 years and older to be vaccinated and (ii) hospitalization rates remain stable and low, especially among fully vaccinated Californians. According to Governor Newsom, common sense health measures, including wearing masks will continue, and testing and vaccination requirements will remain for some businesses and industries.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, the economic impacts and actions that may be taken by governmental authorities to contain the outbreak or to treat its impacts are uncertain and cannot be predicted. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to the Governor's office (<http://www.gov.ca.gov>) and the California Department of Public Health (<https://covid19.ca.gov/>). *The City has not incorporated by reference the information on such websites, and the City does not assume any responsibility for the accuracy of the information on such websites.*

Impacts of COVID-19 Pandemic on Global and Local Economies Cannot Be Predicted; Potential Declines in State and Local Revenues. The COVID-19 public health emergency will have negative impacts on global and local economies, including the economy of the State and in the region of the City. The extent and duration of the COVID-19 emergency is currently unknown, and the reach of its impacts uncertain.

The State's revenue sources are anticipated to be materially impacted by the COVID-19 pandemic, including with respect to reductions in personal income tax receipts and capital gains tax receipts. Economic uncertainty caused by the outbreak will significantly affect California's near-term fiscal outlook, with a likely recession due to pullback in activity across wide swaths of the economy. For more detail regarding the State's current budget, and related reports and outlooks, see Appendix A under the heading "APPENDIX A – FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY – State Budget and Its Impact on the City."

Impacts of COVID-19 Pandemic on City's General Fund. The City, like many other cities in California, saw immediate negative impacts in transient occupancy tax, charges for services, fines and forfeitures, development fees, franchise fees and other elastic revenue sources. Fortunately, Property Taxes, Sales Taxes and Real Property Transfer Taxes, which together account for about 70% of General Fund revenues, were not impacted, as was initially anticipated at the start of the pandemic.

These events led the City to implement budget reductions strategies immediately to maintain solvency and address the structural gap in anticipation of developing a revised forecast to understand the impacts from the recession. Starting in fiscal year 2020-21, the City implemented \$2.7 million in ongoing cost savings, as well as nearly \$1 million in one-time savings, to attempt to counteract the projected fiscal gap and the impacts of the pandemic-induced recession.

Impacts of COVID-19 Emergency Uncertain. The possible impacts that the COVID-19 emergency might have on the City's finances, programs, credit ratings on its debt obligations,

local property values and the economy in general are uncertain at this time. In addition, there may be unknown consequences of the COVID-19 emergency, which the City is unable to predict.

The City expects to issue tax and revenue anticipation notes in future years to manage revenue and expenditure timing mismatches and budgeting issues.

THE NOTES

Description of the Notes

The Notes will be issued in the principal amount and bear interest at the interest rate shown on the cover page of this Official Statement. Principal of and interest on the Notes are payable in lawful moneys of the United States of America upon maturity, and interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months and accrues from the date of delivery. The Notes shall be delivered in the form of fully registered Notes, without coupons, in denominations of \$5,000 or any integral multiple thereof, and shall be dated the date of delivery to the original purchaser thereof. The Notes will mature on the date set forth on the cover page of this Official Statement.

The Notes, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("**DTC**"). So long as DTC, or Cede & Co. as its nominee, is the registered owner of all Notes, all payments on the Notes will be made directly to DTC, and disbursement of such payments will be the responsibility of DTC, and disbursement of such payments will be the responsibility of the Direct and Indirect Participants, as more fully described in "APPENDIX D – DTC and the Book-Entry Only System."

Purpose of Issue

Proceeds of the Notes will provide moneys to meet the City's General Fund cash flow requirements during the 2021-22 fiscal year commencing July 1, 2021, and ending June 30, 2022, including current expenses, capital expenditures, and the discharge of other obligations or indebtedness.

Book-Entry Only System

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered certificates registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity and will be deposited with DTC. See "APPENDIX E – BOOK-ENTRY ONLY SYSTEM."

So long as the Notes are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and interest with respect to the Notes will be made to DTC as provided as in the representation letter delivered on the date of issuance of the notes. The City cannot and does not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium, if any, with respect to the Notes paid to DTC or its nominee as the registered owner, or will distribute any prepayment notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City is not responsible or liable for the failure of DTC or

any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Notes or an error or delay relating thereto.

SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES

Security for the Notes

The principal amount of the Notes, together with the interest thereon, is payable from **“Unrestricted Moneys,”** which are taxes, income, revenue, cash receipts, and other moneys that are received by the City for the General Fund for Fiscal Year 2021-22 and which are generally available for the payment of current expenses and other obligations of the City. As security for the repayment of principal of and interest on the Notes, the City has pledged to deposit into a special account within the General Fund designated as the “2021-22 Tax and Revenue Anticipation Note Special Account” (the **“Special Account”**) the first Unrestricted Moneys to be received by the City in: (a) an amount equal to 50% of the principal amount of the Notes in the month of January 2022; (b) an amount equal to 50% of the principal amount of the Notes in the month of May 2022; and (c) an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June 2022 (collectively, the **“Pledged Revenues”**). The Notes are equally and ratably secured by the City’s pledge of the Pledged Revenues.

The principal of the Notes and the interest thereon shall constitute a first lien and charge against and shall be paid from the first moneys received by the City from such Pledged Revenues and, to the extent not so paid, shall be paid from any other moneys of the City lawfully available therefor. In the event that there are insufficient Unrestricted Moneys received by the City to permit the deposit into the Special Account of the full amount of the Pledged Revenues to be deposited in any month by the last business day of such month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the City lawfully available for the repayment of the Notes and interest thereon.

During the months of January, May and June 2022, all Pledged Revenues, shall be deposited by the City into the Special Account for the payment of the principal of and interest on the Notes at maturity. Amounts deposited by the City into the Special Account shall be applied solely for the purpose of paying the principal of and interest on the Notes. All moneys held by the City in the Special Account, if not invested, shall be held in time or demand deposits as public funds and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law. Moneys in the Special Account shall, to the greatest extent possible, be invested by the City directly, or through an investment agreement, in investments as permitted by the laws of the State, and the proceeds of any such investments shall be deposited in the Special Account. See “APPENDIX A – Financial, Economic and Demographic Information for the City” and “APPENDIX B – Comprehensive Annual Financial Report of the City for the Year Ended June 30, 2020.”

Available Sources of Repayment

The Notes, in accordance with State law, are general obligations of the City, but are payable only out of Unrestricted Moneys. The City may, under existing law, issue the Notes only if the principal of, and interest on, the Notes will not exceed 85% of the estimated uncollected Unrestricted Moneys that will be available for the repayment of the Notes.

The Note coverage ratio is shown in the following table and is the ratio of estimated Unrestricted Moneys to the amount of Unrestricted Moneys needed to pay principal of and interest on the Notes.

The table below gives detail as to the sources of estimated Unrestricted Moneys and the Note Coverage Ratio.

**City of El Cerrito
Estimated Unrestricted General Fund Moneys
Fiscal Year 2021-22**

<u>Source</u>	<u>Amount</u>
Available Cash Balance, July 1, 2021	\$2,119,704
Taxes	23,178,000
Other Revenue	16,243,000
Proceeds of Notes	6,118,620
Transfers In	954,000
Total Unrestricted Moneys ⁽¹⁾	\$48,613,324
Principal + Interest for Note Repayment	\$6,179,500*
Note Coverage Ratio	7.87x*

(1) Includes proceeds of Notes.

* Preliminary; subject to change.

See also "APPENDIX A – Financial, Economic and Demographic Information for the City" and "APPENDIX B – Comprehensive Annual Financial Report of the City for the Year Ended June 30, 2020."

Cash Flow

The City has prepared the accompanying monthly General Fund cash flow statements covering fiscal year 2020-21 and the projected fiscal year 2021-22. The General Fund is used to finance the ordinary operations of the City and is available for any legal authorized purposes. While expenditures generally occur evenly throughout the fiscal year, cash receipts occur unevenly. As a result, the General Fund cash balance tends to show a deficit during parts of the fiscal year. The projections are based on the City's budget as well as the City's current financial condition.

The amounts shown in the following two tables reflect actual and projected cash receipts, as applicable. The financial information shown or discussed under the headings "THE CITY" and "APPENDIX A – Financial, Economic and Demographic Information for the City" (including but not limited to the discussion under the heading "– City General Fund Reserve Policy" therein) is presented on an accrual basis.

City of El Cerrito
Fiscal Year 2020-21 Actual/Projected General Fund Cash Flows*

	Actual										Projected		TOTAL
	July	August	September	October	November	December	January	February	March	April	May	June	
Beginning Balance	\$232,293	\$7,200,838	\$5,840,287	\$4,961,287	\$4,923,226	\$3,799,226	\$6,763,990	\$7,428,232	\$3,102,232	\$2,849,232	\$6,707,232	\$1,888,996	\$232,293
CASH RECEIPTS													
Property Tax	\$0	\$0	\$0	\$261,000	\$0	\$4,809,000	\$606,000	\$0	\$0	\$3,526,000	0	1,134,000	\$10,336,000
Transfer Tax	0	311,000	0	664,000	418,000	615,000	328,000	193,000	141,000	484,000	110,000	110,000	3,374,000
Sales Tax	0	585,000	556,000	554,000	845,000	486,000	469,000	695,000	472,000	510,000	510,000	500,000	6,182,000
Franchise Tax	0	0	95,000	29,000	253,000	0	0	133,000	0	207,000	134,000	100,000	951,000
Business Licenses	505,000	106,000	89,000	62,000	16,000	43,000	32,000	18,000	19,000	10,000	0	0	900,000
Utility Users Tax	87,000	173,000	134,000	342,000	234,000	258,000	349,000	313,000	325,000	533,000	350,000	310,000	3,408,000
Other Taxes & Revenues	0	8,000	0	22,000	64,000	0	3,000	117,000	14,000	99,000	20,000	15,000	362,000
Licenses and Permits	37,000	59,000	44,000	84,000	22,000	76,000	50,000	57,000	49,000	61,000	82,000	82,000	703,000
Fines and Forfeitures	13,000	1,000	6,000	17,000	14,000	17,000	29,000	11,000	20,000	21,000	0	0	149,000
Use of Property	15,000	33,000	14,000	40,000	12,000	20,000	35,000	22,000	37,000	34,000	33,000	34,000	329,000
In-Lieu Fees/Other													
Government Reimb.	0	0	742,000	766,000	108,000	589,000	1,501,000	874,000	645,000	524,000	603,000	1,409,000	7,761,000
Fees for Service	288,000	90,000	416,000	340,000	180,000	361,000	239,000	217,000	473,000	399,000	411,000	411,000	3,825,000
Loan Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	476,000	0	0	0	290,000	0	175,000	941,000
TRAN Proceeds	8,659,545	0	0	0	0	0	0	0	0	0	0	0	8,659,545
TOTAL RECEIPTS	\$9,604,545	\$1,366,000	\$2,096,000	\$3,181,000	\$2,166,000	\$7,750,000	\$3,641,000	\$2,650,000	\$2,195,000	\$6,698,000	\$2,253,000	\$4,280,000	\$47,880,545
CASH DISBURSEMENTS													
Personnel	\$2,129,000	\$2,343,000	\$2,593,000	\$2,462,000	\$2,379,000	\$3,758,000	\$2,377,000	\$2,235,000	\$2,094,000	\$2,043,000	\$2,041,000	\$3,063,000	\$29,517,000
Professional Services	91,000	213,000	222,000	249,000	109,000	279,000	262,000	295,000	122,000	364,000	335,000	335,000	2,876,000
Property/Other Services	408,000	105,000	141,000	315,000	66,000	601,000	203,000	135,000	151,000	368,000	290,000	287,000	3,070,000
Supplies	8,000	25,000	14,000	23,000	25,000	38,000	27,000	19,000	31,000	25,000	50,000	48,000	333,000
Fees & Charges	0	18,000	0	36,000	120,000	12,000	16,000	39,000	12,000	16,000	17,000	18,000	304,000
Debt Service Payments	0	22,551	0	9,061	0	65,236	25,758	0	0	0	65,236	0	187,842
Property and Capital	0	0	5,000	125,000	11,000	32,000	23,000	3,000	38,000	3,000	23,000	23,000	286,000
Transfers Out	0	0	0	0	580,000	0	43,000	0	0	21,000	0	21,000	665,000
TRAN Principal Payment	0	0	0	0	0	0	0	4,250,000	0	0	4,250,000	0	8,500,000
TRAN Interest Payment	0	0	0	0	0	0	0	0	0	0	0	254,292	254,292
TOTAL DISBURSEMENTS	\$2,636,000	\$2,726,551	\$2,975,000	\$3,219,061	\$3,290,000	\$4,785,236	\$2,976,758	\$6,976,000	\$2,448,000	\$2,840,000	\$7,071,236	\$4,049,292	\$45,993,134
Interfund Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash Flow	\$6,968,545	(\$1,360,551)	(\$879,000)	(\$38,061)	(\$1,124,000)	\$2,964,764	\$664,242	(\$4,326,000)	(\$253,000)	\$3,858,000	(\$4,818,236)	\$230,708	\$1,887,411
Ending Balance	\$7,200,838	\$5,840,287	\$4,961,287	\$4,923,226	\$3,799,226	\$6,763,990	\$7,428,232	\$3,102,232	\$2,849,232	\$6,707,232	\$1,888,996	\$2,119,704	\$2,119,704

* Actual cash flows through April 30, 2021.
Source: City of El Cerrito.

City of El Cerrito
Fiscal Year 2021-22 Projected General Fund Cash Flows
(Including Fiscal Year 2021-22 TRAN)

	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
Beginning Balance	\$2,119,704	\$6,414,652	\$4,948,213	\$4,056,394	\$3,778,577	\$3,249,676	\$5,797,393	\$3,213,336	\$3,041,435	\$2,729,762	\$6,465,958	\$2,773,935	\$2,119,704
CASH RECEIPTS													
Property Tax	\$0	\$0	\$0	\$263,778	\$0	\$4,860,179	\$612,449	\$0	\$0	\$3,563,525	\$0	\$1,146,068	\$10,446,000
Transfer Tax	0	276,526	0	590,397	371,666	546,829	291,642	171,606	125,370	430,350	97,807	97,807	3,000,000
Sales Tax	0	677,264	643,690	641,375	978,270	562,650	542,969	804,613	546,442	590,435	590,435	578,858	7,157,000
Franchise Tax	0	0	124,869	38,118	332,545	0	0	174,816	0	272,082	176,130	131,441	1,250,000
Business Licenses	505,000	106,000	89,000	62,000	16,000	43,000	32,000	18,000	19,000	10,000	0	0	900,000
Utility Users Tax	79,137	157,365	121,890	311,092	212,852	234,683	317,459	284,712	295,628	484,830	318,369	281,984	3,100,000
Other Taxes & Revenues	0	7,182	0	19,751	57,459	0	2,693	105,041	12,569	88,881	17,956	13,467	325,000
Licenses and Permits	33,474	53,377	39,807	75,994	19,903	68,757	45,235	51,568	44,330	55,186	74,185	74,185	636,000
Fines and Forfeitures	12,215	940	5,638	15,973	13,154	15,973	27,248	10,336	18,792	19,732	0	0	140,000
Use of Property	16,140	35,508	15,064	43,040	12,912	21,520	37,660	23,672	39,812	36,584	35,508	36,584	354,000
In-Lieu Fees/Other													
Government Reimb.	0	0	699,168	721,783	101,766	555,000	1,414,355	823,549	607,768	493,752	568,192	1,327,666	7,313,000
Fees for Service	361,412	112,941	522,039	426,667	225,882	453,020	299,922	272,314	593,569	500,706	515,765	515,765	4,800,000
Loan Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	482,576	0	0	0	294,006	0	177,418	954,000
TRAN Proceeds*	6,118,620	0	0	0	0	0	0	0	0	0	0	0	6,118,620
TOTAL RECEIPTS*	\$7,125,997	\$1,427,103	\$2,261,164	\$3,209,967	\$2,342,409	\$7,844,187	\$3,623,632	\$2,740,226	\$2,303,279	\$6,840,069	\$2,394,346	\$4,381,241	\$46,493,620
CASH DISBURSEMENTS													
Personnel	\$2,189,587	\$2,409,678	\$2,666,792	\$2,532,064	\$2,446,702	\$3,864,946	\$2,444,645	\$2,298,604	\$2,153,591	\$2,101,140	\$2,099,083	\$3,150,167	\$30,357,000
Professional Services	113,022	264,547	275,725	309,259	135,378	346,519	325,405	366,391	151,524	452,089	416,071	416,071	3,572,000
Property/Other Services	513,256	132,088	177,375	396,264	83,027	756,046	255,370	169,827	189,955	462,937	364,814	361,040	3,862,000
Supplies	15,183	47,447	26,571	43,652	47,447	72,120	51,243	36,060	58,835	47,447	94,895	91,099	632,000
Fees & Charges	0	17,230	0	34,461	114,868	11,487	15,316	37,332	11,487	15,316	16,273	17,230	291,000
Debt Service Payments	0	22,552	0	9,061	29,540	65,236	25,758	0	0	0	65,236	0	217,383
Property and Capital	0	0	6,521	163,024	14,346	41,734	29,997	3,913	49,559	3,913	29,997	29,997	373,000
Transfers Out	0	0	0	0	0	138,381	59,956	0	0	21,032	0	467,662	687,032
TRAN Principal Payment*	0	0	0	0	0	0	3,000,000	0	0	0	3,000,000	0	6,000,000
TRAN Interest Payment*	0	0	0	0	0	0	0	0	0	0	0	179,500	179,500
TOTAL DISBURSEMENTS	\$2,831,049	\$2,893,542	\$3,152,983	\$3,487,784	\$2,871,309	\$5,296,469	\$6,207,690	\$2,912,127	\$2,614,952	\$3,103,873	\$6,086,369	\$4,712,767	\$46,170,915
Interfund Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash Flow	\$4,294,948	(\$1,466,439)	(\$891,820)	(\$277,817)	(\$528,900)	\$2,547,717	(\$2,584,058)	(\$171,901)	(\$311,673)	\$3,736,196	(\$3,692,023)	(\$331,526)	\$322,705
Ending Balance	\$6,414,652	\$4,948,213	\$4,056,394	\$3,778,577	\$3,249,676	\$5,797,393	\$3,213,336	\$3,041,435	\$2,729,762	\$6,465,958	\$2,773,935	\$2,442,409	\$2,442,409

* Preliminary; subject to change.
Source: City of El Cerrito.

THE CITY

General. The City is a charter city that was incorporated in August 1917. It is located in the western portion of the County of Contra Costa (the “**County**”), approximately 17 miles northeast of San Francisco and 12 miles north of Oakland. It forms part of the highly urbanized area along the eastern shore of San Francisco Bay together with the cities of Richmond and Berkeley.

The City operates under the council-manager form of government. The City Council consists of five members elected at large for four-year, overlapping terms. The Mayor is selected by the City Council from among its members for a one-year term. The City Manager and the City Attorney are appointed by the City Council. The City Manager is responsible for administration of municipal affairs, and the City Attorney advises the City Council and the City staff on legal affairs. All municipal departments operate under the supervision of the City Manager. The City Clerk and Finance Director/City Treasurer are appointed by the City Manager.

For selected financial, economic and demographic information about the City, see “APPENDIX A – Financial, Economic and Demographic Information for the City.”

Auditor’s Statement Regarding Ability to Continue as a Going Concern. In the City’s audited financial statements for the fiscal year ended June 30, 2020, which are attached as APPENDIX B to this Official Statement, the City’s auditor, Badawi & Associates (the “**Auditor**”), included the following statement:

The accompanying financial statements have been prepared assuming that the City will continue as a going concern. As discussed in Note 21 to the financial statements, the City’s General Fund has a very limited fund balance that indicates that the City may not be able to continue as a going concern. These conditions raise substantial doubt about its ability to continue as a going concern. Management’s plans regarding those matters also are described in Note 21. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

The City has supplemented its cashflows with the revenues generated by the Real Property Transfer Tax approved by the electorate in November 2018, as discussed under the heading “APPENDIX A – Financial, Economic and Demographic Information for the City – Major Revenues – Property Taxes – Real Property Transfer Tax.” As of the date of the audited financial statements, the City had also already begun receiving its share of sales taxes from the City of Richmond, as discussed under the heading “APPENDIX A – Financial, Economic and Demographic Information for the City – Tax Sharing with City of Richmond.” Besides these sources of additional cash flow, several large development/building projects have been permitted, and they are expected to generate large one-time fees and ongoing property taxes on completion that will benefit the General Fund for years to come. The City has been taking steps to restore a positive fund balance position through the end of fiscal year 2020-21, and expects to be able to consolidate its reserves through fiscal year 2021-22 and beyond.

State Audit of City as High Risk. In November 2019, the State Auditor’s Office contacted the City regarding a report that the State Auditor’s Office had published regarding high-risk cities in the State. The City was listed seventh on the list of high risk cities, with serious liquidity issues. Because the City was included in the high-risk category, the State conducted an assessment of the City’s fiscal situation. Early in 2020, under the State Auditor’s legislative authority to establish

a high-risk local government agency audit program, the City was informed that the State Auditor's Office would be doing an audit to learn more about the City's finances and what actions the City has taken, and the City's plans to address the City's fiscal issues. The audit was conducted in early 2021 and identified five high risk areas for the City: continual diminishing of financial reserves through overspending; ineffective budget development and monitoring practices; lack of a formal financial recovery plan; insufficient reductions in ongoing costs; and missed opportunities to increase revenue.

The City agreed with a majority of the recommendations and responded with a draft Corrective Action Plan that addressed the recommendations with specific actions, including estimated timeframes for completion, and also assigned responsibility to City departments for execution of the plan. Overall, the Plan is meant to indicate that the City is committed to restoring the City to fiscal health, increase the General Fund reserves, and provide appropriate levels of service and employee compensation. City staff intends to continue monitoring revenues and expenditures closely and work with the City Council to take timely corrective action if needed. City staff are also committed to continuous improvement in implementing policies and procedures that conform with best practices in local government budgeting and to providing information to the City Council so that it can make educated decisions.

The State Auditor's report relating to the City can be found at the following website address: <https://www.auditor.ca.gov/reports/2020-803/index.html>. The City's response can be found at the following website address: www.el-cerrito.org/DocumentCenter/View/15430/El-Cerrito-Response-to-State-Auditor---PR. *The City has not incorporated by reference the information on such websites, and the City does not assume any responsibility for the accuracy of the information on such websites.*

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS

Limitations on Revenues

Article XIII A of the California Constitution. Article XIII A of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978 and has been amended on occasions, including most recently on November 7, 2000 to reduce the voting percentage required for the passage of school bonds. Section 1(a) of Article XIII A limits the maximum ad valorem tax on real property to one percent of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State statutes. Section 1(b) of Article XIII A provides that the one-percent limitation does not apply to ad valorem taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, or (iii) bonded indebtedness incurred by a school district or community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters voting on the proposition. The tax for payment of the City's general obligation bonds falls within the exception for bonds approved by a two-thirds vote.

Section 2 of Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the 1975-76 Fiscal Year tax bill, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The

full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. See "Litigation Relating to Two Percent Limitation" below. Legislation implementing Article XIII A provides that, notwithstanding any other law, local agencies may not levy any ad valorem property tax except the 1% base tax levied by each County and taxes to pay debt service on indebtedness approved by the voters as described above. Such legislation further provides that each county will levy the maximum tax permitted by Article XIII A, which is \$1.00 per \$100 of assessed market value.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when it is purchased, newly constructed or undergoes a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the City.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Articles XIII C and XIII D of the California Constitution.

General. On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the "Supermajority Vote to Pass New Taxes and Fees Act." Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to Article XIII C define "taxes" that are subject to voter approval as "any levy, charge, or exaction of any kind imposed by a local government," with certain exceptions.

Taxes. Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City ("**general taxes**") require a majority vote; taxes for specific purposes ("**special taxes**"), even if deposited into the City's General Fund, require a two-thirds vote. The voter approval requirements of Article XIII C reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Property-Related Fees, Charges and Assessments. Article XIII D also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments

must confer a “special benefit,” as defined in Article XIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Reduction or Repeal of Taxes, Fees and Charges. Article XIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City’s General Fund. If such repeal or reduction occurs, the City’s ability to pay debt service on the Notes could be adversely affected.

Burden of Proof. Article XIIC provides that local government “bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.” Similarly, Article XIID provides that in “any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance” with Article XIID.

Impact on City’s General Fund. The approval requirements of Articles XIIC and XIID reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase the taxes, fees, charges or taxes in the future that it may need to meet increased expenditure needs.

The City does not believe that any material source of General Fund revenue is subject to challenge under Proposition 218 or Proposition 26.

Judicial Interpretation. The interpretation and application of Articles XIIC and XIID will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Expenditures and Appropriations

In addition to the limits Article XIIIA imposes on property taxes that may be collected by local governments, certain other revenues of the State and local governments are subject to an annual “appropriations limit” or “Gann Limit” imposed by Article XIIIB of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIIIB, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” exclude tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds.

Article XIIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters,

appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in cases of emergency; however, the appropriations limit for the three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity have their own appropriations limits. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Each school district is required to establish an appropriations limit each year. In the event that a school district's revenues exceed its spending limit, the district may increase its appropriations limit to equal its spending by taking appropriations limit from the State.

Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years. If the aggregate "proceeds of taxes" for the preceding two-year period exceed the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D and Proposition 111 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time, other initiative measures could be adopted, further affecting City revenues or the City's ability to expend revenues. The nature and impact of these measures cannot be predicted by the City.

RISK FACTORS

Bankruptcy Considerations

In 1994, Orange County, California issued its 1994-1995 Tax and Revenue Anticipation Notes (the "**Orange County Notes**") under the same statutory authority as the statutory authority for the Notes. On December 6, 1994, Orange County filed a petition in bankruptcy. Subsequently, Orange County declined to set aside the taxes and revenues it had pledged for the repayment of the Orange County Notes and a noteholder brought suit to compel Orange County to do so. A March 8, 1995, ruling of the United States Bankruptcy Court for the Central District of California held that the lien securing the Orange County Notes did not attach to revenues received by Orange County after the filing of its bankruptcy petition on December 6, 1994, and therefore, Orange County was not required to set aside the revenues pledged under the note resolution following the bankruptcy. The Bankruptcy Court ruled that under the United States Bankruptcy Code (the "**Bankruptcy Code**"), the lien did not attach to revenues received by Orange County after December 6, 1994, because the lien was a consensual security interest rather than a statutory lien. In July 1995, the United States District Court for the Central District of California reversed the decision of the Bankruptcy Court. Orange County appealed the decision of the District Court to the United States Court of Appeals for the Ninth Circuit. Before the Ninth Circuit rendered a decision, the parties settled their disputes. Accordingly, if the City were to file for bankruptcy, it is not clear whether it would be required to set aside revenues pledged under the Resolution as described above.

In addition, the Pledged Revenues and other moneys that will be set aside to pay the Notes will be held in the City's General Fund, and these funds will be invested in the pooled investment fund. Should the City go into bankruptcy, a court might hold that the owners of the Notes do not have a valid lien on the Pledged Revenues. In that case, unless the owners could "trace" the funds, the owners would merely be unsecured creditors of the City. There can be no assurance that the owners of the Notes could successfully so "trace" the Pledged Revenues.

Limitations on Remedies

The rights of the owners of the Notes are subject to the limitations on legal remedies against local agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes and the obligations incurred by the City, may become subject to the following: the Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; equity principles that may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise and, consequently, may entail risks of delay, limitation, or modification of their rights.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The Notes are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Notes.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Notes in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes, and in order for the Notes to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Notes, or may cause the Notes to not be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Note is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Note is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Note on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Notes to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Note. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Notes who purchase the Notes after the initial offering of a substantial amount of such maturity. Owners of such Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Note (said term being the shorter of the Note's maturity date or its call date). The amount of Note premium amortized each year reduces the adjusted basis of the owner of the Note for purposes of determining taxable gain or loss upon disposition. The amount of Note premium on a Note is amortized each year over the term to maturity of the Note on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Note premium is not deductible for federal income tax purposes. Owners of premium Notes, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Notes.

California Tax Status. In the further opinion of Bond Counsel, interest on the Notes is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or cause the Notes to not be "qualified tax-exempt obligations," or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to Notes issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Notes, or as to the consequences of owning or receiving interest on the Notes, as of any future date. Prospective purchasers of the Notes should consult

their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Notes should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Notes may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Notes, the ownership, sale or disposition of the Notes, or the amount, accrual or receipt of interest on the Notes.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX C.

LEGAL MATTERS

Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will render the opinion set forth in APPENDIX C with respect to the validity and enforceability of the Resolution and as to the validity of the Notes. Jones Hall is also serving as Disclosure Counsel in connection with the issuance of the Notes. Jones Hall will receive compensation from the City contingent upon the sale and delivery of the Notes.

RATING

The City has obtained a rating of “____” on the Notes from S&P Global Ratings. Certain information was supplied by the City to the rating agency to be considered in evaluating the Notes. The rating issued reflects only the views of the rating agency, and any explanation of the significance of such rating should be obtained from the rating agency. There is no assurance that any rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Notes.

LITIGATION

No litigation is pending or threatened concerning the validity of the Notes. In the opinion of the City, there are no lawsuits or claims pending against the City that would impair the ability of the City to repay the Notes.

UNDERWRITING

Hilltop Securities Inc. (the “**Underwriter**”) has entered into a Note Purchase Agreement with the City under which the Underwriter will purchase the Notes at a price of \$_____ (equal to the par amount of the Notes, plus/less an original issue premium/discount of \$_____, and less an Underwriter’s discount of \$_____).

The Underwriter will be obligated to take and pay for all the Notes if any are taken. The Underwriter intends to offer the Notes to the public at the offering prices set forth on the inside

cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

MUNICIPAL ADVISOR

The City has retained NHA Advisors, LLC, San Rafael, California, as the City's independent registered municipal advisor (the "**Municipal Advisor**") in connection with the preparation of this Official Statement and with respect to the issuance of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. NHA Advisors, LLC is an independent registered municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The Municipal Advisor's compensation is contingent upon the delivery of the Notes.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events. The notices of enumerated events will be filed by the City with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the notices of enumerated events is summarized under the caption "APPENDIX E – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the purchaser of the Notes in complying with Securities and Exchange Commission (the "**SEC**") Rule 15c2-12(b)(5) (the "**Rule**").

Based upon a review of the City's filing obligations during the past five years, there have been no instances in the previous five years in which the City failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Notes. Quotations from and summaries and explanations of the Notes, the resolutions, statutes and documents contained in this Official Statement do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Notes.

The execution and delivery of this Official Statement have been duly authorized by the City.

By: _____
City Manager

APPENDIX A

FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY

General

The City. The City is a charter City that was incorporated on August 1, 1917. Located in western Contra Costa County (the “**County**”), it has a geographical area of approximately 3.9 square miles and forms part of the highly urbanized area along the eastern shore of San Francisco Bay. Interstate Highway 80 passes near the west boundary of the community; the crest of the Berkeley Hills and Wildcat Canyon Regional Park defines the eastern boundary. The community is served by the Bay Area Rapid Transit system with stations near both the north and south boundaries of the City.

The County. The City is located the County, one of the nine counties in the San Francisco-Oakland Bay Area. Situated northeast of San Francisco, the County is bounded by San Francisco and San Pablo Bays, the Sacramento River Delta, and Alameda County on the south. Ranges of hills effectively divide the County into three distinct regions. The western portion, with its access to water, contains much of the County’s heavy industry. The central section is rapidly developing from a suburban area into a major commercial and financial headquarters center. The eastern part is also undergoing substantial change, from a rural, agricultural area, to a suburban region. The County has extensive and varied transportation facilities-ports accessible to ocean-going vessels, railroads, freeways, and rapid transit lines connecting the area with Alameda County and San Francisco.

City Services and Government

The City provides a full range of services, including police and fire protection; building permits and inspections; parks and recreation facilities and services, planning and environmental services, construction and maintenance of streets, public buildings, and other infrastructure and operation of a state of the art Recycling Center.

The City is organized as a council-manager form of local municipal government. The City Council consists of five members elected at-large for four-year, overlapping terms. The Council selects the Mayor from among its members for a one-year term. The Mayor and City Council provide community leadership, develop policies to guide the City in delivering services and achieving community goals, and encourage citizen understanding and involvement.

The City Manager is appointed by the City Council and responsible for administration of municipal affairs. All municipal departments operate under the supervision of the City Manager. Through the City Manager, City staff, using the resources appropriated by the Council in the budget to achieve desired service results in the community, carries out the policies of the Council.

Budget Process

In accordance with applicable sections of the California Government Code and the City’s Charter, an annual budget is adopted by the City Council by June 30 of each year. The annual budget is the City’s service and financial plan for the fiscal year: a planning tool that matches the services desired by the community to the resources required in order to provide those services.

The development, adoption, and implementation of the City budget compose a major decision-making process with several phases.

At the initial stage of the budget process, department heads and division managers propose to the City Manager those programs designed to provide essential services that meet the City Council's expression of community goals. Staff also prepares estimates of available revenues for the same period. The City Manager and department directors balance the requested program expenditures with the anticipated resources, and develop a proposed budget and financial forecasts. The proposed document is reviewed by the City's Financial Advisory Board, a five-member board consisting of members of the community that are appointed by City Council as having demonstrated expertise in financial management and accounting. The recommendations and revisions of the Financial Advisory Board are considered during the budget process.

After presentation of the staff-prepared proposed budget, the City Council holds public meetings on the budget to review the staff recommendations. The City Council also receives public testimony and reviews the service, expenditure, and revenue proposals contained in the proposed budget. After discussing and making amendments, if any, to the proposed budget, the City Council adopts the budget for the next fiscal year and establishes appropriations. The appropriations are the legal authority to spend money. While the budget document for fiscal year 2018-19 and 2019-20 incorporates two fiscal years, the City Council is required per the El Cerrito Municipal Code to adopt and appropriate an annual budget for each fiscal year.

General Fund Budgets

General. A comparison of the City's budgeted General Fund revenues and expenditures for fiscal years 2018-19 and 2019-20 against the actual General Fund revenues and expenditures for the same period, are set forth in the following table. The City's audited financial statements for the fiscal year ended June 30, 2020, are included as APPENDIX B to this Official Statement.

Table A-1
CITY OF EL CERRITO
General Fund Adopted Budgets
Fiscal Years 2018-19 and 2019-20

	<u>Final Budget 2018-19</u>	<u>Audited 2018-19</u>	<u>Final Budget 2019-20</u>	<u>Audited 2019-20</u>
<u>Revenues:</u>				
Property taxes	\$10,068,000	\$10,182,035	\$10,489,640	\$10,091,133
Taxes other than property	16,512,000	16,812,948	17,940,740	19,104,059
Licenses and permits	875,000	775,876	992,720	784,982
Fines and forfeitures	310,000	218,684	300,600	226,597
Use of money and property	103,000	157,264	106,090	272,232
Intergovernmental	3,801,000	4,091,055	3,837,650	3,910,792
Charges for services	6,709,700	6,933,840	7,348,040	5,472,601
Other revenues	82,000	182,030	84,760	118,334
Total revenues	38,460,700	39,353,732	41,100,240	39,980,730
<u>Expenditures:</u>				
General government:				
City council	95,545	195,465	199,439	159,496
City manager	1,139,694	1,345,679	1,238,246	1,194,851
City attorney	300,000	519,482	309,000	334,216
Financial services	1,492,253	1,530,765	1,512,704	1,628,028
City clerk	399,079	346,335	442,958	477,609
Information services	854,538	848,768	846,414	871,895
Employee services	1,169,082	1,148,462	1,236,995	1,332,989
Public works	1,847,397	1,967,260	2,139,483	1,860,308
Recreation	5,393,176	5,794,027	5,861,578	5,351,137
Community development	2,284,615	2,522,098	2,640,959	2,505,481
Public safety:				
Police	11,842,040	12,121,461	12,745,173	12,199,388
Fire	10,156,212	11,257,758	11,177,828	11,182,414
Capital outlay	172,775	344,253	118,775	256,324
Debt service: principal	126,504	126,504	104,386	166,493
Debt service: interest and fiscal charges	29,728	134,436	26,319	165,654
Total expenditures	37,302,638	40,202,753	40,369,084	39,686,283
Excess of revenues over (under) expenditures	1,158,062	(849,021)	731,156	294,447
Other financing sources (uses):				
Transfers in	54,671	1,117,990	54,671	54,671
Transfers out	(1,289,473)	(1,330,107)	(608,328)	(607,522)
Capital lease financing	--	116,121	--	187,346
Total other financing sources (uses)	(1,234,802)	(95,996)	(553,657)	(365,505)
Special Items:				
Proceeds from sale of land from Contra Costa Co.	681,951	800,755	--	--
Net change in fund balance	605,211	(144,262)	177,499	(71,058)
Fund balance - July 1	87,570	87,570	(38,963)	(38,963)
Fund balance - June 30	\$692,781	\$(56,692)	\$138,536	\$(110,021)

Source: City of El Cerrito Comprehensive Annual Financial Reports.

Adopted Budget for Fiscal Year 2020-21

Following the onset of the COVID-19 pandemic, the City Council had directed staff to amend the fiscal year 2020-21 budget process by preparing a one-year budget that would be adopted prior to July 1, with the intention to perform a more detailed budget process during the summer months and present Council with proposed amendments by the end of October 2020. It was believed that this would allow City staff to have a much clearer picture of the sustained revenue losses and prepare an amended budget that would portray the City's rapidly evolving fiscal situation. Accordingly, staff prepared and presented an amended fiscal year 2020-21 budget that was adopted by the City Council on October 6, 2020 (such budget being the "**Adopted Budget**"). The budget represents staff's best efforts to provide the programs and services consistent with the City's Strategic Plan and other input received from the community and the City Council. The economic impacts of COVID-19 have created a significant amount of uncertainty relative to the City's ability to accurately project City revenues for fiscal year 2020-21, and therefore, the amended budget was based on providing sustainable levels of service at a reasonable cost.

The City's ability to maintain City services relies heavily on tax revenue, with property and sales taxes representing the largest percentage. Both had slowed during the economic downturn. Like most cities, the City has struggled to balance increasing expenses due in large part to health and pension costs with sluggish revenues that have not kept pace with the increase in expenditures. In addition, some revenues have been permanently lost as in the case of redevelopment. Staff estimates that about \$1 million annually has been lost as a result of redevelopment dissolution.

Approximately 76% of the General Fund expenditures are related to personnel costs. Within Personnel, salaries and benefits have traditionally been governed by the City Council's policy to provide median compensation, which is intended to act as a ceiling for salaries and benefits as agreed upon in the memorandums of understanding with the various benefit groups. Currently, all employees are now contributing between 8-12% of their salary towards the total pension costs. Of the remaining General Fund expenses, very few are discretionary and include costs related to contract services such as Public Safety dispatch, Animal Control services, legal services, independent audit services, election services and criminalist services that the City could not provide as efficiently as other organizations can on its behalf. When other non-discretionary items are factored in such as insurance, medical supplies, utilities, vehicles, and a minimal level of supplies, nearly 95% of the General Fund is non-discretionary.

City General Fund Reserve Policy

The City's General Fund Reserve Policy (the "**Reserve Policy**") forms a part of its Comprehensive Financial Policy, which the City Council approved on May 21, 2019 (the "**Comprehensive Financial Policy**"). The purpose of the Reserve Policy is to set aside funds to insure against events that would adversely affect the financial condition of the City and jeopardize the continuation of necessary public services. The Reserve Policy is designed to provide adequate cash flow, protect bond ratings, and offset economic downturns and revenue shortfalls. The reserve is also available to provide for one-time funding in the event of an emergency situation such as a natural disaster or unanticipated liability.

The Reserve Policy expresses the City's goal of achieving a General Fund annual operating reserve of 10% of projected General Fund operating expenditures in each fiscal year.

As part of the annual budget process, the City Council will consider a Five-Year Plan that attempts to maintain a reserve ratio of 10%. The City Council may adopt a deficit budget to deal with certain uses so long as the projected reserve does not go below 10% in any year of the Five-Year Plan. Should the General Fund reserve fall below 10%, each budget year the City will adopt a plan to restore the reserve percentage to 10% within five years and 15% within 10 years.

The Comprehensive Financial Policy is reviewed annually by the City's Financial Advisory Board and any proposed substantive revisions are submitted to the City Council for approval.

City Actions to Increase General Fund Reserve

The City is taking action to address budget challenges and restore General Fund reserves to levels as expressed in the Comprehensive Financial Policy. During the last recession and following the dissolution of the City's Redevelopment Agency in 2012, the City used General Fund reserves in order to preserve and maintain services. The City has not recovered its reserve levels from that time and has made doing so a priority. The City has taken steps to increase revenues by passing ballot measures for a real property transfer tax in 2018 (see "– Property Taxes – Real Property Transfer Tax") and a parks and recreation services parcel tax in 2019 and is taking action to reduce expenses in the current and future fiscal years.

The "baseline" for the 2020-21 General Fund budget was presented to the City Council in February 2020, along with the 5-year General Fund forecast. The baseline budget projected General Fund Revenues of \$42.7 million and Expenditures of \$42.6 million, which would have resulted in a small surplus. However, due to the COVID-19 pandemic and its effect on City revenues, staff presented City Council with expenditure reductions of approximately \$4 million in the months since February 2020. Staff revised the original baseline estimates for revenues for fiscal year 2020-21 based on Covid-19 impacts on revenues. With these adjustments staff proposed a General Fund Budget of \$39.3 million in revenues and \$38.7 million in expenses for fiscal year 2020-21. This represented a \$3.4 million (or 8%) reduction in revenues and \$3.9 million (or 9%) reduction in expenditures over the baseline budget and still yields a small General Fund surplus.

In response to the COVID-19 emergency, the City has taken more aggressive actions in fiscal year 2020-21 to mitigate the economic impacts of the public health crisis. This includes implementing unpaid furloughs for 90 part-time staff and 70 non-sworn full-time staff, instituting a hiring freeze, implementing a freeze on non-essential spending, deferring capital projects, and cancelling events and programs. The City has worked with each bargaining unit to defer cost of living adjustments (COLAs); implemented furloughs for non-sworn full-time staff that equate to a 5% - 10% salary reduction; required Management staff to increase employee contributions to CalPERS and suspended discretionary pay and benefits. The City is currently evaluating further expense reductions including reduced services and cuts in staffing. These budget reduction strategies will be implemented over the next 12 to 24 months.

State Budget and Its Impact on the City

The General Fund receives amounts from the State that could impact the services provided by the City. The City cannot predict what actions will be taken in future years by the State Legislature and the Governor to address a State budget deficit. Future State budgets will be affected by national and state economic conditions and other factors over which the City has no control. To the extent that the State budget process results in reduced revenues to the City,

the City will be required to make adjustments to its budget. Decreases in such revenues may have an adverse impact on the City's ability to pay the Notes.

Information about the fiscal year 2020-21 adopted State budget, the proposed fiscal year 2021-22 State budget, the May Revise for fiscal year 2021-22 and other State budgets is regularly available at various State-maintained websites. An impartial analysis of the budget is posted by the Legislative Analyst Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. *The information referred to in this paragraph is prepared by the respective State agency maintaining each website and not by the City or Underwriter, and the City and Underwriter take no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated in this Official Statement by these references.*

Financial Statements

Certain important issues relating to the City's financial condition are discussed in the forefront of this Official Statement under the headings "THE CITY – Auditor's Statement Regarding Ability to Continue as a Going Concern" and "– State Audit of City as High Risk."

The accounting policies of the City conform to generally accepted accounting principles. The Governmental Accounting Standards Board ("GASB") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting; (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting; and (iv) required supplementary information.

Accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. There are three groups of funds: governmental funds (which include the General Fund), proprietary funds (which include enterprise funds and internal service funds) and fiduciary funds (which are used to account for resources held for the benefit of parties outside the City). The City maintains 36 individual governmental funds. Information is presented separately in the governmental statement of revenues, expenditures, and changes in fund balances for the General Fund and the Street Maintenance and Construction Fund, both of which are considered to be major funds. Data for the 35 other funds are combined into a single aggregated presentation.

All governmental funds and fiduciary funds use the modified accrual basis of accounting. The proprietary funds use the accrual basis of accounting. The General Fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in a separate fund.

The City's most recent audited financial statements are included in the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020, which is attached as

APPENDIX B to this Official Statement. The financial statements were prepared by the City and audited by the Auditor.

The financial statements should be read in their entirety. *The City has neither requested nor obtained permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City or General Fund. In addition, the Auditor has not reviewed this Official Statement.*

Set forth on the following pages are (i) a general fund balance sheet for fiscal years 2015-16 through 2019-20 and (ii) a statement of revenues, expenditures and changes in fund balance for the City's General Fund for the same period.

Table A-2
CITY OF EL CERRITO
General Fund Balance Sheet
(Audited)

	<u>Fiscal Year</u> <u>2015-16</u>	<u>Fiscal Year</u> <u>2016-17</u>	<u>Fiscal Year</u> <u>2017-18</u>	<u>Fiscal Year</u> <u>2018-19</u>	<u>Fiscal Year</u> <u>2019-20</u>
<u>ASSETS:</u>					
Cash and investments	\$5,116,309	\$3,107,248	\$3,419,338	\$4,349,089	\$9,016,794
Cash with fiscal agents	10,187	10,205	--	--	--
Accounts receivable	155,287	3,743	9,530	--	633,574
Due from other governments	1,663,837	2,348,549	2,778,497	2,113,059	1,249,313
Due from other funds	1,270,421	1,671,263	385,338	951,617	374,902
Advance to other funds	--	--	988,351	317,967	315,306
Due from El Cerrito Redevelopment Agency Successor Agency	--	873,766	1,321,189	1,321,189	1,321,189
Interest receivable	--	--	--	--	32,158
Loans receivable	--	--	--	--	--
Inventory	110,975	23,595	11,537	11,772	27,737
Prepays	59,378	97,381	--	--	3,279
Land held for resale or redevelopment	--	--	--	--	--
Total assets	8,386,394	8,135,750	8,913,780	9,064,693	12,974,252
<u>LIABILITIES:</u>					
Accounts payable	883,120	524,897	346,261	888,579	844,519
Accrued liabilities	61,268	1,081,986	1,102,088	1,231,944	1,551,848
Due to other funds	--	--	--	--	--
Deposits payable	500,000	515,730	645,593	804,162	1,605,016
Deferred revenue	--	--	--	--	--
Unearned revenue	47,682	515,730	65,000	80,381	82,890
Note payable	5,000,000	5,000,000	6,000,000	6,000,000	9,000,000
Total liabilities	6,492,552	7,170,002	8,159,439	9,005,066	13,084,273
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - sales tax	--	147,028	666,771	116,319	--
Unavailable revenue - due from other governments	--	--	--	--	--
Unavailable revenue - loans receivable	--	--	--	--	--
Total deferred inflows of resources	--	147,028	666,771	116,319	--
Fund Balances:					
Nonspendable					
Advance to other funds	--	--	988,351	317,967	315,306
Due from El Cerrito Redevelopment Agency Successor Agency	--	873,766	1,321,189	1,321,189	1,321,189
Items not in spendable form:					
Prepays and Inventory	170,353	120,976	11,537	11,772	31,016
Restricted	--	--	--	--	--
Redevelopment projects & programs	--	--	--	--	--
Solar Project	10,187	10,205	--	--	--
Assigned to various contrast	--	--	--	--	--
Unassigned	1,713,302	(186,277)	(2,233,507)	(1,707,620)	(1,777,532)
Total fund balances	1,893,842	818,720	87,570	(56,692)	(110,021)
Total liabilities and fund balances	\$8,386,394	\$8,135,750	\$8,913,780	\$9,064,693	\$12,974,252

Source: City of El Cerrito Comprehensive Annual Financial Reports.

Table A-3
CITY OF EL CERRITO
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
(Audited)

	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
Revenues:					
Taxes and assessments	\$21,444,662	\$23,367,464	\$23,829,757	\$26,994,983	\$29,195,192
Licenses and permits	607,729	719,843	767,706	775,876	784,982
Fines and penalties	326,544	350,855	222,173	218,684	226,597
Use of money and property	311,786	345,665	373,954	157,264	272,232
Intergovernmental revenues	3,621,780	3,373,887	4,115,543	4,091,055	3,910,792
Charges for services	4,391,219	5,740,974	6,099,394	6,933,840	5,472,601
Other revenues	768,149	577,753	377,394	182,030	118,334
Total revenues	31,471,869	34,476,441	35,783,921	39,353,732	39,980,730
Expenditures:					
Current:					
General government	4,359,038	4,927,484	5,248,920	5,934,956	5,999,084
Public works	1,116,997	1,443,104	1,673,715	1,967,260	1,860,308
Recreation	4,465,879	4,818,238	5,183,872	5,794,027	5,351,137
Community development	1,769,422	2,157,162	2,405,103	2,522,098	2,505,481
Public safety	19,325,987	20,277,045	21,261,548	23,379,219	23,381,802
Payment of sales tax to City of Richmond	--	--	--	--	--
Capital outlay	182,594	45,770	276,683	344,253	256,324
Debt service: principal	93,373	95,959	98,616	126,504	166,493
Debt service: interest	--	106,389	103,732	134,436	165,654
Total expenditures	31,313,290	33,871,151	36,252,189	40,202,753	39,686,283
Excess of revenues over (under) expenditures	158,579	605,290	(468,268)	(849,021)	294,447
Other financing sources (uses):					
Proceeds from sale of capital assets	7,290	--	--	--	--
Issuance of debt	--	--	--	--	--
Transfers in	890,194	54,583	54,583	1,117,990	54,671
Transfers out	(623,733)	(456,668)	(317,465)	(1,330,107)	(607,522)
Capital lease financing	--	--	--	116,121	187,346
Total other financing sources (uses)	273,751	(402,085)	(262,882)	(95,996)	(365,505)
Proceeds of sale of land from Contra Costa County	--	--	--	800,755	--
Net change in fund balance	432,330	203,205	(731,150)	(144,262)	(71,058)
Fund balance - July 1	1,461,512	615,515 ⁽¹⁾	818,720	87,570	(38,963)
Fund balance - June 30	\$1,893,842	\$818,720	\$87,570	\$(56,692)	\$(110,021)

(1) As restated.

Source: City of El Cerrito Comprehensive Annual Financial Reports.

Major Revenues

General. Taxes and other sources of revenue received by the City are listed in the table below. Certain general taxes currently imposed by the City are affected by Proposition 218. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 218 – Article XIIC and Article XIID.”

The following table presents historical audited tax revenues for fiscal years 2015-16 through 2019-20 for the City’s General Fund.

**Table A-4
CITY OF EL CERRITO
Major Tax Revenues by Source
(Audited)**

	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2016-17</u>	<u>Fiscal Year 2017-18</u>	<u>Fiscal Year 2018-19</u>	<u>Fiscal Year 2019-20</u>	<u>% of 2019-20 Total</u>
Property Taxes	\$7,908,458	\$9,082,380	\$9,486,999	\$12,428,008 ⁽⁴⁾	\$12,521,071	39.34%
Sales Taxes ⁽²⁾	5,750,190	6,144,993	6,458,292	8,318,511	8,134,818	25.56
Utility User Tax	3,291,251	3,360,277	2,965,675	3,207,892	3,165,974	9.95
Local Parcel Taxes	1,934,752	2,340,319	2,499,743	1,814,512	1,860,370	5.85
Franchise Taxes	1,453,351	1,375,048	1,279,037	1,244,897	1,637,666	5.15
Business License Tax	787,122	775,413	846,900	910,104	918,799	2.89
Other Taxes	319,531	289,034	293,111	1,252,048	3,589,234	11.28
Total Taxes	\$21,444,655	\$23,367,464	\$23,829,757	\$29,175,972	\$31,827,932	100.00%

- (1) Historical financial results may not be representative of future results due to the COVID-19 pandemic, among other factors.
- (2) Includes revenues from Measure A, a 1/2-cent transactions and use tax on certain retailers and other commercial enterprises within the City (“**Measure A**”). The revenues from Measure A are pledged to the payment of debt service on the City’s 2017 Sales Tax Revenue Bonds (“**Sales Tax Bonds**”) and will be unavailable for debt service on the Certificates. Measure A revenues for fiscal years 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 were \$1,800,598, \$1,278,472, \$1,529,550, \$1,630,826, and \$1,631,894 respectively.
- (3) Measure R sales tax was first levied on April 1, 2015. See “– Sales and Use Taxes – Sales Tax Rates.”
- (4) Of this amount, \$1,102,563 represents the City’s real property transfer tax revenues received from January through June 2019. The real property transfer tax was approved by the electorate in November 2018 and became effective in January 2019. See “– Property Taxes – Real Property Transfer Tax.”

Source: City of El Cerrito.

Property Taxes

General. This section describes property tax levy and collection procedures and certain information regarding historical assessed values and major property tax-payers in the City.

Property taxes represent the largest source of tax revenue to the City. See “– Assessed Valuation” below. The City received \$16.1 million in property tax revenues (representing approximately 39% of total General Fund revenues) for fiscal year 2019-20, which included \$2.8 million in Vehicle Licensing Fees and \$3.5 million in revenues from the City’s real property transfer tax, which was approved by the electorate in November 2018 and first collected in January 2019. See “– Real Property Transfer Tax.”

Property taxes have historically been the primary revenue source affected by voter initiatives and legislative actions. With approval of Proposition 13, property tax revenues were curtailed when they were reduced by two-thirds and thereafter limited to 2% annual increases or the CPI, whichever was less. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

ERAF Shift Legislation. Certain property taxes have been shifted from local government agencies to schools by the State Legislature for deposit in the Education Revenue Augmentation Fund ("ERAF"), a shift that has resulted in diversion of City property taxes since fiscal year 1992-93. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 1A." There can be no assurance that the State will not undertake future ERAF shifts.

Levy and Collection. Property taxes are levied for each fiscal year on taxable real and personal property as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property the taxes on which are a lien sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State of California and may be sold at public auction.

Property taxes on the unsecured roll are due as of the January 1 lien dates and become delinquent on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Beginning in 1978-79, Proposition 13 and its implementing legislation shifted the function of property tax allocation to the counties, except for levies to support prior voted debt, and prescribed how levies on countywide property values are to be shared with local taxing entities within each county.

Assessed Valuation. All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

Assessed Valuation History. The following table shows a ten-year history of the City’s assessed valuation.

**Table A-5
CITY OF EL CERRITO
Assessed Value of Taxable Property
Fiscal Years 2010-11 to 2019-20**

Fiscal Year	Local Secured	Utility	Unsecured	Total
2011-12	\$2,881,842,764	\$0	\$38,112,554	\$2,919,955,318
2012-13	2,811,186,014	0	37,430,254	2,848,616,268
2013-14	2,961,865,602	0	40,596,347	3,002,461,949
2014-15	3,222,404,322	0	41,830,854	3,264,235,176
2015-16	3,547,584,767	0	41,828,039	3,589,412,806
2016-17	3,789,900,085	0	40,622,301	3,830,522,386
2017-18	4,051,635,481	0	37,711,053	4,089,346,534
2018-19	4,304,672,359	0	39,306,939	4,343,979,298
2019-20	4,555,822,972	0	43,922,044	4,599,745,016
2020-21	4,862,260,473	0	42,091,289	4,904,351,762

Source: California Municipal Statistics, Inc.

Proposition 13 and Proposition 8 Property Value Adjustments. Proposition 13, passed in 1978, established the base year value concept for property tax assessments. Under Proposition 13, the 1975-76 fiscal year serves as the original base year used in determining the assessment for real property. Thereafter, annual increases to the base year value are limited to the inflation rate, as measured by the California Consumer Price Index, or 2%, whichever is less. A new base year value, however, is established whenever a property, or portion thereof, has had a change in ownership or has been newly constructed.

Proposition 8, enacted in 1978, allows for a temporary reduction in assessed value when a property suffers a “decline-in-value.” As of the January 1st (lien date) each year, the Assessor must enroll either a property’s Proposition 13 value (adjusted annually for inflation by no more than 2%) or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 value, the lower value is commonly referred to as a “Proposition 8 Value.” “Proposition 8 values” are temporary and, once enrolled, must be reviewed annually by the assessor until the Proposition 13 adjusted base year value is enrolled.

Major Property Taxpayers. The following table shows the principal property taxpayers in the City as determined by their secured assessed valuations in fiscal year 2020-21.

**Table A-6
CITY OF EL CERRITO
Principal Property Taxpayers**

<u>Taxpayer</u>	<u>Fiscal Year 2020-21</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value⁽¹⁾</u>
MCD-RCCA-El Cerrito LLC ⁽²⁾	\$99,886,097	1	2.05%
KMF X El Cerrito LLC ⁽³⁾	60,097,879	2	1.24
Del Norte Place Apartments LP ⁽³⁾	50,857,698	3	1.05
El Cerrito Shopping Center LLC ⁽²⁾	47,470,741	4	0.98
Creekside Walk Ventures LLC ⁽³⁾	30,690,852	5	0.63
Lucky FLA Nocal Investor LLC	20,490,000	6	0.42
RB Del Norte LLC ⁽²⁾	17,711,552	7	0.36
Civic Plaza Riley Group LLC ⁽³⁾	17,539,223	8	0.36
East Bay Sierra School Inc. ⁽⁴⁾	14,361,085	9	0.30
El Cerrito Affordable Housing Partnership ⁽⁵⁾	<u>13,770,000</u>	10	<u>0.28</u>
Total	\$372,875,127		7.67%

(1) Fiscal Year 2020-21 Local Secured Assessed Valuation: \$4,862,260,473.

(2) Shopping center.

(3) Multifamily housing.

(4) Independent school.

(5) Commercial building.

Source: California Municipal Statistics, Inc.

Teeter Plan. The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions, including the City, for which the County acts as the tax-levying or tax-collecting agency. The Teeter Plan was effective beginning the fiscal year commencing July 1, 1993.

The Teeter Plan is applicable to all tax levies on secured property for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the City) for which the County acts as the tax-levying or tax-collecting agency.

Real Property Transfer Tax. The City's real property transfer tax was approved by the electorate in November 2018, became effective in January 2019 and generated nearly \$3.5 million in fiscal year 2020 and is expected to generate at least \$3 million annually. The tax is \$12 for each \$1,000 of the value of consideration paid for a transfer of real property, or fractional part of each \$1,000 of the value of consideration.

Sales and Use Taxes

Sales and use taxes represent the second largest source of tax revenue to the City. This section describes the current system for levying, collecting and distributing sales and use tax revenues in the State of California. The City received \$6.9 million in sales tax revenue (representing approximately 17% of total General Fund revenues) for fiscal year 2019-20 .

Sales Tax Rates. The City collects a percentage of taxable sales in the City (minus certain administrative costs imposed by the State Board of Equalization) pursuant to the Bradley-Burns Uniform Local Sales and Use Tax (the "**Sales Tax Law**"), as shown below.

At an election held on November 2, 2010, the voters of the City approved Measure R (by a majority vote), a measure to increase the sales tax in the City by a half-cent, to be used by the City for general purposes. Measure R was set to expire after seven years; however, in November 2014, El Cerrito voters approved the extension and increase of Measure R at the one percent sales tax rate for 12 years. The new sales tax rate went into effect on April 1, 2015, and will end on March 31, 2027. This increased El Cerrito's sale tax rate to 10% and is expected to generate approximately an additional \$1.4 million per year.

At a February 2008 election, a majority of City voters approved Measure A, which increased sales tax by a one-half cent to be used exclusively for street improvements. Prior to 2008, the City faced a backlog of street maintenance and repairs. Measure A accelerated work plan was a multi-year, intensive pothole and street repair program designed to rapidly improve the City's street system and to complete the repairs in the most efficient and quickest way possible. As part of the Measure A Street Improvement Program, construction as completed on the 2013-14 Street Improvement Project, 2014 Pavement Rehabilitation Project, 2014 Patch Paving Program, and 2015 Slurry Seal and Curb Ramp Project to repair and resurface various streets as well as install related improvements to curb, gutter, sidewalk, curb ramps, storm drain facilities and traffic striping.

Currently, taxable transactions in the City are subject to the following sales and use tax, of which the City's share is only a portion. The State collects and administers the tax, and makes distributions on taxes collected within the City, as follows:

**Table A-7
CITY OF EL CERRITO
Sales Tax Rates
As of April 1, 2020**

<u>Component</u>	<u>Rate</u>
Statewide	7.25%
Contra Costa County Transactions and Use Tax	0.50
Contra Costa County Transportation Authority	0.50
Bay Area Rapid Transit District	0.50
El Cerrito Measure A (Streets)	0.50
El Cerrito Measure R (General Fund)	<u>1.00</u>
Total Tax Rate	10.25%

Source: CDTFA.

Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State of California. The use tax is imposed on the purchase, for storage, use, or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State of California where the use will occur within the State of California. For additional information, see Publication No. 44 (July 2019) entitled "District Taxes (Sales and Use Taxes)", which can be found on the CDTFA's website at <https://www.cdtfa.ca.gov/formspubs/pub44.pdf>. *The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City or the Underwriter and is not incorporated in this Official Statement by reference.*

Certain transactions are exempt from the State sales tax, including sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity, and water when delivered to consumers through mains, lines, and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization's Publication No. 61 (March 2018) entitled "Sales and Use Taxes: Exemptions and Exclusions," which can be found on the State Board of Equalization's website at <http://www.boe.ca.gov/>. *The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City or the Underwriter, and is not incorporated in this Official Statement by reference.*

Sales Tax Collection Procedures. Collection of the sales and use tax is administered by the CDTFA. This process was formerly administered by the State Board of Equalization. The Taxpayer Transparency and Fairness Act of 2017, which took effect July 1, 2017, restructured

the State Board of Equalization and separated its functions among three separate entities: the State Board of Equalization, the CDTFA, and the Office of Tax Appeals. The State Board of Equalization will continue to perform the duties assigned to it by the state Constitution, while all other duties will be transferred to the newly established CDTFA and the Office of Tax Appeals. CDTFA will handle most of the taxes and fees previously collected by the State Board of Equalization, including sales and use tax.

Under the Sales and Use Tax Law, all sales and use taxes collected by the CDTFA under a contract with any city, city and county, redevelopment agency, or county are required to be transmitted by the CDTFA to such city, city and county, redevelopment agency, or county periodically as promptly as feasible. These transmittals are required to be made at least twice in each calendar quarter.

Under its procedures, the CDTFA projects receipts of the sales and use tax on a quarterly basis and remits an advance of the receipts of the sales and use tax to the City on a monthly basis. The amount of each monthly advance is based upon the CDTFA's quarterly projection. During the last month of each quarter, the CDTFA adjusts the amount remitted to reflect the actual receipts of the sales and use tax for the previous quarter.

According to the CDTFA, it distributes quarterly tax revenues to cities, counties, and special districts using the following method:

Using the prior year's quarterly tax allocation as a starting point, the CDTFA first eliminates nonrecurring transactions such as fund transfers, audit payments, and refunds, and then adjusts for growth, in order to establish the estimated base amount. The CDTFA disburses 90% to each local jurisdiction in three monthly installments (advances) prior to the final computation of the quarter's actual receipts. Ten percent is withheld as a reserve against unexpected occurrences that can affect tax collections (such as earthquakes, fire, or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 30% of the 90% distribution, while the third advance represents 40%. One advance payment is made each month, and the quarterly reconciliation payment (clean-up) is distributed in conjunction with the first advance for the subsequent quarter. Statements showing total collections, administrative costs, prior advances, and the current advance are provided with each quarterly clean-up payment.

The CDTFA receives an administrative fee based on the cost of services provided by the CDTFA to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City.

Other Taxes and Revenues

Utility Users Tax. The utility users tax ("UUT") was initially approved by the voters of the City in 1991 and revised with voter approval of the ordinance in 2004. The tax has generated approximately \$3 million in revenues annually for the General Fund. The ordinance calls for an 8% tax to be assessed by providers of gas, electricity, water, telephone and video/television services to all City customers and then remitted to the City. These revenues are subject to changes in market conditions, weather, and/or pricing in the sectors subject to the utility user tax ordinance. Although use of these services is generally declining, prices and rates are generally increasing on these services. Therefore, a slight decrease in overall utility user revenues is projected for coming fiscal years.

Business License Tax. Business License Taxes are imposed on certain types of businesses in the City and has reflected about \$850,000 of General Fund revenue annually. The tax is based on factors such as a business's number of employees or vehicles, its annual gross receipts, or a property owner's number of residential rental units. A slight increase is projected in the new few years.

Franchise Taxes. Franchise taxes are paid by utilities based on various methodologies and represent over \$1 million in General Fund revenue. They are projected to increase slightly over the new few years.

Other Taxes. Other taxes include the Transient Occupancy Tax, a 10% tax on room rates for hotels and motels, and other minor taxes. Other taxes are a minor General Fund revenue source, projected to increase slightly over the new few years.

Tax Sharing with City of Richmond

Pursuant to an agreement dated November 18, 1991 (the "**Tax Sharing Agreement**"), between the City and the City of Richmond ("**Richmond**"), the City and Richmond agreed that, with respect to a Home Depot located on a site consisting of 8 parcels located in the City and 13 parcels located in Richmond, the City will be allocated 30%, and Richmond will be allocated 70%, of sales taxes, property taxes, utility users' taxes and business license taxes to be generated by the Home Depot ("**Home Depot Tax Revenues**"). Under the Tax Sharing Agreement, if either party receives more than its allocated share of aggregate Home Depot Tax Revenues, it must, within 30 days of each January 15 and July 15, transmit the excess above the allocated share to the other party.

Long-Term General Fund Obligations

Set forth below is a summary of long-term obligations payable from the City's General Fund.

2020-21 Tax and Revenue Anticipation Notes. On July 2, 2020, the City issued its 2020-21 Tax and Revenue Anticipation Notes (the "**2020-21 TRAN**"), in the aggregate principal amount of \$8,500,000. The 2020-21 TRAN matures on July 1, 2021, and is payable from taxes, income, revenue, cash receipts and other moneys that are received by the City for the General Fund for fiscal year 2020-21. As security for the payment of the principal of and interest on the 2020-21 TRAN, the City has pledged the first "unrestricted moneys" (as defined below) to be received by the City as follows: (a) an amount equal to 50% of the principal amount of the 2020-21 TRAN in January 2021; (b) an amount equal to 50% of the principal amount of the 2020-21 TRAN in May 2021; and (c) an amount sufficient to pay interest as due on the 2020-21 TRAN at maturity, in June 2021 (collectively, "**Pledged Revenues**"). The principal of and interest on the 2020-21 TRAN constitutes a first lien and charge on, and is payable from, the Pledged Revenues. To the extent not so paid from the Pledged Revenues, the 2020-21 TRAN will be paid from any other moneys of the City lawfully available for such purpose. The term "**unrestricted moneys**" means taxes, income, revenue, cash receipts, and other moneys intended as receipts for the General Fund for fiscal year 2020-21 and that are generally available for the payment of current expenses and other obligations of the City.

2017 Certificates of Participation. On January 26, 2017, the MUFG Union Bank, N.A., executed and delivery 2017 Certificates of Participation (2006 City Hall Lease

Refinancing) (the “**2017 Certificates**”), in the original principal amount of \$7,040,000. The 2017 Certificates were outstanding in the principal amount of \$6,475,000 as of June 30, 2020. Principal payments are due annually on January 15, with interest payments payable semi-annually on January 15 and July 15 through January 15, 2036. The City has covenanted in the related Lease Agreement (payments under which are certificated by the 2017 Certificates) to take such action as may be necessary to include all estimated Lease Payments and all estimated Additional Payments due under the Lease Agreement in each of its final approved budgets.

Solar Photovoltaic Capital Lease. On December 5, 2012, the City entered into a lease agreement in the amount of \$1,595,300 at 2.75% interest with Green Campus Partners, LLC (the “**Solar Lease**”), to finance the purchase and installment of six solar photovoltaic electricity generation systems as six different sites in the City. Semiannual principal and interest payments of \$65,236 are due each December 1 and June 1 through December 1, 2027. The Solar Lease had an outstanding principal amount of \$898,797 as of June 30, 2020.

Employee Relations

The City had 174 authorized positions at the beginning of fiscal year 2020-21, of which 43 were sworn Police personnel and 36 were sworn Fire personnel. The City’s employees are represented by four labor groups, and Management, Confidential, and Aquatics employees are unrepresented.

<u>Labor Group</u>	<u>Number of Employees</u>	<u>Contract Expiration Date</u> ⁽¹⁾
Public Safety - Police	41	12/31/2022
Public Safety - Fire	31	6/30/2021
SEIU	45	6/30/2022
Public Safety Management	10	Varies by classification

(1) Upon expiration, contract continues on existing terms until renegotiated.

There have been no work stoppages by City employees.

Risk Management

The City is a member of the Municipal Pooling Authority of Northern California. The Authority provides coverage against loss risks under the terms of a joint-powers agreement with the City and several other cities and governmental agencies.

See Note 12 in the City’s fiscal year 2019-20 audited financial statements, which are attached to this Official Statement as Appendix B, for additional information about the City’s risk management practices.

Employee Retirement System

This caption contains certain information relating to California Public Employees’ Retirement System (“CalPERS”). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified

the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement. None of the Authority, City or Underwriter can guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

GASB Statement No. 68. In June 2012, the GASB adopted new standards (GASB Statement No. 68, or "**GASB 68**") with respect to accounting and financial reporting by state and local government employers for defined benefit pension plans. The new standards revise the accounting treatment of defined benefit pension plans, changing the way expenses and liabilities are calculated and how state and local government employers report those expenses and liabilities in their financial statements. Major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (previously, such unfunded liabilities were typically included as notes to the government's financial statements); (ii) pension expense incorporates more rapid recognition of actuarial experience and investment returns and is no longer based on the employer's actual contribution amounts; (iii) lower actuarial discount rates that are required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities that are required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns to will be recognized over a closed five-year smoothing period. The reporting requirements took effect in fiscal year 2014-15. Based on the adoption of the new accounting standards, beginning with the fiscal year 2014-15 actuarial valuation, the annual required contribution and the annual pension expense will be different. GASB 68 is a change in accounting reporting and disclosure requirements, but it does not change the City's pension plan funding obligations.

Information shown in this section that has been sourced from a CalPERS Actuarial Valuation Report has not been prepared in accordance with GASB 68. For a presentation of additional information that is required by GASB 68, see Note 10 to the City's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020, which is attached as APPENDIX B.

Plan Description. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Employee Pensions Plans (the "**Plans**"), cost-sharing multiple employer defined benefit pension plans administered by CalPERS. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily

reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The provisions and benefits of each plan that were in effect at June 30, 2020, are summarized as follows:

Miscellaneous Plan

	Miscellaneous - Classic	Miscellaneous - PEPRA
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.00% - 2.70%	1.00% - 2.50%
Required employee contribution rates	8.00%	6.75%
Required employer contributions rates	14.194%	7.732%

Safety Plan

	Safety - Classic	Safety - PEPRA Police	Safety - PEPRA Fire
Hire Date	Prior to January 1, 2013	On or after January 1, 2013	On or after January 1, 2013
Benefit	3% @ 50	2.7% @ 57	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	52	50	50
Monthly benefits, as a % of eligible compensation	3.00%	2.00% - 2.70%	2.00% - 2.70%
Required employee contribution rates	9.00%	13.00%	13.00%
Required employer contributions rates	23.674%	13.044%	13.044%

The City is required to contribute at an actuarially determined rate of annual covered payroll, plus a fixed payment of unfunded liability. The actuarially determined rates and amounts for each plan for the fiscal years ended June 30, 2020, through June 30, 2022, are as follows:

City's Required Employer Contribution Rate

	<u>Fiscal Year 2019-20</u>		<u>Fiscal Year 2020-21</u>		<u>Fiscal Year 2021-22</u>	
	<u>Employer</u> <u>Normal</u> <u>Cost Rate</u>	<u>Employer</u> <u>Payment of</u> <u>Unfunded</u> <u>Liability</u>	<u>Employer</u> <u>Normal</u> <u>Cost Rate</u>	<u>Employer</u> <u>Payment of</u> <u>Unfunded</u> <u>Liability</u>	<u>Employer</u> <u>Normal</u> <u>Cost Rate</u>	<u>Employer</u> <u>Payment of</u> <u>Unfunded</u> <u>Liability</u>
Miscellaneous Plan - Classic	13.182%	\$1,404,112	14.194%	\$1,542,149	14.020%	\$1,734,419
Miscellaneous Plan - PEPRA	6.985	2,729	7.732	4,523	7.590	6,971
Safety Plan - Classic	21.927	2,955,657	23.674	3,306,700	23.710	3,789,412
Safety-Police Plan - PEPRA	13.034	3,276	13.044	7,125	13.130	12,105
Safety-Fire Plan - PEPRA	13.034	1,813	13.044	2,967	13.130	4,677

Source: CalPERS Actuarial Reports dated July 2020.

The City's total contributions to each plan in fiscal years 2018-19, 2019-20 and 2020-21 were as follows:

Miscellaneous Plan

<u>Fiscal Year</u>	<u>Total City Contribution</u>
2018-19	\$1,408,271
2019-20	1,663,598
2020-21	1,749,421

Safety-Police Plan

<u>Fiscal Year</u>	<u>Total City Contribution</u>
2018-19	\$1,999,602.
2019-20	2,200,658
2020-21	2,522,842

Safety-Fire Plan

<u>Fiscal Year</u>	<u>Total City Contribution</u>
2018-19	\$2,202,928
2019-20	2,527,500
2020-21	2,898,084

Funded Status. The following table sets forth the schedule of funding for the City's Miscellaneous and Safety pension plans for the fiscal years ended June 30, 2017, 2018 and 2019.

Miscellaneous Plan

Miscellaneous Plan - Classic

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio ⁽¹⁾	Annual Covered Payroll
2017	\$52,784,582	\$34,734,477	\$18,050,105	65.8%	\$4,872,517
2018	57,323,516	37,269,868	20,053,648	65.0	4,978,297
2019	60,510,884	39,820,379	20,690,505	65.8	5,020,297

Miscellaneous Plan - PEPRA

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio ⁽¹⁾	Annual Covered Payroll
2017	\$430,332	\$408,601	\$21,731	95.0%	\$1,282,271
2018	715,573	658,044	57,529	92.0	1,487,336
2019	1,029,551	939,572	89,979	91.3	2,107,811

(1) Based on the market value of assets.

Source: CalPERS Actuarial Report Dated July 2020.

Safety Plan

Safety Plan - Classic

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio ⁽¹⁾	Annual Covered Payroll
2017	\$128,583,157	\$86,999,870	\$41,583,287	67.7%	\$7,158,298
2018	138,612,535	91,780,070	46,832,465	66.2	7,353,844
2019	146,218,995	97,388,993	48,830,002	66.6	6,956,438

Safety-Police Plan - PEPRA

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Liability	Funded Ratio ⁽¹⁾	Annual Covered Payroll
2017	\$789,467	\$742,844	\$46,623	94.1%	\$1,617,401
2018	1,250,981	1,132,286	118,695	90.5	1,755,726
2019	1,675,612	1,487,307	188,305	88.8	2,087,105

(1) Based on the market value of assets.

Source: CalPERS Actuarial Report Dated July 2020.

Safety-Fire PEPRA Plan

<u>Valuation Date (June 30)</u>	<u>Accrued Liability</u>	<u>Market Value of Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio ⁽¹⁾</u>	<u>Annual Covered Payroll</u>
2017	\$220,456	\$209,018	\$11,438	94.8%	\$550,581
2018	389,350	357,340	32,010	91.8	686,356
2019	546,388	491,118	55,270	89.9	874,387

(1) Based on the market value of assets.

Source: CalPERS Actuarial Report Dated July 2020.

Recent Actions Taken by CalPERS. On November 18, 2015, the CalPERS Board adopted a funding risk mitigation policy intended to incrementally lower its discount rate – its assumed rate of investment return – in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. The policy established a mechanism to reduce the discount rate by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing discount rate, currently 7.0%, by at least four percentage points. CalPERS staff modeling anticipates the policy will result in a lowering of the discount rate to 6.5% in about 21 years, improve funding levels gradually over time and cut risk in the pension system by lowering the volatility of investment returns. More information about the funding risk mitigation policy can be accessed through CalPERS' web site at the following website address:

<https://www.calpers.ca.gov/docs/funding-risk-mitigation-policy.pdf>

The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City or the Underwriter, and is not incorporated in this Official Statement by reference.

On December 21, 2016, the CalPERS Board voted to lower its discount rate from 7.5% to 7.0% over the next three years according to the following schedule.

<u>Valuation Date</u>	<u>Fiscal Year Required Contribution</u>	<u>Discount Rate</u>
June 30, 2016	2018-19	7.375%
June 30, 2017	2019-20	7.250
June 30, 2018	2020-21	7.000

For public agencies like the City, the new discount rate began increasing contribution costs in fiscal year 2018-19. Lowering the discount rate means employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities and that active members hired after January 1, 2013, under PEPRA will see their contribution rates rise.

On February 13, 2018, the CalPERS Board voted to shorten the period over which CalPERS will amortize actuarial gains and losses from 30 years to 20 years for new pension liabilities, effective for the June 30, 2019, actuarial valuations. Amortization payments for all unfunded accrued liability bases will be computed to remain a level dollar amount throughout the amortization period, and certain five-year ramp-up and ramp-down periods will be eliminated. As

a result of the shorter amortization period, the contributions required to be made by employers may increase beginning in fiscal year 2021-22.

Impact of CalPERS' Investment Returns on Pension Expenses. Any investment losses experienced by CalPERS due to the COVID-19 pandemic, or other factors, could give rise to additional liability of the City to CalPERS and, therefore, increase pension expense.

Other Post-Employment Benefits ("OPEB")

The City does not provide health care benefits to its retired employees; however, the City provides post-retirement health care benefits to employees who retire in good standing from the City by allowing them to maintain their health plan benefit level at the time of retirement at the retiree's own cost, if permitted by the health insurance carrier. The City's medical insurance providers charge the City the same premiums for retirees who are not yet eligible for Medicare as they charge for active employees. Since retirees typically have higher health care costs than active employees, the retiree premium rates are being subsidized by the inclusion of active lives in setting rates. As of June 30, 2019, 192 employees (including inactive employees or beneficiaries currently receiving benefits and active employees) were covered by the benefit terms for the plan.

The City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020, and in particular Note 10 thereto, includes information about the City's post-employment healthcare liabilities and funding.

Based on an actuarial valuation as of June 30, 2019, the City's total OPEB liability as of June 30, 2020, was \$3,906,161.

For the fiscal year ended June 30, 2019, the City recognized an OPEB expense of \$388,454.

Investment Policies and Procedures

The City invests its funds in accordance with the City's Investment and Portfolio Policy (the "**Investment Policy**"), which is subject to annual review and approval by the City Council. The purpose of the Investment Policy is to establish the investment goals of safety, liquidity, and return on investments (in that order). The Investment Policy complies with the provisions of the California Government Code, Sections 53600 through 53659 (the authority governing investments for municipal governments in the State). The Investment Policy limits the City to investments authorized by State law (Sections 53601 et seq). In addition, the Investment Policy establishes further guidelines.

It is the policy of the City to invest public funds in a manner which provides for safety of principal while providing sufficient liquidity to cover the City's short and long-term needs while generating the appropriate yield.

The City Council receives monthly investment reports. According to the report for the month ended March 31, 2021, the City has invested funds as set forth in the table below.

**Table A-8
CITY OF EL CERRITO
Investment Portfolio as of March 31, 2021**

	Par Value	Cost Value	Market Value
LAIF	\$11,307,178	\$11,307,178	\$11,307,178
Mechanics Bank	1,419,259	1,419,259	1,419,259
Total	\$12,726,437	\$12,726,437	\$12,726,437

Source: City of El Cerrito Quarterly Cash & Investment Report for Period Ending March 31, 2021.

Population

As of January 1, 2021, the population of the City was estimated to be 24,846. The following table presents population data for the last five years for the City, County and State.

**Table A-9
COUNTY OF CONTRA COSTA
Population**

Year	City of El Cerrito	County of Contra Costa	State of California
2017	24,534	1,137,577	39,352,398
2018	24,645	1,143,188	39,519,535
2019	24,788	1,147,623	39,605,361
2020	24,835	1,149,853	39,648,938
2021	24,846	1,153,854	39,466,855

Source: California State Department of Finance, Demographic Research Unit.

Employment and Industry

The Oakland-Hayward-Berkeley Metropolitan Division ("MD") encompasses Alameda and Contra Costa Counties. The unemployment rate in the Oakland-Hayward-Berkeley MD was 6.6% in March 2021, down from a revised 6.9% in February 2021, and above the year-ago estimate of 3.6%. This compares with an unadjusted unemployment rate of 8.2% for California and 6.2% for the nation during the same period. The unemployment rate was 6.5% in Alameda County and 6.8% in the County.

The table below lists employment by industry group for the County for the years 2016 to 2020.

Table A-10
OAKLAND-HAYWARD-BERKELEY METROPOLITAN DIVISION
(Alameda and Contra Costa Counties)
Annual Averages Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2020 Benchmark)

	2016	2017	2018	2019	2020
Civilian Labor Force ⁽¹⁾	1,385,000	1,396,900	1,401,800	1,400,800	1,355,100
Employment	1,324,400	1,344,300	1,357,900	1,358,000	1,235,600
Unemployment	60,600	52,600	43,900	42,800	119,400
Unemployment Rate	4.4%	3.8%	3.1%	3.1%	8.8%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	1,300	1,400	1,300	1,400	1,500
Mining, Logging and Construction	68,200	71,400	75,100	75,700	70,600
Manufacturing	91,300	95,700	100,600	101,000	98,200
Wholesale Trade	48,100	48,700	47,500	45,400	42,000
Retail Trade	113,400	114,400	114,400	111,700	100,500
Transportation, Warehousing and Utilities	39,700	41,300	42,300	43,700	45,100
Information	26,500	26,900	27,600	27,600	25,800
Finance and Insurance	38,900	38,900	37,500	37,200	36,000
Real Estate and Rental and Leasing	16,900	17,400	17,800	18,100	16,700
Professional and Business Services	181,100	184,500	189,500	193,200	184,600
Educational and Health Services	185,900	191,500	194,300	198,400	189,800
Leisure and Hospitality	111,700	114,900	117,700	121,000	84,100
Other Services	39,100	40,200	41,000	41,200	32,900
Federal Government	13,900	13,800	13,400	13,400	14,100
State Government	39,700	39,300	39,400	39,600	38,000
Local Government	119,800	121,500	121,800	121,800	113,800
Total, All Industries ⁽³⁾	1,135,400	1,161,800	1,181,300	1,190,400	1,093,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: Labor Division of the California State Employment Development Department.

Principal Employers

The following table shows the principal employers in the City, listed alphabetically, as shown in the City's Comprehensive Annual Financial Report for fiscal year ending June 30, 2020.

Table A-11
CITY OF EL CERRITO
Principal Employers⁽¹⁾

Employer	
Barnes and Noble	Nation's
Bed Bath & Beyond	Pastime Hardware
City of El Cerrito	Prospect Sierra School
CVS Pharmacy	Romano's Macaroni Grill
El Cerrito Royale	Safeway
Fat Apple's Restaurant	Shields Nursing Center
Home Depot	Tehiyah Day School
Honda of El Cerrito	Trader Joe's
Lucky's	US Post Office
Mira Vista Golf and Country Club	

(1) Data not available for total employees for each employer.

Source: City Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2017 through 2021:

Table A-12
CITY OF EL CERRITO
Effective Buying Income
2017 through 2021

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2017	City of El Cerrito	\$1,034,072	\$73,185
	Contra Costa County	39,248,375	69,967
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of El Cerrito	\$1,102,688	\$78,153
	Contra Costa County	42,543,271	74,398
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of El Cerrito	\$1,182,823	\$82,665
	Contra Costa County	46,121,254	79,603
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of El Cerrito	\$1,263,907	\$87,166
	Contra Costa County	48,775,464	83,242
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	City of El Cerrito	\$1,304,137	\$90,166
	Contra Costa County	51,959,070	87,804
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790

Source: The Nielsen Company (US), Inc for years 2017 and 2018; Claritas, LLC for 2019 through 2021.

Commercial Activity

Summaries of the historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables.

Total taxable sales during the first three quarters of calendar year 2020 in the City were reported to be \$156,661,236, a 17.94% decrease from the total taxable sales of \$190,902,495 reported during the first three quarters of calendar year 2019.

**TABLE A-13
CITY OF EL CERRITO
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	419	\$283,340	603	\$306,208
2016	417	243,393	612	264,739
2017	417	244,418	618	268,938
2018	398	246,120	621	265,240
2019	403	241,345	644	261,691

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Department of Tax and Fee Administration.

Total taxable sales during the first three quarters of calendar year 2020 in the County were reported to be \$12,748,851,207, a 1.95% decrease from total taxable sales of \$13,002,550,077 reported during the first three quarters of calendar year 2019.

**TABLE A-14
CONTRA COSTA COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	8,980	\$11,420,248	23,996	\$15,670,053
2016	14,920	11,756,808	24,064	15,924,592
2017	14,945	12,302,863	24,114	16,558,840
2018	15,095	13,163,891	25,317	17,607,890
2019	15,337	13,301,946	26,210	18,048,985

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Department of Tax and Fee Administration.

Construction Activity

The following tables show a five-year summary of the valuation of building permits issued in the City and the County.

TABLE A-15
CITY OF EL CERRITO
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2015	2016	2017	2018	2019
<u>Permit Valuation</u>					
New Single-family	\$1,250.0	\$1,195.0	\$2,650.0	\$5,569.8	\$4,142.7
New Multi-family	23,027.3	0.0	250.0	0.0	16,378.2
Res. Alterations/Additions	8,282.4	8,810.0	9,741.2	9,355.4	9,710.0
Total Residential	\$32,559.7	\$10,005.0	\$12,641.2	\$14,925.2	\$30,230.9
New Commercial	\$103.1	\$374.0	\$285.0	\$50.0	\$9,682.1
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	1,452.7	2,559.9	13,647.6	1,328.9	1,113.0
Com. Alterations/Additions	987.3	616.8	2,841.5	5,704.6	2,563.0
Total Nonresidential	\$2,543.1	3,550.7	\$16,774.1	\$7,083.5	13,358.1
<u>New Dwelling Units</u>					
Single Family	3	3	5	11	22
Multiple Family	<u>131</u>	<u>0</u>	<u>5</u>	<u>0</u>	<u>102</u>
TOTAL	134	3	10	11	124

Source: Construction Industry Research Board, Building Permit Summary.

TABLE A-16
CONTRA COSTA COUNTY
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2015	2016	2017	2018	2019
<u>Permit Valuation</u>					
New Single-family	\$629,638.5	\$605,151.7	\$541,940.5	\$576,116.0	\$502,567.7
New Multi-family	123,088.7	155,051.9	55,154.8	169,461.5	213,697.9
Res. Alterations/Additions	301,221.7	312,967.0	354,340.6	337,089.0	300,066.4
Total Residential	\$1,053,948.9	\$1,073,170.6	\$951,435.9	\$1,082,666.5	\$1,016,332.0
New Commercial	\$122,256.4	\$144,878.8	\$133,930.0	\$200,592.4	\$148,405.7
New Industrial	15,020.1	11,624.8	3,552.0	52,919.3	2,974.5
New Other	170,219.6	309,861.2	108,530.0	189,246.6	81,032.5
Com. Alterations/Additions	219,320.4	333,717.2	361,757.0	287,139.5	240,543.0
Total Nonresidential	\$526,816.5	\$800,082.0	\$607,769.0	\$729,897.8	472,955.7
<u>New Dwelling Units</u>					
Single Family	1,909	1,853	1,732	1,647	1,573
Multiple Family	<u>629</u>	<u>1,043</u>	<u>272</u>	<u>1,161</u>	<u>1,229</u>
TOTAL	2,538	2,896	2,004	2,808	2,802

Source: Construction Industry Research Board, Building Permit Summary.

Education

The City is part of the West Contra Costa Unified School District (“**WCCUSD**”), which also serves other west Contra Costa County communities. In the City, WCCUSD operates one early intervention preschool, three public elementary schools, one public middle school, and one public high school. Nearby higher education institutions include Contra Costa College and the University of California-Berkeley.

Transportation

Highly developed transportation facilities of the San Francisco-Oakland Metropolitan area are readily available to the residents of the City. The City is traversed by Interstate 80 (Eastshore Freeway). Five miles north, California Highway 4 runs east from I-80 to Concord, where freeway connections can be made to San Jose (I-680), the Central Valley (I-580), and Los Angeles (I-5). The community is also served by the Bay Area Rapid Transit (BART) system with stations near both the north and south boundaries of the City, the East Bay Paratransit Service and the AC Transit bus system.

APPENDIX B

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY
FOR THE YEAR ENDED JUNE 30, 2020**

APPENDIX C
FORM OF OPINION OF BOND COUNSEL

APPENDIX D

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal, interest and other payments on the Notes to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Notes and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Notes (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Notes (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “**Disclosure Certificate**”) is executed and delivered by the City of El Cerrito (the “**City**”) in connection with the issuance by the City of the \$_____ City of El Cerrito 2021-22 Tax and Revenue Anticipation Notes (the “**Notes**”). The Notes are being issued pursuant to a resolution adopted by the City Council of the City on June 8, 2021, (the “**Resolution**”). The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Notes and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Dissemination Agent**” shall mean Willdan Group, Inc., or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“**Listed Events**” shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

“**MSRB**” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“**Official Statement**” means the final official statement dated _____, 2021, executed by the District in connection with the issuance of the Notes.

“**Participating Underwriter**” shall mean Hilltop Securities Inc., the original purchaser of the Notes required to comply with the Rule in connection with offering of the Notes.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Notes:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13) (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material." The City shall cause a notice to be filed as set forth in paragraph (b) above

with respect to any such event only to the extent that the City determines the event's occurrence is material for purposes of U.S. federal securities law.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 3(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 4. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the City shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

Section 5. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Willdan Group, Inc.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a) it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Notes, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized Bond Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Notes, or (ii) does not, in the opinion of the Trustee or nationally recognized Bond Counsel, materially impair the interests of the holders or beneficial owners of the Notes.

Section 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other

information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 8. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate any holder or beneficial owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Notes and shall create no rights in any other person or entity.

Date: _____, 2021

CITY OF EL CERRITO

By _____
City Manager

ACKNOWLEDGED AND ACCEPTED:

WILLDAN GROUP, INC.

By _____
Authorized Representative

Agenda Item No. 7.C.

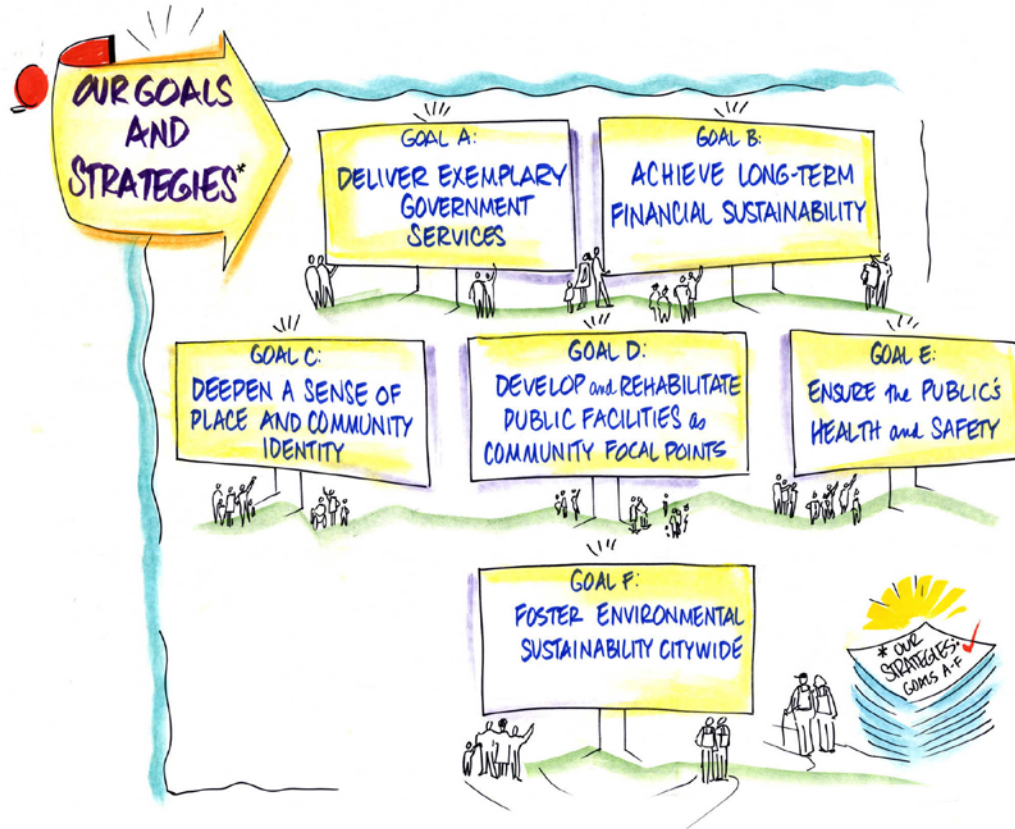
City Council Meeting

June 1, 2021

FY 2020-22 PROPOSED BUDGET



FY 2021-22 Proposed Budget Focus



Achieve Long-term Financial Sustainability

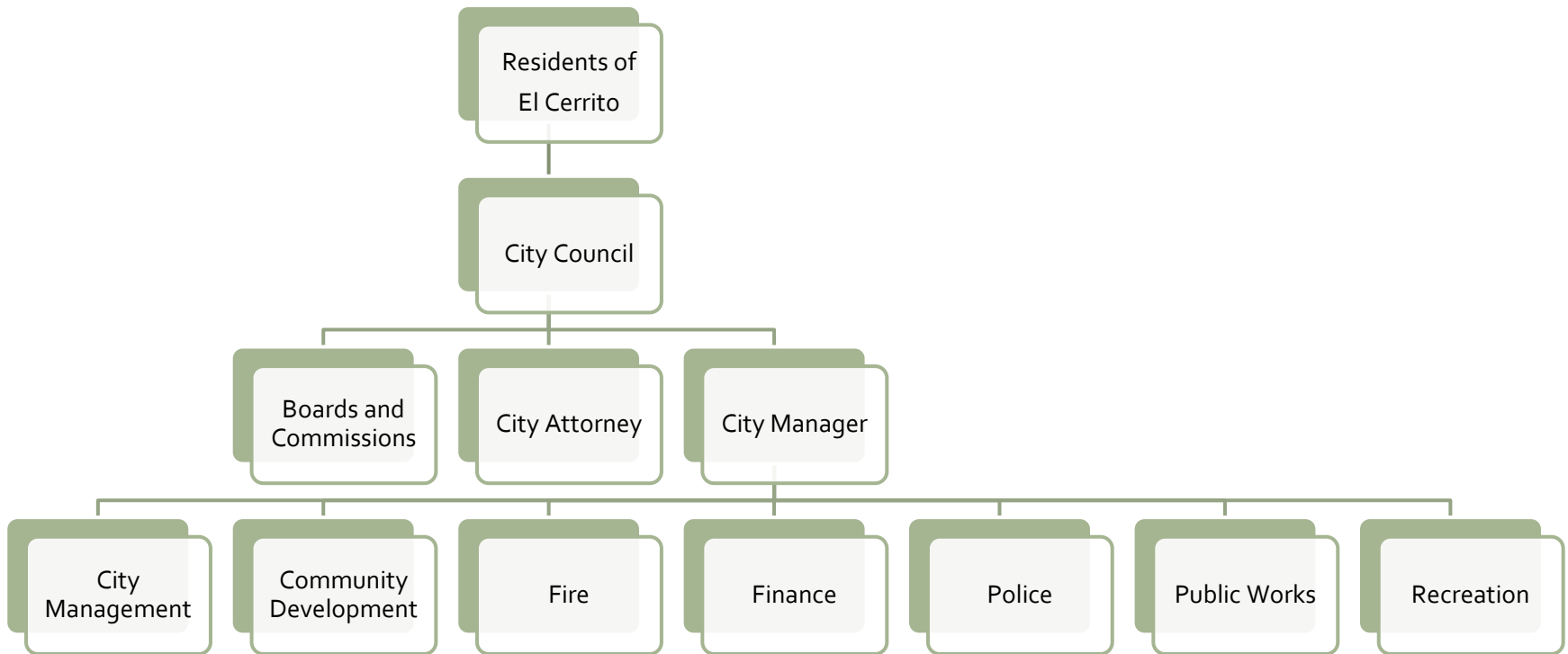
- General Fund Reserve
- Fiscal Response Plan
- Constant Monitoring of Financial Position
- Fiscal Discipline

FY 2021-22 Proposed Budget

Proposed Staffing

Department	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
City Council	5	5	5	5	5
City Management	11.5	11.5	11.5	10	9
Finance Department	6	6	6	6	6
Community Development	13.5	14	14	15	15
Police Department	58	58	58	55	48
Fire Department	37	37	37	37	37
Public Works Department	24.8	25.2	25.2	25	24.2
Recreation Department	23	23	23	21	18
Total	178.8	179.7	179.7	174	162.2

City Organization

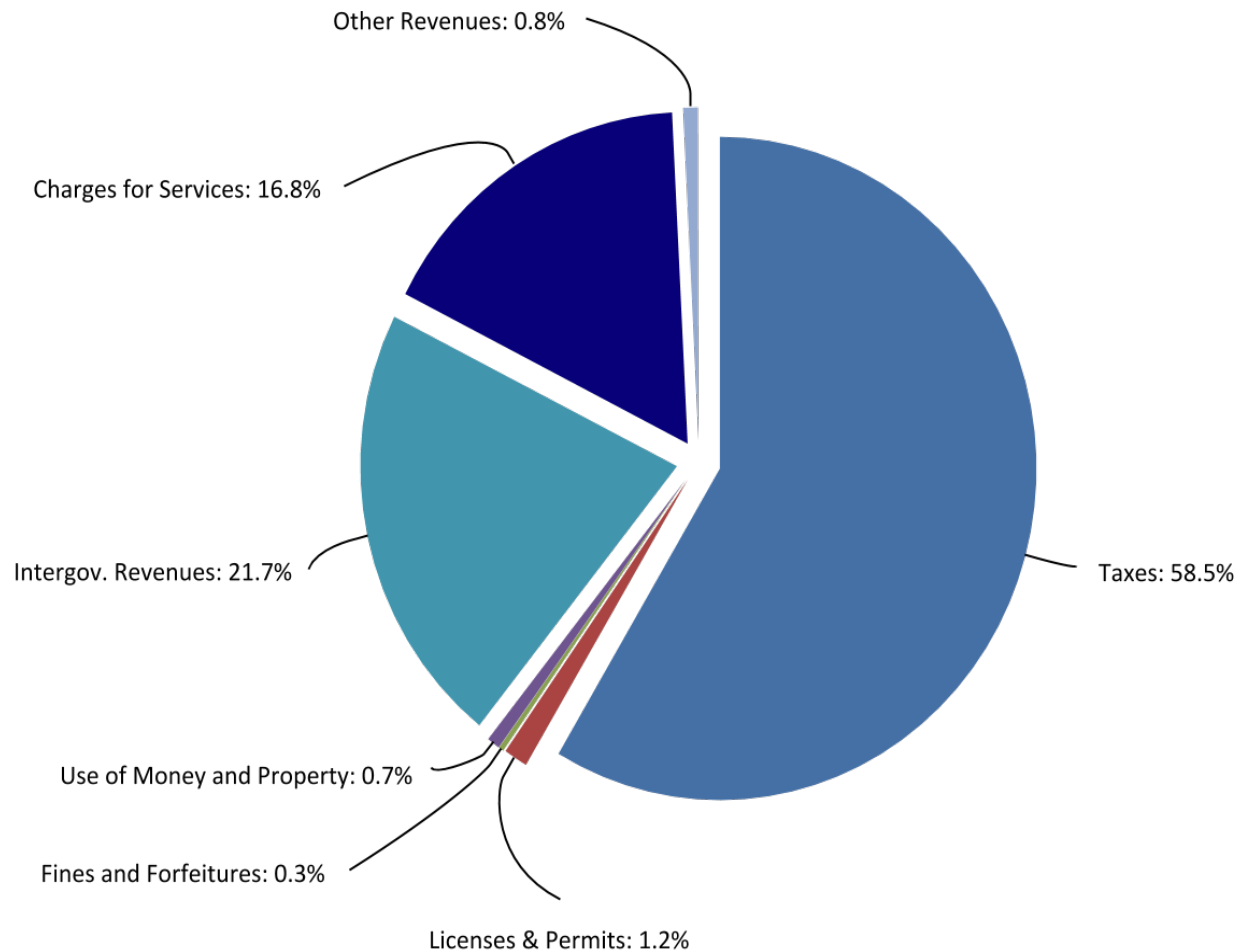


FY 2021-22 Proposed Budget

Citywide Revenues- All Funds

Revenue Category	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Adopted	FY 2021-22 Proposed
Taxes					
Property Taxes	\$ 9,382,909	\$ 11,034,598	\$ 13,308,665	\$ 12,840,001	\$ 13,446,000
Sales Taxes	\$ 8,048,376	\$ 9,176,136	\$ 7,169,255	\$ 7,894,721	\$ 8,657,717
Utility Users Taxes	\$ 2,965,675	\$ 3,207,892	\$ 3,078,740	\$ 3,200,000	\$ 3,100,000
Local Parcel Taxes	\$ 2,130,082	\$ 2,112,686	\$ 2,099,845	\$ 2,115,891	\$ 2,736,747
Franchise Taxes	\$ 1,279,037	\$ 1,243,985	\$ 1,575,216	\$ 1,250,000	\$ 1,250,000
Business License Taxes	\$ 846,900	\$ 910,104	\$ 918,799	\$ 850,000	\$ 900,000
Other Taxes	\$ 745,699	\$ 778,705	\$ 268,297	\$ 632,700	\$ 151,500
Total Taxes	\$ 25,398,678	\$ 28,464,106	\$ 28,418,817	\$ 28,783,313	\$ 30,241,964
Licenses & Permits	\$ 765,705	\$ 775,876	\$ 784,982	\$ 758,512	\$ 636,112
Fines and Forfeitures	\$ 222,172	\$ 218,684	\$ 226,597	\$ 170,000	\$ 140,000
Use of Money and Property	\$ 532,817	\$ 609,808	\$ 627,286	\$ 486,355	\$ 354,119
Intergovernmental Revenues	\$ 8,552,000	\$ 12,326,295	\$ 8,746,061	\$ 10,495,080	\$ 11,219,471
Charges for Services	\$ 8,052,055	\$ 8,670,289	\$ 7,539,012	\$ 8,965,693	\$ 8,669,783
Other Revenues	\$ 853,138	\$ 1,393,711	\$ 634,439	\$ 660,800	\$ 397,400
Total Other Revenues before Transfers	\$ 18,977,887	\$ 23,994,663	\$ 18,558,377	\$ 21,536,440	\$ 21,416,885
Interfund Transfers	\$ 2,436,063	\$ 3,420,883	\$ 2,725,753	\$ 2,517,498	\$ 2,364,562
Total	\$ 46,812,628	\$ 55,879,652	\$ 49,702,947	\$ 52,837,251	\$ 54,023,411

FY 2021-22 Proposed Budget Citywide Revenues - All Funds



FY 2021-22 Proposed Budget

Citywide Expenditures - All Funds

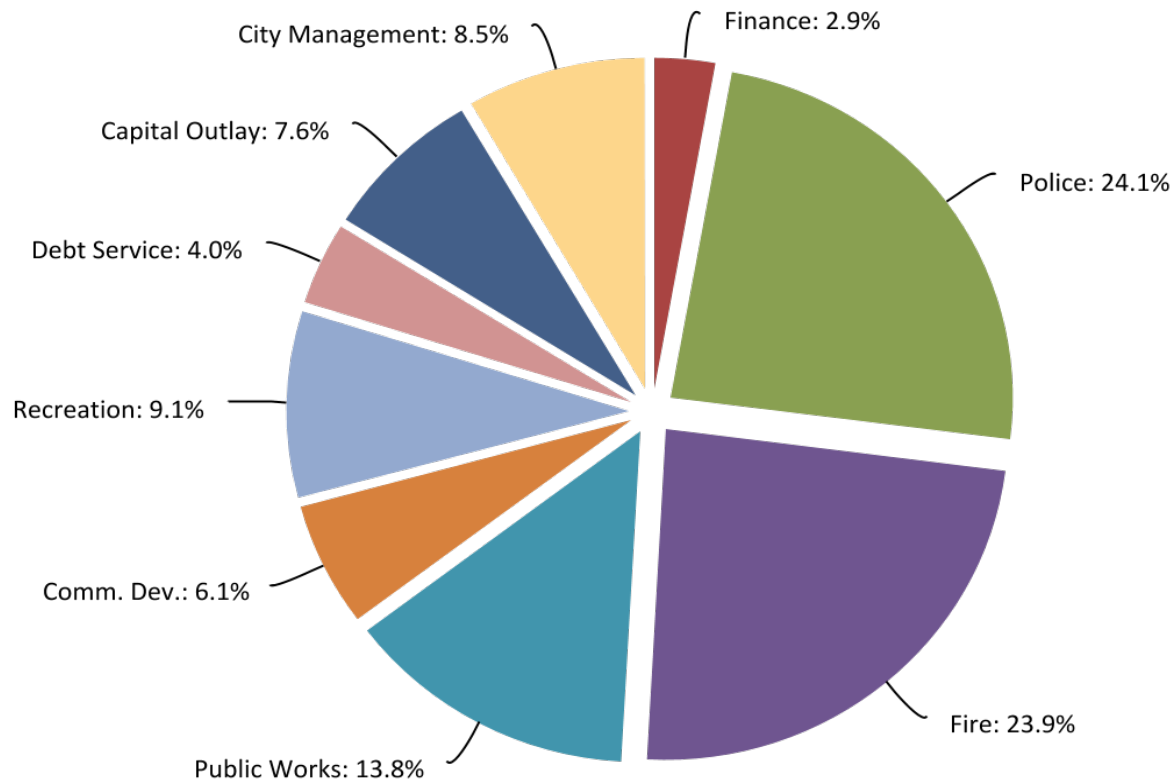
	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Adopted	FY 2021-22 Proposed
Salary & Benefits	\$24,709,693	\$26,658,356	\$26,520,082	\$24,684,640	\$24,763,711
PERS - Normal cost	\$2,180,030	\$2,347,061	\$2,568,790	\$2,798,574	\$2,723,334
PERS - Unfunded Liability	\$3,170,504	\$3,733,974	\$4,367,588	\$4,822,168	\$5,523,830
Total Pension Costs	\$5,350,534	\$6,081,035	\$6,936,378	\$7,620,742	\$8,247,164
Total Personnel Costs	\$30,060,227	\$32,739,391	\$33,456,460	\$32,305,382	\$33,010,875
Professional Services	\$5,537,032	\$5,109,812	\$4,849,770	\$5,388,629	\$6,653,473
Purchased Property Services	\$8,792,435	\$4,858,699	\$4,746,452	\$6,570,306	\$5,240,293
Other Services	\$2,031,534	\$1,894,137	\$2,019,136	\$1,927,535	\$2,529,529
Supplies	\$919,198	\$899,540	\$932,752	\$922,039	\$939,367
Property & Capital	\$458,803	\$983,551	\$507,837	\$724,389	\$740,054
Financing Costs	\$1,979,205	\$2,318,147	\$2,323,521	\$2,567,863	\$2,437,542
Other Financing Uses	\$2,174,053	\$1,160,745	\$2,826,961	\$2,671,998	\$2,519,062
Total Expenditures	\$51,952,487	\$49,964,022	\$51,662,889	\$53,078,141	\$54,070,195

FY 2021-22 Proposed Budget

Citywide Expenditures by Department -All Funds

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Adopted	FY 2021-22 Proposed
City Management	\$4,075,921	\$4,667,353	\$4,309,342	\$4,320,239	\$4,384,468
Finance	\$1,438,995	\$1,576,406	\$1,644,878	\$1,313,570	\$1,483,709
Police	\$11,127,475	\$12,066,840	\$12,426,353	\$12,294,633	\$12,484,718
Fire	\$10,187,940	\$11,172,408	\$11,187,603	\$11,782,013	\$12,348,402
Public Works	\$7,009,805	\$7,265,430	\$7,371,013	\$6,929,748	\$7,146,988
Community Development	\$2,588,870	\$2,495,355	\$2,601,667	\$2,674,335	\$3,140,781
Recreation	\$5,484,655	\$5,943,357	\$5,592,181	\$4,816,669	\$4,704,541
Debt Service	\$2,582,769	\$2,856,756	\$1,218,922	\$2,453,891	\$2,079,963
Capital Outlay	\$3,242,197	\$594,635	\$2,585,179	\$3,975,545	\$3,932,063
Total Before Transfers	\$47,738,627	\$48,638,540	\$48,937,138	\$50,560,643	\$51,705,633
Transfers	\$4,213,861	\$1,325,482	\$2,725,751	\$2,517,498	\$2,364,562
Total Expenditures	\$51,952,488	\$49,964,022	\$51,662,889	\$53,078,141	\$54,070,195

FY 2021-22 Proposed Budget Citywide Spending by Department All Funds



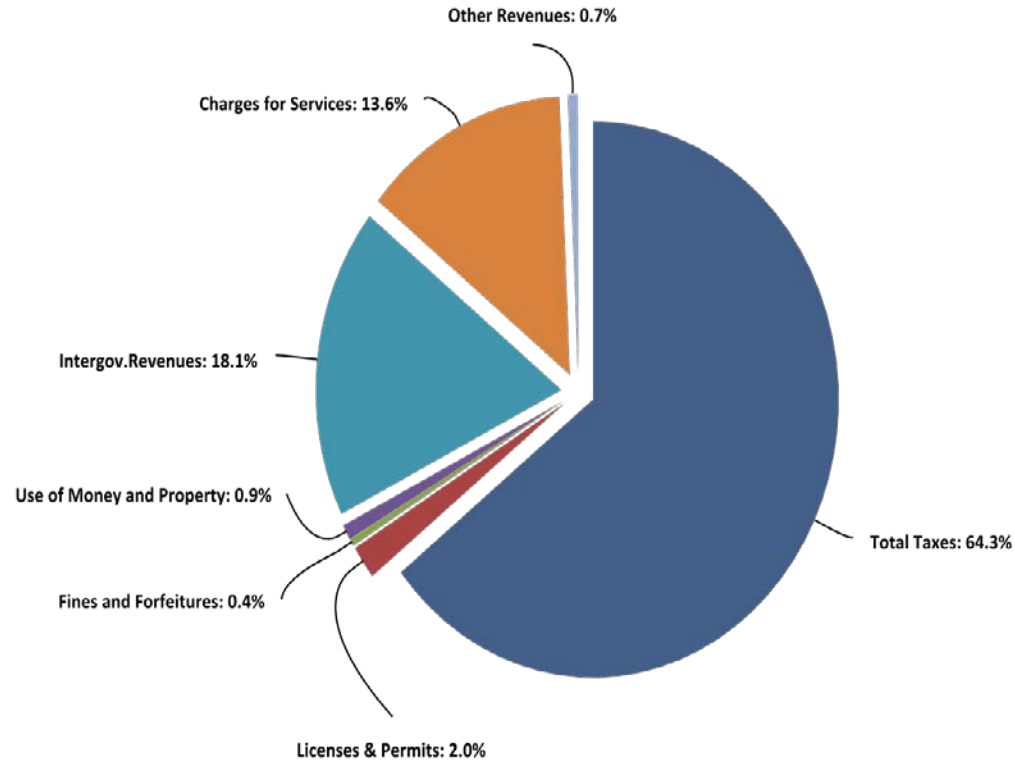
FY 2021-22 Proposed Amended Budget - Summary of All Funds

Description	Projected at June 30, 2021	Revenues	Expenditures	Operating Transfers In	Operating Transfers Out	Net Change	Est. Balance at June 30, 2022
General Fund (101)	\$525,011	\$40,402,247	\$39,982,978	\$952,650	\$665,612	\$419,269	\$944,280
Special Revenue Funds							
Gas Tax Fund (201)	\$107,764	\$657,700	\$519,694	\$0	\$102,000	\$138,006	\$245,770
Nat. Pollutant Discharge Elim. (202)	\$141,322	\$336,400	\$366,804	\$0	\$75,000	\$(30,404)	\$110,918
LMI Housing (232)	\$5,183,335	\$164,800	\$207,528	\$0	\$0	\$(42,728)	\$5,140,607
Landscape and Lighting (203)	\$49,295	\$795,474	\$842,185	\$0	\$163,200	\$(46,711)	\$2,584
Meas J Return to Source (204)	\$109,482	\$458,500	\$405,887	\$0	\$104,300	\$52,613	\$162,095
Measure J Storm Drain (205)	\$805,391	\$706,325	\$786,113	\$0	\$74,000	\$(79,788)	\$725,603
Meas A -Swim Ctr (206)	\$217,366	\$0	\$217,366	\$0	\$0	\$(217,366)	\$0
Measure H Parcel Tax (207)	\$0	\$636,948	\$636,948		\$50,000	\$0	\$0
Street Improvement Fund (211)	\$917,911	\$1,478,700	\$1,634,508	\$0	\$706,300	\$(155,808)	\$762,103
SB-1 Road Repair (212)	\$200,000	\$497,600	\$616,500	\$0	\$0	\$(118,900)	\$81,100
Federal, State & Local Grants (221)	\$0	\$395,511	\$395,511	\$0	\$0	\$0	\$0
City Housing Trust (231)	\$2,835,000	\$0	\$0	\$0	\$0	\$0	\$2,835,000
C.O.P.S. Grant (222)	\$30,000	\$150,000	\$153,000	\$0	\$0	\$(3,000)	\$27,000
Asset Seizure (208)	\$380,000	\$0	\$0	\$0	\$0	\$0	\$380,000
Vehicle Abatement (209)	\$394,000	\$30,000	\$30,900	\$0	\$0	\$(900)	\$393,100
Park in Lieu Fund (210)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Public Art (213)	\$130,000	\$0	\$100,000	\$0	\$0	\$(100,000)	\$30,000
Measure J Paratransit (214)	\$160,000	\$162,500	\$160,492	\$0	\$34,000	\$2,008	\$162,008
Subtotal Special Revenue Funds	\$11,660,866	\$6,470,458	\$7,073,436	\$0	\$1,308,800	\$ (602,978)	\$11,057,888
Capital Improvements (301)	\$300,000	\$1,894,360	\$1,990,360	\$40,000	\$0	\$(96,000)	\$204,000
Subtotal Capital Funds	\$300,000	\$1,894,360	\$1,990,360	\$40,000	\$0	\$ (56,000)	\$244,000
Finance Authority- Swim Ctr. (834)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Finance Authority-City Hall (835)	\$0	\$580,763	\$580,763	\$580,612	\$0	\$0	\$0
Finance Authority-Street Impr (836)	\$0	\$706,300	\$706,300	\$706,300	\$0	\$0	\$0
Subtotal Debt Service Funds	\$0	\$1,287,063	\$1,287,063	\$1,286,912	\$0	\$1,286,912	\$1,286,912
Integrated Waste Mgmt (501)	\$1,973,692	\$3,884,283	\$3,651,358	\$0	\$390,150	\$232,925	\$2,206,617
Vehicle/Equip Replacement (601)	\$509,000	\$0	\$0	\$0	\$0	\$0	\$509,000
Subtotal Enterprise Funds	\$2,482,692	\$3,884,283	\$3,651,358	\$0	\$390,150	\$232,925	\$2,715,617
Employees' Pension Trust (701)	\$5,000	\$85,000	\$85,000	\$85,000	\$0	\$0	\$5,000
Subtotal Fiduciary Funds	\$5,000	\$85,000	\$85,000	\$85,000	\$0	\$0	\$5,000
Total All Funds	\$ 14,973,569	\$ 54,023,411	\$ 54,070,195	\$ 2,364,562	\$ 2,364,562	\$ (46,784)	\$ 14,926,785

FY 2021-22 Proposed Budget - General Fund Revenues

Revenue Category	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Adopted	FY 2021-22 Proposed
Taxes					
Property Taxes	\$9,382,909	\$9,932,036	\$9,841,132	\$10,440,001	\$10,446,000
Sales Taxes	\$6,458,291	\$7,545,310	\$6,974,722	\$6,450,000	\$7,184,117
Utility Tax	\$2,965,675	\$3,207,892	\$3,165,974	\$3,200,000	\$3,100,000
Real Property Transfer Tax	\$0	\$1,102,562	\$3,467,532	\$2,400,000	\$3,000,000
Franchise Taxes	\$1,279,037	\$1,192,630	\$1,637,612	\$1,250,000	\$1,250,000
Business License Tax	\$846,900	\$961,459	\$918,799	\$850,000	\$900,000
Other Tax	\$147,202	\$149,485	\$121,703	\$136,000	\$151,500
Total Taxes	\$21,080,014	\$24,091,374	\$26,127,474	\$24,726,001	\$26,031,617
Licenses & Permits	\$765,705	\$775,876	\$784,982	\$758,512	\$636,112
Fines and Forfeitures	\$222,172	\$218,684	\$226,597	\$170,000	\$140,000
Use of Money and Property	\$373,955	\$387,903	\$465,064	\$350,004	\$353,968
Intergovernmental Revenues	\$6,615,285	\$6,744,665	\$6,728,510	\$6,958,654	\$7,312,900
Charges for Services	\$5,488,761	\$6,933,840	\$4,747,619	\$5,223,126	\$4,800,000
Other Revenues	\$377,398	\$1,135,995	\$305,680	\$253,000	\$175,000
Interfund Transfers	\$915,214	\$1,117,990	\$836,821	\$938,572	\$952,650
Total	\$35,838,504	\$41,406,327	\$40,222,747	\$39,377,869	\$40,402,247

FY 2021-22 Proposed Budget General Fund Revenue Assumptions

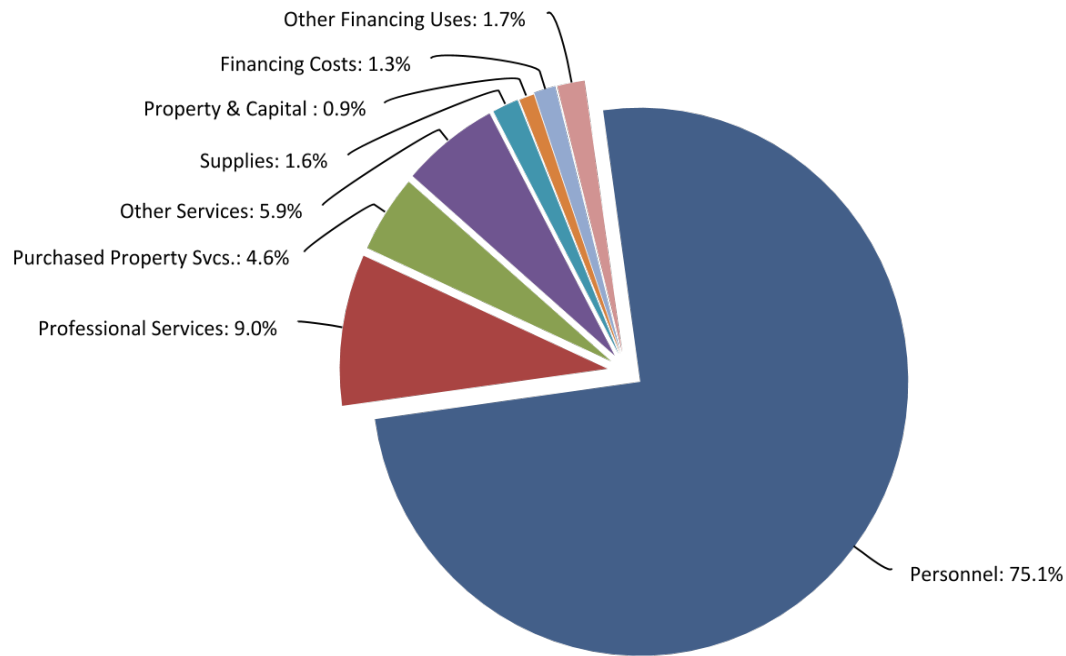


FY 2021-22 Proposed Budget

General Fund Expenditures

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Adopted	FY 2021-22 Proposed
Personnel	\$27,292,782	\$29,862,092	\$30,383,014	\$29,490,258	\$30,009,178
Professional Services	\$4,080,678	\$4,359,102	\$3,612,382	\$3,534,494	\$3,578,512
Purchased Property Services	\$1,818,280	\$1,902,199	\$2,132,581	\$1,813,791	\$1,840,279
Other Services	\$1,932,079	\$1,811,486	\$1,809,212	\$1,832,920	\$2,355,705
Supplies	\$712,945	\$723,804	\$605,956	\$611,025	\$632,133
Property & Capital	\$422,401	\$348,378	\$518,269	\$310,268	\$373,278
Financing Costs	\$423,116	\$478,198	\$535,664	\$456,469	\$528,281
Other Financing Uses	\$439,134	\$2,047,601	\$696,727	\$665,612	\$665,612
Total	\$37,121,415	\$41,532,860	\$40,293,805	\$38,714,837	\$39,982,978

FY 2020-21 Proposed Budget General Fund Expenditure Assumptions

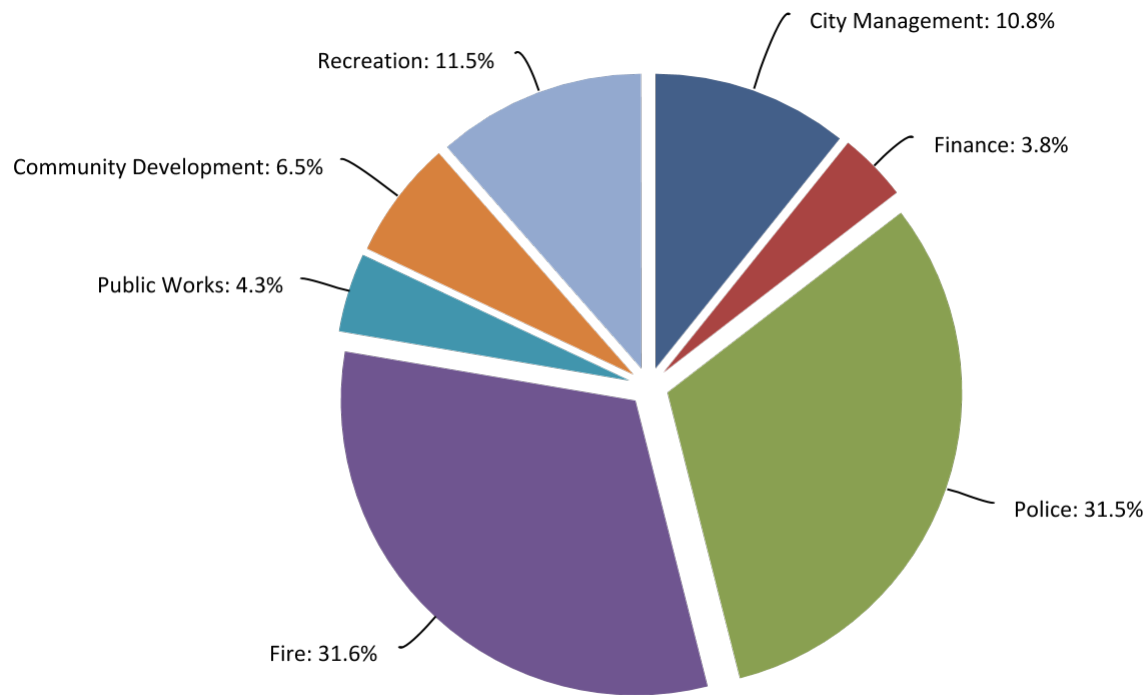


FY 2020-21 Proposed Budget

General Fund Expenditures By Department

Department	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Adopted	FY 2021-22 Proposed
City Management	\$3,990,748	\$4,405,258	\$4,371,056	\$3,913,701	\$4,205,958
Finance	\$1,510,870	\$1,680,114	\$1,628,028	\$1,520,697	\$1,483,709
Police	\$11,126,979	\$12,067,113	\$12,199,388	\$12,233,733	\$12,300,818
Fire	\$10,185,602	\$11,169,593	\$11,182,414	\$11,645,813	\$12,348,402
Public Works	\$2,162,216	\$1,975,854	\$1,860,308	\$1,651,746	\$1,696,985
Community Development	\$2,467,149	\$2,522,098	\$2,505,481	\$2,477,605	\$2,548,257
Recreation	\$5,238,715	\$5,794,027	\$5,351,137	\$4,605,930	\$4,475,719
Transfers	\$439,134	\$1,917,803	\$1,195,993	\$665,612	\$923,130
Total	\$37,121,413	\$41,531,860	\$40,293,805	\$38,714,837	\$39,982,978

FY 2020-21 Proposed Budget General Fund Expenses by Department



FY 2020-21 Proposed Budget

General Fund Overview

General Fund Summary	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Adopted	FY 2021-22 Proposed
Beginning Restricted Fund Balance	\$1,004,947	\$2,321,077	\$1,650,928	\$1,667,511	\$1,321,189
Beginning Unassigned Fund Balance	\$(186,227)	\$(2,233,507)	\$(1,689,891)	\$(1,777,532)	\$(796,178)
Total Beginning Fund Balance	\$818,720	\$87,570	\$-38,963	\$-110,021	\$525,011
Total Revenues	\$35,838,504	\$41,406,327	\$40,222,747	\$39,377,869	\$40,402,247
Personnel	\$25,199,770	\$29,862,092	\$30,383,014	\$29,490,258	\$30,009,178
Non-Personnel	\$11,369,884	\$11,670,768	\$9,910,791	\$9,252,579	\$9,973,800
Total Expenses	\$36,569,654	\$41,532,860	\$40,293,805	\$38,742,837	\$39,982,978
Annual Surplus/(Deficit)	\$(731,150)	\$(126,533)	\$(71,058)	\$635,032	\$419,269
Ending Total Fund Balance	\$87,570	\$(38,963)	\$(110,021)	\$525,011	\$944,280
Ending Reserve Percent	0.2%	(0.1)%	(0.3)%	1.4%	2.4%

FY 2020-21 Proposed Budget

Capital Improvement Program Funds

	<u>Project#</u>	<u>Fund Source</u>	<u>Proposed 2021-22</u>	<u>Projected 2022-23</u>	<u>Projected 2023-24</u>	<u>Projected 2024-25</u>	<u>Projected 2025-26</u>	<u>Projected Unidentified Year</u>
ADMINISTRATION								
1	Energy & Water Efficiency Program	C-3043	301	\$ 21,000	\$ -	\$ -	\$ -	\$ -
2	Fire Flow Upgrade	ibid	0	-	-	-	-	5,390,800
FACILITIES (Non-Recreation)								
3	Access Modifications - Facilities	varies	0	-	-	-	-	1,499,800
4	Library	C-1005	0	-	-	-	-	34,319,340
5	Public Safety Building	ibid	0	-	-	-	-	36,566,800
6	Public Safety Parking Lot Security & Rehab	ibid	0	-	100,000	100,000	-	-
7	Corporation Yard Improvements	ibid	0	-	100,000	-	-	6,313,000
8	Facilities Seismic & Bldg Repairs	Various	0	-	-	-	-	2,371,800
PARKS & RECREATION FACILITIES								
9	Parks & Recreation Facilities Master Plan Program	ibid	207, 210, 0	50,000	-	-	61,985	30,858,500
10	Swim Center Enhancements	C-3050	206, 207	298,740	-	-	-	8,288,400
11	Multi-Generational Recreation Facility	C-4012	0	-	-	-	-	5,304,500
12	Hillside Natural Area (HNA) Improvements	C-3075, C-5046	0	-	-	-	-	971,600
13	Centennial Park Improvements	C-5037	210, 0	-	250,000	-	-	569,000
14	Arlington Park Improvements	ibid	301, 210, 207	85,845	245,278	121,002	-	-
15	HNA Trail Entry & Signage Improvements	C-5038	301	27,110	-	-	-	-
16	Urban Greening (Lwr Fairmount & Blue-Green)	ibid	0	-	-	-	-	8,084,550

FY 2020-21 Proposed Budget

Capital Improvement Program Funds - Continued

		Project#	Fund Source	Proposed 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected Unidentified Year
CREEKS & TRAILS									
17	Urban Forest Management Program	C3042, tbd	O	-	-	60,000	75,000	93,800	-
18	Ohlone Greenway Impr - Hill to Blake	C3069	301	65,000	200,000	-	-	-	-
19	Ohlone Greenway Master Plan Program	various	301, O	-	150,000	-	-	-	3,303,500
20	Creek Major Maintenance & Restoration	tbd	O	-	-	-	-	-	1,101,300
STREETS-TRANSPORTATION									
21	Annual Street Improvement Program	C3027	211, 212	575,000	476,000	750,000	750,000	750,000	-
22	Access Modifications - Streets & Sidewalks	C3024	212	375,000	210,000	220,000	170,000	220,000	5,683,000
23	City-Wide Signage	C3028	O	-	-	-	-	-	274,000
24	Del Norte TOD Infrastructure Imprmnts	C4014	301, 212 & O	1,655,250	5,446,100	5,398,100	-	-	-
25	Balra Retaining Wall Replacement	C3058	O	-	-	-	-	-	400,000
26	Traffic Safety & Management Program	C3070	211	50,000	35,000	35,000	35,000	35,000	-
27	Wildcat Drive Repair	tbd	B	-	-	-	-	-	3,667,000
28	San Pablo Avenue Complete Streets	C5035	212, O	-	-	-	-	-	15,538,900
29	Active Transportation Program	tbd	212, O	25,000	-	20,000	70,000	20,000	42,758,200
30	El Dorado-Gladys-B Street Imprmnts	C3079	211, 301	715,000	-	-	-	-	-
31	Richmond Street Improvements	C3080	211, 301	125,000	1,350,000	-	-	-	-
32	Local Roadway Safety Plan	tbd	301	87,000	-	-	-	-	-
33	Local Match - Potential Federal Stimulus Funds	tbd	211	60,000	-	-	-	-	-
STORMWATER & DRAINAGE									
34	Storm Drain Program	C5036	205	340,000	300,000	250,000	250,000	250,000	22,570,500
35	Green Infrastructure Program	tbd	O	-	-	-	-	-	340,000
TOTAL				\$ 4,554,945	\$ 8,412,378	\$ 7,181,100	\$ 1,571,002	\$ 1,430,765	\$236,174,090

FY 2021-22 Proposed Budget Next Steps

- Questions, Comments, Direction
- FAB Meeting June 8, 2021
- Finalize budget document
- Regular City Council Meeting June 15, 2021
 - Additional special meetings as needed
 - Adoption of Budget by June 30, 2021
- Special meeting (if needed) to discuss ARPA funding

FY 2021-22 Proposed Budget

Special thanks to.....

- Residents and businesses of El Cerrito for their engagement
- City Council for their leadership and diligence
- Financial Advisory Board for their review and feedback
- City Staff for their hard work and commitment
- Executive Team for their leadership and dedication
- Mark, Holly, Alex, Shannon, Lucy for their hard work on the budget document

Agenda Item No. 7.C. (Revised)

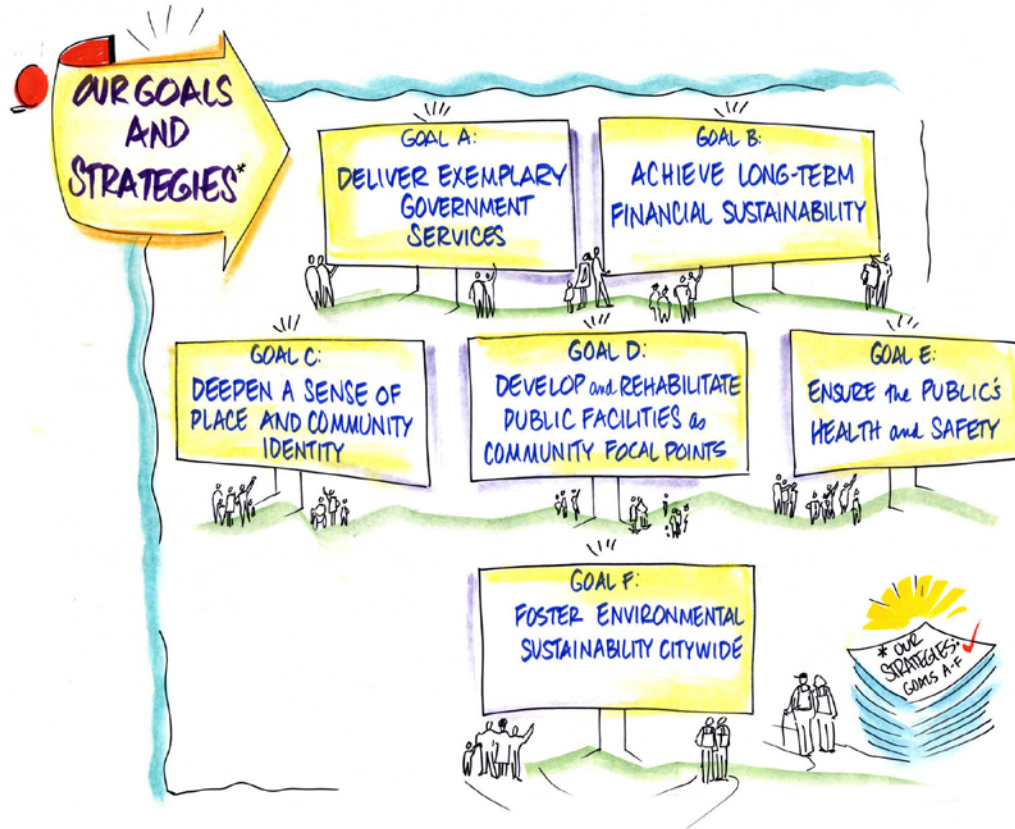
City Council Meeting

June 1, 2021

FY 2021-22 PROPOSED BUDGET



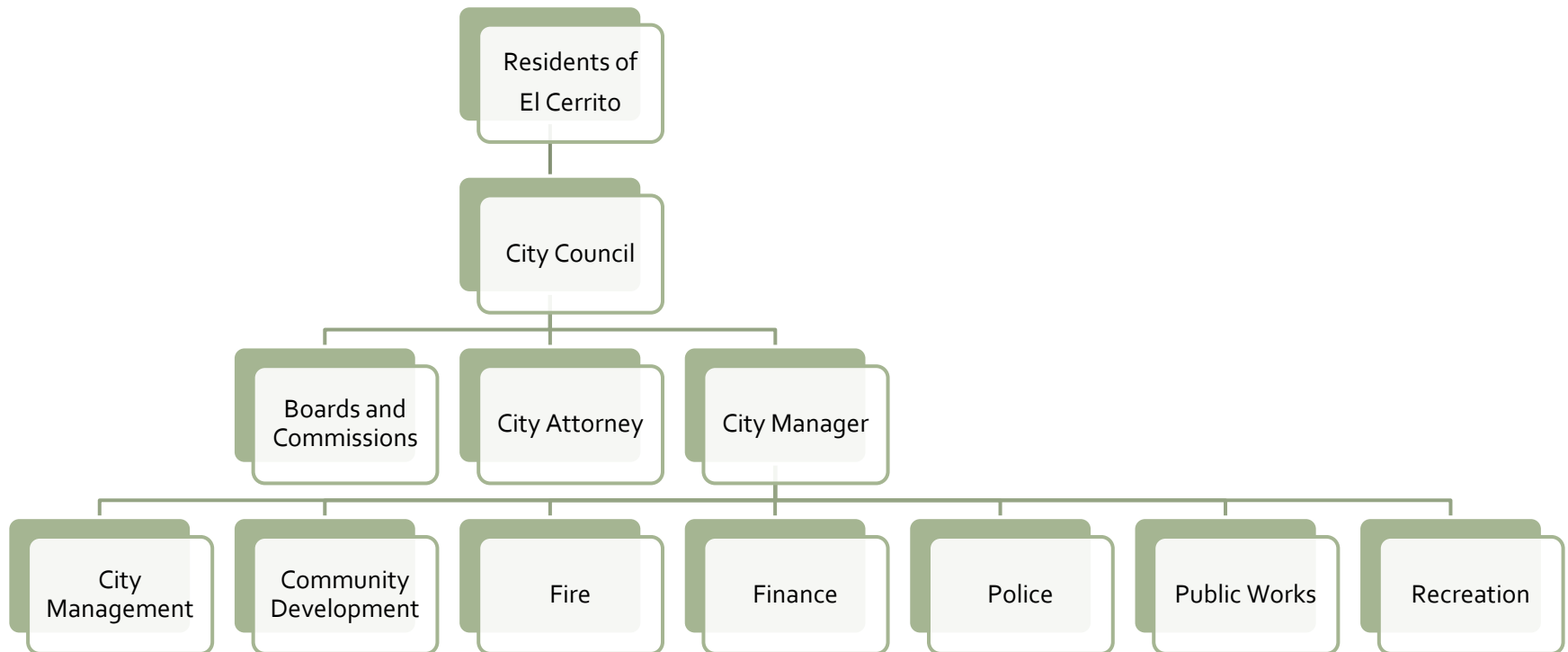
FY 2021-22 Proposed Budget Focus



Achieve Long-term Financial Sustainability

- General Fund Reserve
- Fiscal Response Plan
- Constant Monitoring of Financial Position
- Fiscal Discipline

City Organization



FY 2021-22 Proposed Budget

Proposed Staffing

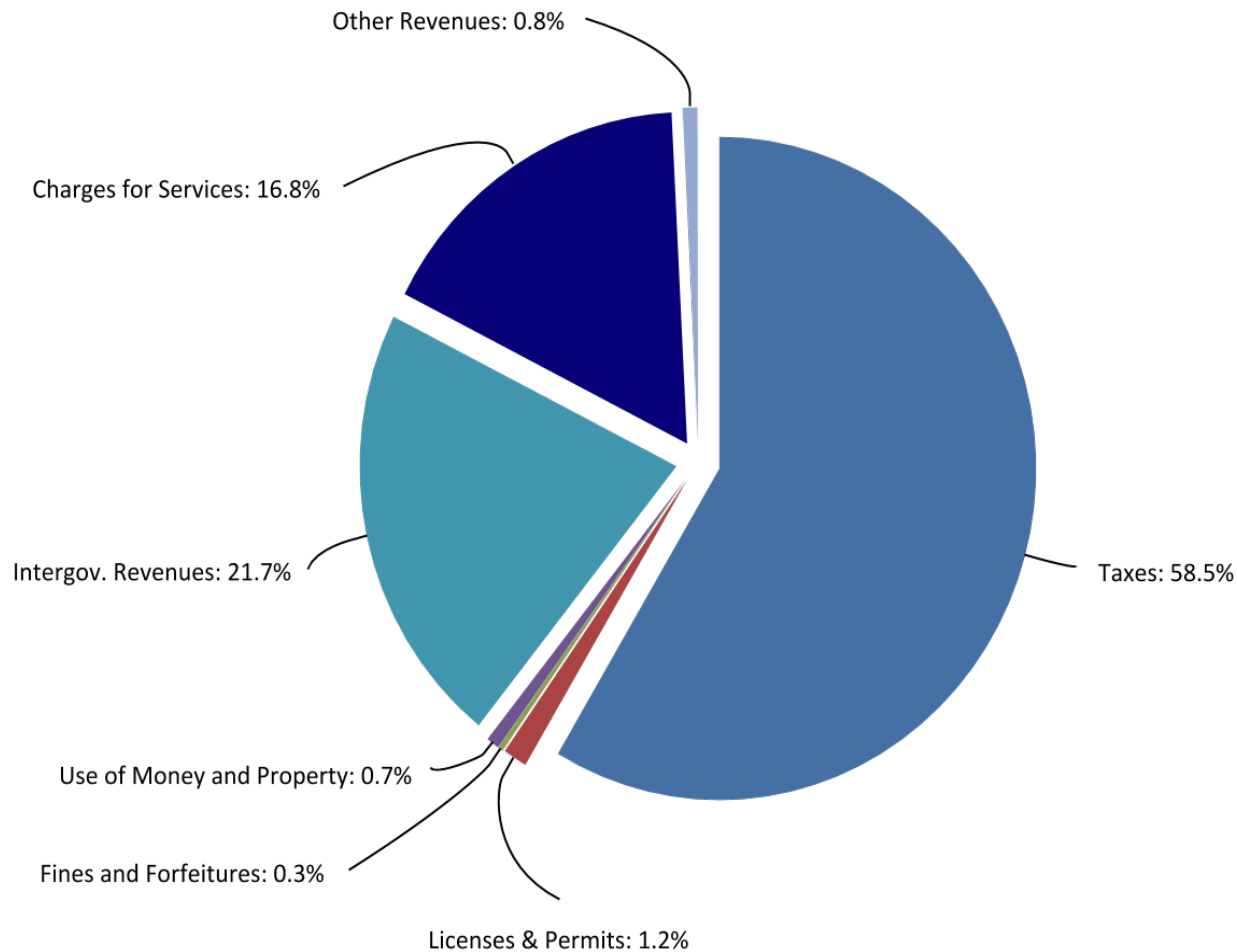
Department	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
City Council	5	5	5	5	5
City Management	11.5	11.5	11.5	10	9
Finance Department	6	6	6	6	6
Community Development	13.5	14	14	15	15
Police Department	58	58	58	55	48
Fire Department	37	37	37	37	37
Public Works Department	24.8	25.2	25.2	25	24.2
Recreation Department	23	23	23	21	18
Total	178.8	179.7	179.7	174	162.2

FY 2021-22 Proposed Budget

Citywide Revenues- All Funds

Revenue Category	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Adopted	FY 2021-22 Proposed
Taxes					
Property Taxes	\$ 9,382,909	\$ 11,034,598	\$ 13,308,665	\$ 12,840,001	\$ 13,446,000
Sales Taxes	\$ 8,048,376	\$ 9,176,136	\$ 7,169,255	\$ 7,894,721	\$ 8,657,717
Utility Users Taxes	\$ 2,965,675	\$ 3,207,892	\$ 3,078,740	\$ 3,200,000	\$ 3,100,000
Local Parcel Taxes	\$ 2,130,082	\$ 2,112,686	\$ 2,099,845	\$ 2,115,891	\$ 2,736,747
Franchise Taxes	\$ 1,279,037	\$ 1,243,985	\$ 1,575,216	\$ 1,250,000	\$ 1,250,000
Business License Taxes	\$ 846,900	\$ 910,104	\$ 918,799	\$ 850,000	\$ 900,000
Other Taxes	\$ 745,699	\$ 778,705	\$ 268,297	\$ 632,700	\$ 151,500
Total Taxes	\$ 25,398,678	\$ 28,464,106	\$ 28,418,817	\$ 28,783,313	\$ 30,241,964
Licenses & Permits	\$ 765,705	\$ 775,876	\$ 784,982	\$ 758,512	\$ 636,112
Fines and Forfeitures	\$ 222,172	\$ 218,684	\$ 226,597	\$ 170,000	\$ 140,000
Use of Money and Property	\$ 532,817	\$ 609,808	\$ 627,286	\$ 486,355	\$ 354,119
Intergovernmental Revenues	\$ 8,552,000	\$ 12,326,295	\$ 8,746,061	\$ 10,495,080	\$ 11,219,471
Charges for Services	\$ 8,052,055	\$ 8,670,289	\$ 7,539,012	\$ 8,965,693	\$ 8,669,783
Other Revenues	\$ 853,138	\$ 1,393,711	\$ 634,439	\$ 660,800	\$ 397,400
Total Other Revenues before Transfers	\$ 18,977,887	\$ 23,994,663	\$ 18,558,377	\$ 21,536,440	\$ 21,416,885
Interfund Transfers	\$ 2,436,063	\$ 3,420,883	\$ 2,725,753	\$ 2,517,498	\$ 2,364,562
Total	\$ 46,812,628	\$ 55,879,652	\$ 49,702,947	\$ 52,837,251	\$ 54,023,411

FY 2021-22 Proposed Budget Citywide Revenues - All Funds



FY 2021-22 Proposed Budget

Citywide Expenditures - All Funds

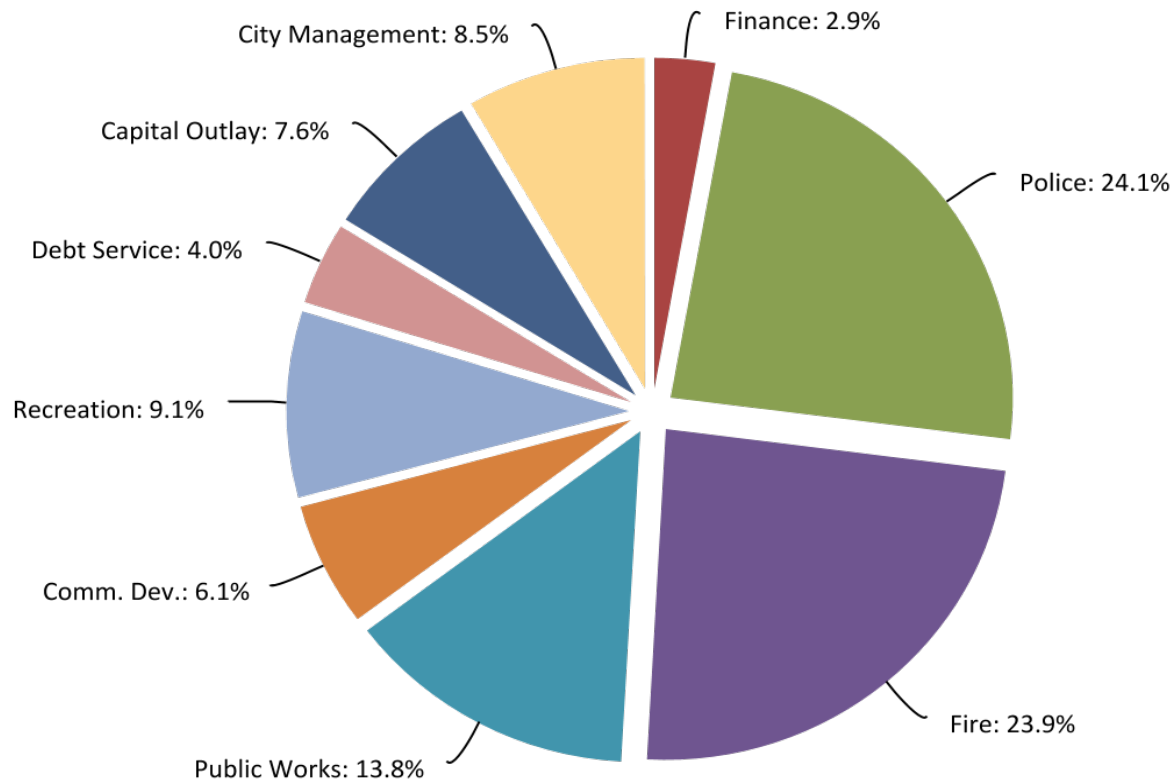
	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Adopted	FY 2021-22 Proposed
Salary & Benefits	\$24,709,693	\$26,658,356	\$26,520,082	\$24,684,640	\$24,763,711
PERS - Normal cost	\$2,180,030	\$2,347,061	\$2,568,790	\$2,798,574	\$2,723,334
PERS - Unfunded Liability	\$3,170,504	\$3,733,974	\$4,367,588	\$4,822,168	\$5,523,830
Total Pension Costs	\$5,350,534	\$6,081,035	\$6,936,378	\$7,620,742	\$8,247,164
Total Personnel Costs	\$30,060,227	\$32,739,391	\$33,456,460	\$32,305,382	\$33,010,875
Professional Services	\$5,537,032	\$5,109,812	\$4,849,770	\$5,388,629	\$6,653,473
Purchased Property Services	\$8,792,435	\$4,858,699	\$4,746,452	\$6,570,306	\$5,240,293
Other Services	\$2,031,534	\$1,894,137	\$2,019,136	\$1,927,535	\$2,529,529
Supplies	\$919,198	\$899,540	\$932,752	\$922,039	\$939,367
Property & Capital	\$458,803	\$983,551	\$507,837	\$724,389	\$740,054
Financing Costs	\$1,979,205	\$2,318,147	\$2,323,521	\$2,567,863	\$2,437,542
Other Financing Uses	\$2,174,053	\$1,160,745	\$2,826,961	\$2,671,998	\$2,519,062
Total Expenditures	\$51,952,487	\$49,964,022	\$51,662,889	\$53,078,141	\$54,070,195

FY 2021-22 Proposed Budget

Citywide Expenditures by Department -All Funds

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Adopted	FY 2021-22 Proposed
City Management	\$4,075,921	\$4,667,353	\$4,309,342	\$4,320,239	\$4,384,468
Finance	\$1,438,995	\$1,576,406	\$1,644,878	\$1,313,570	\$1,483,709
Police	\$11,127,475	\$12,066,840	\$12,426,353	\$12,294,633	\$12,484,718
Fire	\$10,187,940	\$11,172,408	\$11,187,603	\$11,782,013	\$12,348,402
Public Works	\$7,009,805	\$7,265,430	\$7,371,013	\$6,929,748	\$7,146,988
Community Development	\$2,588,870	\$2,495,355	\$2,601,667	\$2,674,335	\$3,140,781
Recreation	\$5,484,655	\$5,943,357	\$5,592,181	\$4,816,669	\$4,704,541
Debt Service	\$2,582,769	\$2,856,756	\$1,218,922	\$2,453,891	\$2,079,963
Capital Outlay	\$3,242,197	\$594,635	\$2,585,179	\$3,975,545	\$3,932,063
Total Before Transfers	\$47,738,627	\$48,638,540	\$48,937,138	\$50,560,643	\$51,705,633
Transfers	\$4,213,861	\$1,325,482	\$2,725,751	\$2,517,498	\$2,364,562
Total Expenditures	\$51,952,488	\$49,964,022	\$51,662,889	\$53,078,141	\$54,070,195

FY 2021-22 Proposed Budget Citywide Spending by Department All Funds



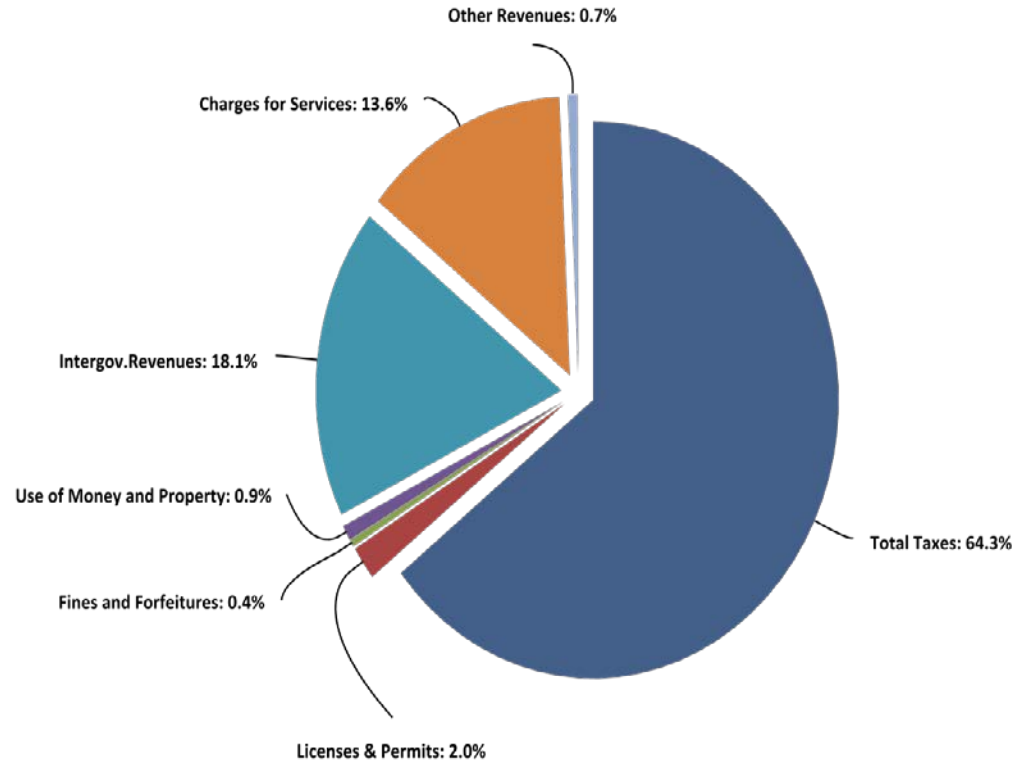
FY 2021-22 Proposed Amended Budget - Summary of All Funds

Description	Projected at June 30, 2021	Revenues	Expenditures	Operating Transfers In	Operating Transfers Out	Net Change	Est. Balance at June 30, 2022
General Fund (101)	\$525,011	\$40,402,247	\$39,982,978	\$952,650	\$665,612	\$419,269	\$944,280
Special Revenue Funds							
Gas Tax Fund (201)	\$107,764	\$657,700	\$519,694	\$0	\$102,000	\$138,006	\$245,770
Nat. Pollutant Discharge Elim. (202)	\$141,322	\$336,400	\$366,804	\$0	\$75,000	\$(30,404)	\$110,918
LMI Housing (232)	\$5,183,335	\$164,800	\$207,528	\$0	\$0	\$(42,728)	\$5,140,607
Landscape and Lighting (203)	\$49,295	\$795,474	\$842,185	\$0	\$163,200	\$(46,711)	\$2,584
Meas J Return to Source (204)	\$109,482	\$458,500	\$405,887	\$0	\$104,300	\$52,613	\$162,095
Measure J Storm Drain (205)	\$805,391	\$706,325	\$786,113	\$0	\$74,000	\$(79,788)	\$725,603
Meas A -Swim Ctr (206)	\$217,366	\$0	\$217,366	\$0	\$0	\$(217,366)	\$0
Measure H Parcel Tax (207)	\$0	\$636,948	\$636,948		\$50,000	\$0	\$0
Street Improvement Fund (211)	\$917,911	\$1,478,700	\$1,634,508	\$0	\$706,300	\$(155,808)	\$762,103
SB-1 Road Repair (212)	\$200,000	\$497,600	\$616,500	\$0	\$0	\$(118,900)	\$81,100
Federal, State & Local Grants (221)	\$0	\$395,511	\$395,511	\$0	\$0	\$0	\$0
City Housing Trust (231)	\$2,835,000	\$0	\$0	\$0	\$0	\$0	\$2,835,000
C.O.P.S. Grant (222)	\$30,000	\$150,000	\$153,000	\$0	\$0	\$(3,000)	\$27,000
Asset Seizure (208)	\$380,000	\$0	\$0	\$0	\$0	\$0	\$380,000
Vehicle Abatement (209)	\$394,000	\$30,000	\$30,900	\$0	\$0	\$(900)	\$393,100
Park in Lieu Fund (210)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Public Art (213)	\$130,000	\$0	\$100,000	\$0	\$0	\$(100,000)	\$30,000
Measure J Paratransit (214)	\$160,000	\$162,500	\$160,492	\$0	\$34,000	\$2,008	\$162,008
Subtotal Special Revenue Funds	\$11,660,866	\$6,470,458	\$7,073,436	\$0	\$1,308,800	\$ (602,978)	\$11,057,888
Capital Improvements (301)	\$300,000	\$1,894,360	\$1,990,360	\$40,000	\$0	\$(96,000)	\$204,000
Subtotal Capital Funds	\$300,000	\$1,894,360	\$1,990,360	\$40,000	\$0	\$ (56,000)	\$244,000
Finance Authority- Swim Ctr. (834)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Finance Authority-City Hall (835)	\$0	\$580,763	\$580,763	\$580,612	\$0	\$0	\$0
Finance Authority-Street Impr (836)	\$0	\$706,300	\$706,300	\$706,300	\$0	\$0	\$0
Subtotal Debt Service Funds	\$0	\$1,287,063	\$1,287,063	\$1,286,912	\$0	\$1,286,912	\$1,286,912
Integrated Waste Mgmt (501)	\$1,973,692	\$3,884,283	\$3,651,358	\$0	\$390,150	\$232,925	\$2,206,617
Vehicle/Equip Replacement (601)	\$509,000	\$0	\$0	\$0	\$0	\$0	\$509,000
Subtotal Enterprise Funds	\$2,482,692	\$3,884,283	\$3,651,358	\$0	\$390,150	\$232,925	\$2,715,617
Employees' Pension Trust (701)	\$5,000	\$85,000	\$85,000	\$85,000	\$0	\$0	\$5,000
Subtotal Fiduciary Funds	\$5,000	\$85,000	\$85,000	\$85,000	\$0	\$0	\$5,000
Total All Funds	\$ 14,973,569	\$ 54,023,411	\$ 54,070,195	\$ 2,364,562	\$ 2,364,562	\$ (46,784)	\$ 14,926,785

FY 2021-22 Proposed Budget - General Fund Revenues

Revenue Category	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Adopted	FY 2021-22 Proposed
Taxes					
Property Taxes	\$9,382,909	\$9,932,036	\$9,841,132	\$10,440,001	\$10,446,000
Sales Taxes	\$6,458,291	\$7,545,310	\$6,974,722	\$6,450,000	\$7,184,117
Utility Tax	\$2,965,675	\$3,207,892	\$3,165,974	\$3,200,000	\$3,100,000
Real Property Transfer Tax	\$0	\$1,102,562	\$3,467,532	\$2,400,000	\$3,000,000
Franchise Taxes	\$1,279,037	\$1,192,630	\$1,637,612	\$1,250,000	\$1,250,000
Business License Tax	\$846,900	\$961,459	\$918,799	\$850,000	\$900,000
Other Tax	\$147,202	\$149,485	\$121,703	\$136,000	\$151,500
Total Taxes	\$21,080,014	\$24,091,374	\$26,127,474	\$24,726,001	\$26,031,617
Licenses & Permits	\$765,705	\$775,876	\$784,982	\$758,512	\$636,112
Fines and Forfeitures	\$222,172	\$218,684	\$226,597	\$170,000	\$140,000
Use of Money and Property	\$373,955	\$387,903	\$465,064	\$350,004	\$353,968
Intergovernmental Revenues	\$6,615,285	\$6,744,665	\$6,728,510	\$6,958,654	\$7,312,900
Charges for Services	\$5,488,761	\$6,933,840	\$4,747,619	\$5,223,126	\$4,800,000
Other Revenues	\$377,398	\$1,135,995	\$305,680	\$253,000	\$175,000
Interfund Transfers	\$915,214	\$1,117,990	\$836,821	\$938,572	\$952,650
Total	\$35,838,504	\$41,406,327	\$40,222,747	\$39,377,869	\$40,402,247

FY 2021-22 Proposed Budget General Fund Revenue Assumptions

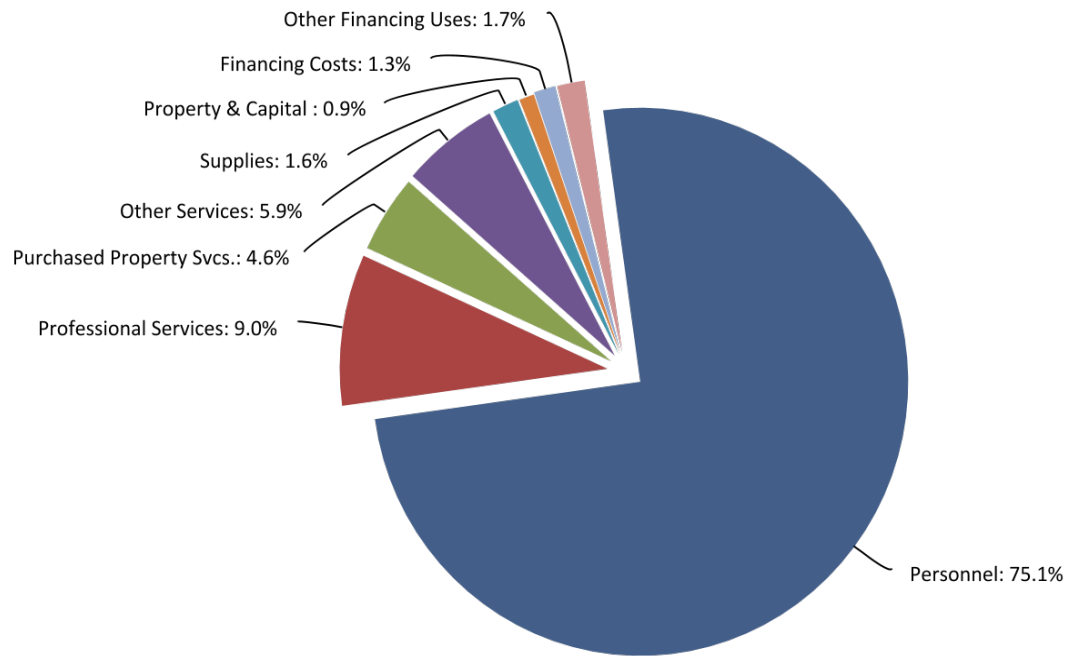


FY 2021-22 Proposed Budget

General Fund Expenditures

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Adopted	FY 2021-22 Proposed
Personnel	\$27,292,782	\$29,862,092	\$30,383,014	\$29,490,258	\$30,009,178
Professional Services	\$4,080,678	\$4,359,102	\$3,612,382	\$3,534,494	\$3,578,512
Purchased Property Services	\$1,818,280	\$1,902,199	\$2,132,581	\$1,813,791	\$1,840,279
Other Services	\$1,932,079	\$1,811,486	\$1,809,212	\$1,832,920	\$2,355,705
Supplies	\$712,945	\$723,804	\$605,956	\$611,025	\$632,133
Property & Capital	\$422,401	\$348,378	\$518,269	\$310,268	\$373,278
Financing Costs	\$423,116	\$478,198	\$535,664	\$456,469	\$528,281
Other Financing Uses	\$439,134	\$2,047,601	\$696,727	\$665,612	\$665,612
Total	\$37,121,415	\$41,532,860	\$40,293,805	\$38,714,837	\$39,982,978

FY 2021-22 Proposed Budget General Fund Expenditure Assumptions



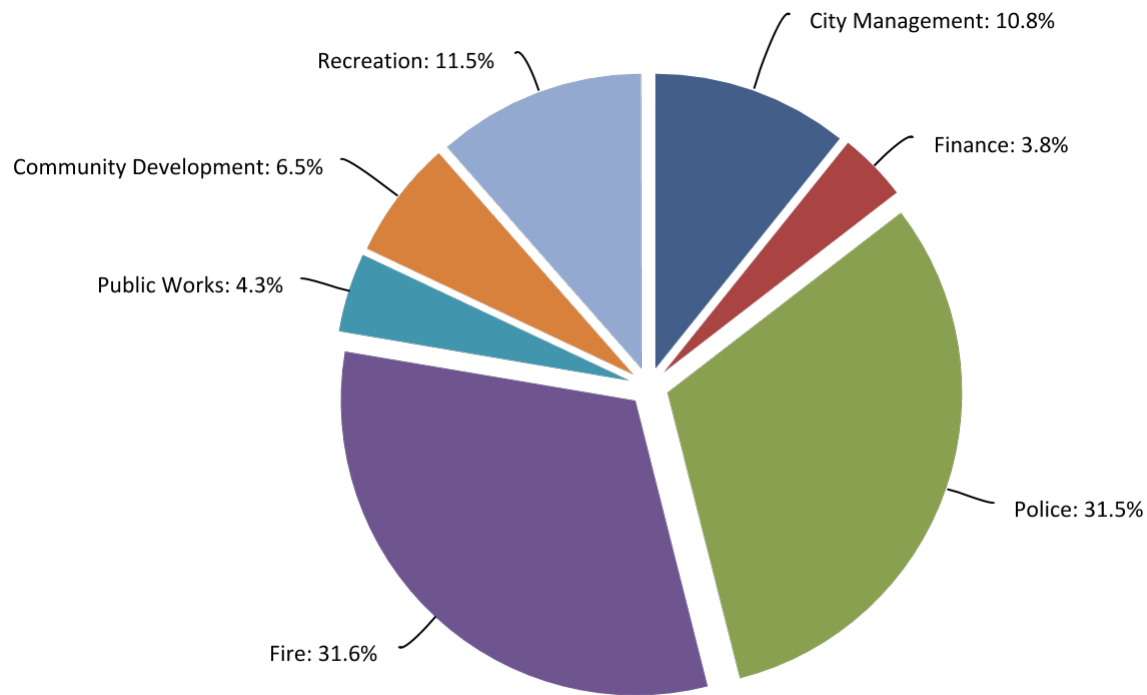
FY 2021-22 Proposed Budget

General Fund Expenditures By Department

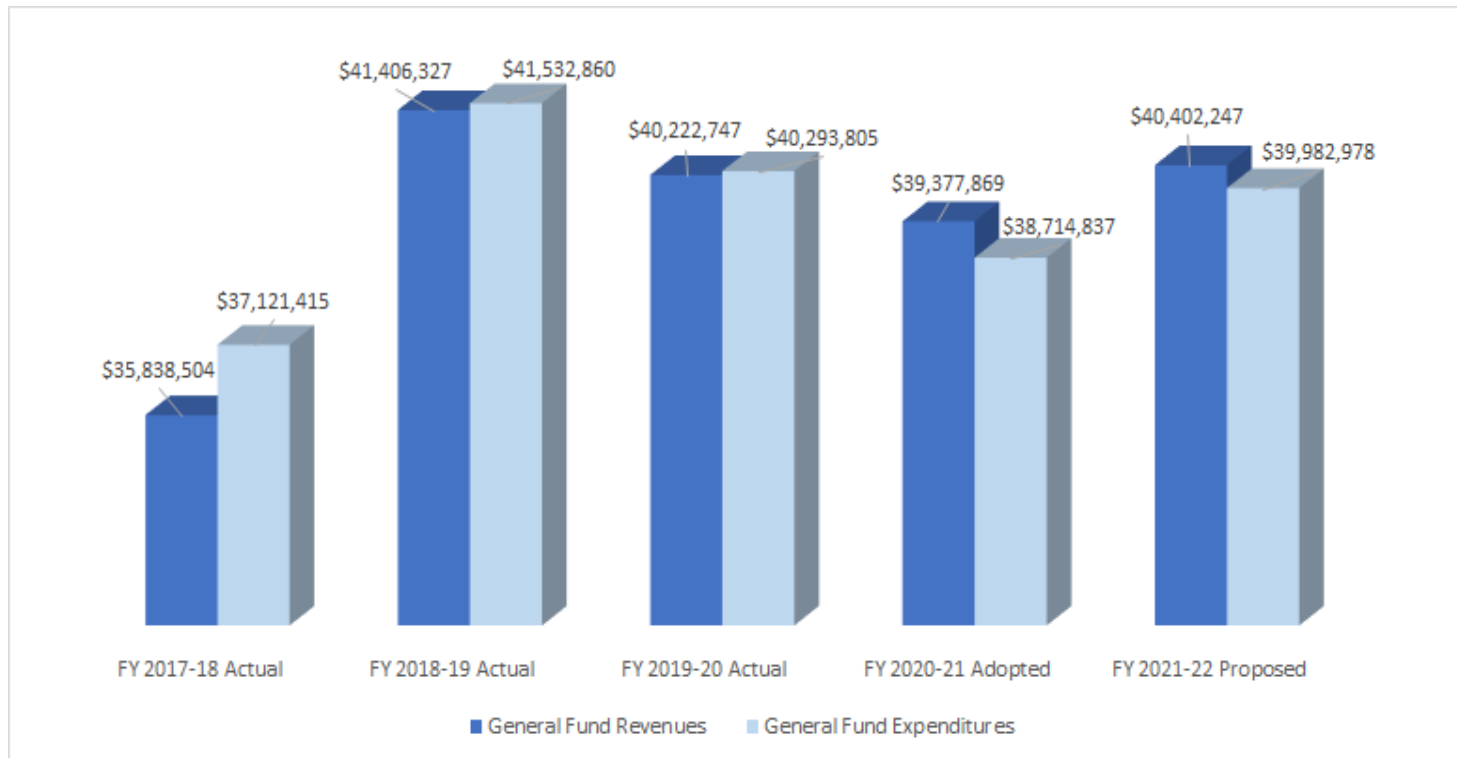
Department	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Adopted	FY 2021-22 Proposed
City Management	\$3,990,748	\$4,405,258	\$4,371,056	\$3,913,701	\$4,205,958
Finance	\$1,510,870	\$1,680,114	\$1,628,028	\$1,520,697	\$1,483,709
Police	\$11,126,979	\$12,067,113	\$12,199,388	\$12,233,733	\$12,300,818
Fire	\$10,185,602	\$11,169,593	\$11,182,414	\$11,645,813	\$12,348,402
Public Works	\$2,162,216	\$1,975,854	\$1,860,308	\$1,651,746	\$1,696,985
Community Development	\$2,467,149	\$2,522,098	\$2,505,481	\$2,477,605	\$2,548,257
Recreation	\$5,238,715	\$5,794,027	\$5,351,137	\$4,605,930	\$4,475,719
Transfers	\$439,134	\$1,917,803	\$1,195,993	\$665,612	\$923,130
Total	\$37,121,413	\$41,531,860	\$40,293,805	\$38,714,837	\$39,982,978

FY 2021-22 Proposed Budget

General Fund Expenses by Department



FY 2021-22 Proposed Budget – General Fund History



	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Adopted	FY 2021-22 Proposed
General Fund Revenues	\$35,838,504	\$41,406,327	\$40,222,747	\$39,377,869	\$40,402,247
General Fund Expenditures	\$37,121,415	\$41,532,860	\$40,293,805	\$38,714,837	\$39,982,978

FY 2021-22 Expenditure Reductions/Assumptions - Departments

- City Administration:
 - Eliminated positions and current HR manager vacancy
 - Reduced public information functions
 - Passport Acceptance Services eliminated
 - Remote work and reduced training costs
 - Additional hours for Library are included in budget
- Community Development:
 - Elimination of Management Analyst position
 - Continued reductions in consulting services, travel and conferences, utilizing contract services as necessary
 - Continue with grant applications for various projects
- Finance:
 - Current position vacancy
 - Continued reductions related to expenses for consulting services and retiree pension cost financing
- Fire
 - Filled three vacant firefighter positions reducing overtime
 - Fire Marshal/Battalion Chief position remains vacant
 - Delayed the replacement of a 27 year old fire engine again to save on lease purchase costs
 - Continued suspension/cancellation of education programs
- Police:
 - Restructuring plan eliminated the Special Operations Division and will permanently eliminate the positions of Special Operations Lieutenant and Special Operations Sergeant
 - Elimination of vacant positions that has resulted in a new maximum deployment level of 37 sworn officers, a 17% reduction in the authorized staff level
 - Captain position remains vacant
- Public Works:
 - Continued reduction in consulting services, reducing landscape maintenance costs in addition to transferring costs to Measure H fund, and suspending the Neighborhood Traffic Management and Streetlight Programs.
 - Elimination of the Engineering Technician position and one part-time maintenance worker as a result of layoffs
 - Reallocation of Management Analyst to be fully funded by the Integrated Waste Management Fund
 - Continue with grant applications for various projects
- Recreation:
 - Elimination of three positions from FY 2020-21 due to layoffs through the Fiscal Response Plan and one resignation and mid-year layoffs of two part-time Citywide custodians and two part-time assistants at the Midtown Activity Center
 - Reducing the Senior Services Division to its core services
 - Continued cost savings including reducing events, contract expenses, supplies and equipment, and transferring eligible maintenance costs to Measure H

FY 2021-22 Proposed Budget

General Fund Overview

General Fund Summary	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Adopted	FY 2021-22 Proposed
Beginning Restricted Fund Balance	\$1,004,947	\$2,321,077	\$1,650,928	\$1,667,511	\$1,321,189
Beginning Unassigned Fund Balance	\$(186,227)	\$(2,233,507)	\$(1,689,891)	\$(1,777,532)	\$(796,178)
Total Beginning Fund Balance	\$818,720	\$87,570	\$-38,963	\$-110,021	\$525,011
Total Revenues	\$35,838,504	\$41,406,327	\$40,222,747	\$39,377,869	\$40,402,247
Personnel	\$25,199,770	\$29,862,092	\$30,383,014	\$29,490,258	\$30,009,178
Non-Personnel	\$11,369,884	\$11,670,768	\$9,910,791	\$9,252,579	\$9,973,800
Total Expenses	\$36,569,654	\$41,532,860	\$40,293,805	\$38,742,837	\$39,982,978
Annual Surplus/(Deficit)	\$(731,150)	\$(126,533)	\$(71,058)	\$635,032	\$419,269
Ending Total Fund Balance	\$87,570	\$(38,963)	\$(110,021)	\$525,011	\$944,280
Ending Reserve Percent	0.2%	(0.1)%	(0.3)%	1.4%	2.4%

City of El Cerrito General Fund Long Term Financial Forecast 2021-2026 with Proposed FY2022 Budget

DRAFT

25-May-21

Tax Revenues (\$000s)

Property taxes	\$9,487	\$10,182	\$9,840	\$10,240	\$10,448	\$10,800	\$11,218	\$11,665	\$13,136	HdL
Sales Taxes	\$6,458	\$7,545	\$6,975	\$6,250	7,184	\$7,353	\$7,500	\$7,650	\$7,803	HdL
Real Property Transfer Tax	146	1,102	3,467	2,600	3,000	\$3,000	\$3,000	\$3,000	\$3,000	FLAT
Utility Tax	2,964	3,208	3,166	3,200	3,100	3,162	3,162	3,225	3,225	2%
Franchise Tax	1,429	1,244	1,587	1,050	1,250	1,275	1,301	1,327	1,353	2%
Business License Tax	847	910	919	821	900	918	936	955	974	2%
Other Taxes	148	149	173	138	151	154	157	160	163	2%
Total Taxes	21,477	24,340	26,127	24,297	26,031	26,662	27,274	27,982	29,655	

Other Revenues (\$000s)

Licenses and permits	766	776	785	739	\$638	655	675	695	716	3%
Fines and forfeitures	222	219	227	95	140	144	149	153	158	3%
Use of money and property	374	157	465	332	354	365	376	387	398	3%
Intergovernmental	3,368	3,549	3,860	3,855	3,776	3,889	4,006	4,126	4,250	3%
- Fire OES Overtime Reimb	748	542	256	1,150	450	550	550	550	550	FLAT
Vehicle Licensing Fee	2,499	2,654	2,817	2,800	3,087	3,205	3,345	3,494	3,652	HdL
Charges for services-Recreation	3,525	4,102	2,863	2,414	3,461	3,565	3,672	3,782	3,895	3%
Charges for services-Other	1,714	2,832	1,885	1,245	1,339	1,379	1,421	1,463	1,507	3%
Cost recovery Transfers	915	1,234	819	941	953	941	941	941	941	FLAT
Sale of Property		801								
Other revenues	231	183	118	213	175	200	200	200	200	FLAT
Total Other Revenues	14,362	17,049	14,095	13,784	14,371	14,893	15,333	15,791	16,267	
Total revenues	35,839	41,389	40,222	38,081	40,402	41,555	42,607	43,773	45,922	

Personnel

- Regular Salaries & Benefits	16,029	16,917	17,550	15,286	17,025	17,986	18,525	19,081	19,654	162.2 FTEs
- Part-time Salaries & Benefits	1,348	1,498	1,265	1,025	1,087	1,120	1,153	1,188	1,223	3%
- One-time payments	152	436	180	305	350	350	350	350	350	FLAT
- CalPers Contributions- Safety	3,719	4,203	4,728	5,551	5,866	6,443	6,757	7,069	7,278	NHA
- CalPers Contributions- Misc	1,267	1,717	1,941	1,877	1,794	2,197	2,297	2,400	2,470	NHA
- Medical Benefits	2,394	2,601	2,694	2,875	2,688	2,769	2,852	2,937	3,025	3%
- Public Safety Regular Overtime	1,695	1,992	1,859	1,517	1,147	1,000	1,000	1,000	1,000	FLAT
- Fire OES Overtime	689	497	166	852	400	500	500	500	500	FLAT
Total Personnel	27,293	29,861	30,383	29,268	30,357	32,364	33,434	34,525	35,500	

Professional Services	3,858	4,487	3,702	3,100	3,578	3,685	3,796	3,910	4,027	3%
Purchased Property Services	1,592	2,300	2,152	1,710	1,840	1,895	1,952	2,011	2,071	3%
Other Services	1,875	1,841	1,806	1,576	2,006	2,066	2,128	2,192	2,258	3%
Supplies	710	726	606	408	632	651	670	691	711	3%
Property & Capital outlay	379	422	413	409	373	384	396	408	420	3%
Financing Costs & TRAN Interest	423	478	536	310	530	550	550	550	550	FLAT
Pension Payments	122	87	87	85	85	85	85	85	85	FLAT
City Hall Debt Payments	318	591	609	580	581	580	580	580	580	FLAT
Total Non-Personnel	9,277	10,932	9,911	8,178	9,625	9,897	10,157	10,426	10,702	

Total Operating Expenditures

Permanent Budget Reductions

Total Expenditures w/reductions

Excess of revenues over/(under) expenditures	(731)	596	(72)	635	420	(706)	(984)	(1,178)	(280)	One-time
Other revenues & expenditures										
- Covid-19 Federal Relief				2,400	2,400					
- RDA loan writeoff		(722)		(1,325)						
Net Revenues/(Expenditures)	(731)	(126)	(72)	1,710	2,820	(706)	(984)	(1,178)	(280)	
Beginning Fund balance - July 1	819	88	(38)	(110)	1,600	4,420	3,714	2,730	1,552	
Ending Fund balance - June 30	88	(38)	(110)	1,600	4,420	3,714	2,730	1,552	1,272	
Fund Bal. as a % of Op. expenditures	0.2%	-0.1%	-0.3%	4.3%	11.1%	8.8%	6.3%	3.5%	2.8%	

FY 2021-22 Proposed Budget

Capital Improvement Program Funds

	<u>Project#</u>	<u>Fund Source</u>	<u>Proposed 2021-22</u>	<u>Projected 2022-23</u>	<u>Projected 2023-24</u>	<u>Projected 2024-25</u>	<u>Projected 2025-26</u>	<u>Projected Unidentified Year</u>
ADMINISTRATION								
1	Energy & Water Efficiency Program	C-3043	301	\$ 21,000	\$ -	\$ -	\$ -	\$ -
2	Fire Flow Upgrade	ibid	O	-	-	-	-	5,390,800
FACILITIES (Non-Recreation)								
3	Access Modifications - Facilities	varies	O	-	-	-	-	1,499,800
4	Library	C-1005	O	-	-	-	-	34,319,340
5	Public Safety Building	ibid	O	-	-	-	-	36,566,800
6	Public Safety Parking Lot Security & Rehab	ibid	O	-	-	100,000	100,000	-
7	Corporation Yard Improvements	ibid	O	-	-	100,000	-	6,313,000
8	Facilities Seismic & Bldg Repairs	Various	O	-	-	-	-	2,371,800
PARKS & RECREATION FACILITIES								
9	Parks & Recreation Facilities Master Plan Program	ibid	207, 210, O	50,000	-	-	-	61,985
10	Swim Center Enhancements	C-3050	206, 207	298,740	-	-	-	-
11	Multi-Generational Recreation Facility	C-4012	O	-	-	-	-	-
12	Hillside Natural Area (HNA) Improvements	C-3075, C-5046	O	-	-	-	-	-
13	Centennial Park Improvements	C-5037	210, O	-	-	250,000	-	-
14	Arlington Park Improvements	ibid	301, 210, 207	85,845	245,278	-	121,002	-
15	HNA Trail Entry & Signage Improvements	C-5038	301	27,110	-	-	-	-
16	Urban Greening (Lwr Fairmount & Blue-Green)	ibid	O	-	-	-	-	-

FY 2021-22 Proposed Budget

Capital Improvement Program Funds - Continued

		Project#	Fund Source	Proposed 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected Unidentified Year
CREEKS & TRAILS									
17	Urban Forest Management Program	C3042	ibid	0	-	60,000	75,000	93,800	-
18	Ohlone Greenway Impr - Hill to Blake	C3069	301	65,000	200,000	-	-	-	-
19	Ohlone Greenway Master Plan Program	various	301, 0	-	150,000	-	-	-	3,303,500
20	Creek Major Maintenance & Restoration	ibid	0	-	-	-	-	-	1,101,300
STREETS-TRANSPORTATION									
21	Annual Street Improvement Program	C3027	211, 212	575,000	476,000	750,000	750,000	750,000	-
22	Access Modifications - Streets & Sidewalks	C3024	212	375,000	210,000	220,000	170,000	220,000	5,683,000
23	City-Wide Signage	C3028	0	-	-	-	-	-	274,000
24	Del Norte TOD Infrastructure Imprmnts	C4014	301, 212 & 0	1,655,250	5,446,100	5,398,100	-	-	-
25	Balra Retaining Wall Replacement	C3058	0	-	-	-	-	-	400,000
26	Traffic Safety & Management Program	C3070	211	50,000	35,000	35,000	35,000	35,000	-
27	Wildcat Drive Repair	ibid	B	-	-	-	-	-	3,667,000
28	San Pablo Avenue Complete Streets	C5035	212, 0	-	-	-	-	-	15,538,900
29	Active Transportation Program	ibid	212, 0	25,000	-	20,000	70,000	20,000	42,758,200
30	El Dorado-Gladys-B Street Imprmnts	C3079	211, 301	715,000	-	-	-	-	-
31	Richmond Street Improvements	C3080	211, 301	125,000	1,350,000	-	-	-	-
32	Local Roadway Safety Plan	ibid	301	87,000	-	-	-	-	-
33	Local Match - Potential Federal Stimulus Funds	ibid	211	60,000	-	-	-	-	-
STORMWATER & DRAINAGE									
34	Storm Drain Program	C5036	205	340,000	300,000	250,000	250,000	250,000	22,570,500
35	Green Infrastructure Program	ibid	0	-	-	-	-	-	340,000
TOTAL				\$ 4,554,945	\$ 8,412,378	\$ 7,181,100	\$ 1,571,002	\$ 1,430,765	\$236,174,090

FY 2021-22 Proposed Budget Next Steps

- Questions, Comments, Direction
- FAB Meeting June 8, 2021
- Finalize budget document
- Regular City Council Meeting June 15, 2021
 - Additional special meetings as needed
 - Adoption of Budget by June 30, 2021
- Special meeting (if needed) to discuss ARPA funding

FY 2021-22 Proposed Budget

Special thanks to.....

- Residents and businesses of El Cerrito for their engagement
- City Council for their leadership and diligence
- Financial Advisory Board for their review and feedback
- City Staff for their hard work and commitment
- Executive Team for their leadership and dedication
- Mark, Holly, Alex, Shannon, Lucy for their hard work on the budget document