



AGENDA

SPECIAL CONCURRENT CITY COUNCIL / PUBLIC FINANCING AUTHORITY AND EMPLOYEE PENSION BOARD MEETING

**Tuesday, June 21, 2016 – 7:00 p.m.
City Council Chambers**

Meeting Location

El Cerrito City Hall
10890 San Pablo Avenue, El Cerrito

Greg Lyman – Mayor

Mayor Pro Tem Janet Abelson
Councilmember Jan Bridges

Councilmember Mark Friedman
Councilmember Gabriel Quinto

ROLL CALL

7:00 p.m.

CONVENE REGULAR CITY COUNCIL MEETING

**1. PLEDGE OF ALLEGIANCE TO THE FLAG OR OBSERVATION OF
MOMENT OF SILENCE** – Mayor Pro Tem Abelson.

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 & City Staff.*)

3. ORAL COMMUNICATIONS FROM THE PUBLIC

All persons wishing to speak should sign up with the City Clerk. Remarks are typically limited to 3 minutes per person. The Mayor may reduce the time limit per speaker depending upon the number of speakers. Kindly state your name and city of residence for the record. 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 are taken up at the time the City Council deliberates each action item. Individuals wishing to comment on any closed session scheduled after the regular meeting may do so during this public comment period or after formal announcement of the closed session.

4. PRESENTATION

Annual Sundar Shadi Garden Contest Awards Presentation – *Acknowledgement of contest winners and presentation of awards.*

5. ADOPTION OF THE CONSENT CALENDAR – Item Nos. 5A and 5B

A. Approval of Minutes

Approve the June 14, 2016 Special Concurrent City Council / Public Financing Authority / Employee Trust Board meeting minutes.

B. American Cancer Society Relay for Life Proclamation

Approve a proclamation declaring July 16-17, 2016 as “Relay for Life Days” in the City of El Cerrito and encouraging all residents to participate in the Relay for Life event at Cerrito Vista Park in El Cerrito at any time beginning 10:00 a.m. on July 16 through July 17, 10:00 a.m. and refer to www.RelayForLife.org/ElCerritoCa for more information including ways to participate in the event.

6. PUBLIC HEARINGS – None

7. POLICY MATTERS

A. Resolution of Support for the Countywide Imposition of One-Half of One Percent Sales Tax to Fund Transportation Improvements in Contra Costa and Conditionally Amend the Growth Management Program in the Measure J Transportation Expenditure Plan

Consideration and adoption of a resolution of support for the countywide imposition of one-half of one percent sales tax to fund transportation improvements in Contra Costa County and conditionally amend the Growth Management Program in the Measure J Transportation Expenditure Plan to match that found in the 2016 proposed transportation expenditure plan. *Exempt from CEQA.*

B. Adoption of the City’s Biennial Budget for Fiscal Years 2016-17 and 2017-18, Approve Fiscal Year 2016-17 Spending Authority by Fund for the City, Employee Pension Board and the Public Financing Authority and Approve the Fiscal Year 2016-17 Annual Gann Appropriation Limit

Staff requests that the City Council approve the following actions this evening:

1. Adopt a resolution approving the Biennial Budget report for Fiscal Years 2016-17 and 2017-18 and authorizing FY 2016-17 spending authority by fund for the City of El Cerrito;
2. Adopt a resolution approving the Biennial Budget for Fiscal Years 2016-17 and 2017-18 and authorizing FY 2016-17 spending authority by fund for the El Cerrito Public Financing Authority;
3. Adopt a resolution approving the Biennial Budget for Fiscal Years 2016-17 and 2017-18 and authorizing FY 2016-17 spending authority by fund for the El Cerrito Employee Pension Board; and
4. Adopt a resolution approving the calculation and establishing the Fiscal Year 2016-17 annual Gann Appropriation Limit.

C. Tax and Revenue Anticipation Notes – 2016-17 Short Term Cash Flow Financing

Adopt a Resolution approving the borrowing of funds for Fiscal Year 2016-17 and the issuance and sale of 2016-17 tax and revenue anticipation notes (“TRAN”). Incorporated into the resolution is the authorization of the City Manager to execute an agreement to sell the TRAN in an amount not-to-exceed \$5,000,000 and authorize staff to enter into agreements with NHA Advisors, LLC, as the City’s Municipal Advisor and Jones Hall, as bond counsel, to prepare and execute appropriate legal documents related to said financing.

8. COUNCIL ASSIGNMENTS/LIAISON REPORTS

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

9. ADJOURN REGULAR CITY COUNCIL MEETING

The next regular City Council meeting is Tuesday, July 19, 2016 at 7:00 p.m. in the City Council Chambers, 10890 San Pablo Avenue, El Cerrito.

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 and AT&T Uverse Channel 99. 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/ind-ex.aspx?NID=114>. 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: 215-4305 Fax: 215-4379, email cmorse@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 10:30 p.m., unless extended to a specific time determined by a majority of the Council.

EL CERRITO CITY COUNCIL PUBLIC FINANCING AUTHORITY EMPLOYEE PENSION BOARD

MINUTES

**SPECIAL CONCURRENT CITY COUNCIL MEETING /
PUBLIC FINANCING AUTHORITY AND EMPLOYEE PENSION BOARD MEETING
Tuesday, June 14, 2016 – 7:00 p.m.
City Council Chambers**

Rescheduled from June 7, 2016 to June 14, 2016

Meeting Location
El Cerrito City Hall
10890 San Pablo Avenue, El Cerrito

Greg Lyman – Mayor

Mayor Pro Tem Janet Abelson
Councilmember Jan Bridges

Councilmember Mark Friedman
Councilmember Gabriel Quinto

ROLL CALL

All members present

**7:00 p.m. CONVENE SPECIAL CONCURRENT CITY COUNCIL / PUBLIC FINANCING
AUTHORITY AND EMPLOYEE PENSION BOARD MEETING**

Mayor Lyman convened the special concurrent City Council / Public Financing Authority and Employee Pension Board meeting at 7:02 p.m.

**1. PLEDGE OF ALLEGIANCE TO THE FLAG OR OBSERVATION OF
MOMENT OF SILENCE** was led by Councilmember Gabriel Quinto.

2. COUNCIL / STAFF COMMUNICATIONS

Councilmember Quinto stated that he attended the El Cerrito Garden Club 60th anniversary luncheon and also had the honor of attending the re-opening of Huber Park and was pleased to see the Park's renovations.

Mayor Pro Tem Abelson reported on her recent attendance at the PedsCount 2016 Conference in Long Beach. The Conference was very interesting. Mayor Pro Tem Abelson also attended the League of California Cities East Bay Division meeting in Danville and received a presentation by State Controller Betty Yee. Additionally, the Contra Costa Transportation Authority has decided to go forward with placing a measure on the ballot however it would need to be approved by a majority of cities in the County and a majority of the population within those cities prior to being approved by a majority of the Contra Costa County Board of Supervisors. The CCTA item will be on the City Council's June 21, 2016 agenda. Mayor Pro Tem Abelson also reported on her attendance at the League of California

Cities Administrative Services and Community Services Policy Committee meetings where she also received a state budget update.

Mayor Lyman invited all to the upcoming annual July 4th WorldOne Celebration at Cerrito Vista Park. The celebration will include music, crafts, games for young people and food. Mayor Lyman also thanked the Human Relations Commission for putting on the Loving Day event last weekend. The event was well attended and celebrated all forms of equity including gay marriage and was a bright contrast to the tragic mass shooting that occurred in Orlando Sunday morning. Mayor Lyman also attended the League of California Cities Environmental Quality Committee voted to uphold the laws that bans bags. Mayor Lyman also learned that the Governor's proposed housing trailer bill as written and presented on June 1, 2016 removes a lot of local control and allows housing projects to bypass several review processes that the public has a right to participate in. Mayor Lyman is waiting to hear more information regarding the status of this bill.

3. ORAL COMMUNICATIONS FROM THE PUBLIC

Cordell Hindler, Richmond, spoke about vacant properties in the City and complaints from business owners about loitering in the area. Mr. Hindler also complained about police cars in his neighborhood.

Kendra Zien, Relay for Life, encouraged all to participate in the upcoming Relay-for-Life event on July 16-17 to remember those who have passed away from cancer and support and honor cancer survivors, care givers, family members and each other. Relay for Life has already raised \$10,000 and hopes to raise more. Many local businesses have made donations to the event. Ms. Zien thanked the City Council for its generous support of the event.

Forrest McDonald, Richmond resident and El Cerrito Volunteer, reported that more than 150 people will participate in this year's Relay for Life event and invited all to participate. Mr. McDonald asked the Council for a proclamation and also asked that the exterior lights at City Hall be turned to purple to represent the color of hope.

Al Miller, El Cerrito, reported on the Special Olympics Bike the Bridges event, acknowledged the contributions of the El Cerrito Police Department (ECPD) and other law enforcement agencies in supporting the event and encouraged all to attend next year. The event hopes to raise \$80,000. Mr. Miller also noted the ECPD's participation in the Special Olympics Law Enforcement Torch Relay which will occur along San Pablo Avenue in El Cerrito on June 21 about 11:00 a.m. and encouraged all to show their support by cheering the ECPD on.

Dave Weinstein, El Cerrito, President of Trail Trekkers, stated that the El Cerrito Hillside Festival was a great success this year with over 200 people attending. Mr. Weinstein said \$16,000 was raised and that the Festival will continue every year as a core mission of the El Cerrito Trail Trekkers. Mr. Weinstein thanked the Parks & Recreation Commission and the Environmental Quality Committee (EQC) for their help with the event. Additionally, Mr. Weinstein said he is looking forward to implementation of a new Sign Plan, which has been under development by the National Park Service for the past three years. It is going to be great for El Cerrito. There will be large gateway signs at the entrances to the Hillside Natural Area and smaller informational signs. The signs will be available for the public to look at on July 4th and will go before the Parks and Recreation Commission at their July meeting

Karl Mulligan, El Cerrito, stated that the new LED lights installed by PG&E cast a bright light 10-12 feet deep into his house. PG&E was very responsive in ameliorating some of the brightness by installing a light shield near his residence. Mr. Mulligan said he wanted to

share this information with the community in case they also were affected by the new lights.

4. PRESENTATIONS

Citizens' Street Oversight Committee Annual Report – *Presentation by Matt Kelly, Chair, Citizens' Street Oversight Committee.*

Action: Received presentation.

Cordell Hindler, Richmond, expressed appreciation for the streets program.

5. ADOPTION OF THE CONSENT CALENDAR – Item Nos. 5A through 5H

Moved, seconded (Bridges/Abelson) and carried unanimously to approve Consent Calendar Item Nos. 5A through 5H in one motion as indicated below.

CITY COUNCIL ITEMS

A. Minutes for Approval

Approve the May 17, 2016 Regular City Council meeting minutes.

Action: Approved minutes

B. Proclamation Recognizing June 2016 as LGBT Pride Month

Approve a proclamation declaring the month of June 2016 as LGBT Pride Month in the City of El Cerrito and inviting everyone to reflect on way we all can live and work together with a commitment toward mutual respect and understanding, and further recognizing Pride Month by flying the rainbow flag at City Hall during the month of June.

Action: Approved proclamation.

C. Proclamation Designating June 2016 as Immigrant Heritage Month

Approve a proclamation proclaiming June 2016 as Immigrant Heritage Month.

Action: Approved proclamation.

D. November 8, 2016 General Municipal Election

Adopt a Resolution: 1) Ordering and calling for a general municipal election to be held in the City of El Cerrito on Tuesday, November 8, 2016, for the purpose of electing three members of the City Council for full terms of four years each; 2) Requesting and consenting to consolidation of the municipal election with the general election to be held on November 8, 2016; 3) Requesting the services of the Contra Costa County Registrar of Voters; 4) Providing for Notice of the election; and 5) Setting specifications of the Election Order to include limiting candidate statements to 250 words, requiring candidates to pay for the costs of their candidate statement, establishing the estimated cost of each candidate statement to be \$225 payable at the time of filing; and determining that, in the event of a tie vote, the winner shall be determined by lot at a time and place designated by the City Council.

Action: Adopted Resolution No. 2016–44.

E. Amendments to City Classification Plan

Adopt a resolution amending the City's Classification Plan to establish the classifications and salaries for the position of Childcare Aide and Van Driver.

Action: Adopted Resolution No. 2016–45.

F. Authorize Expenditure with SSP Data Products

Adopt a resolution authorizing the expenditure of \$23,350 with SSP Data Products to procure Cisco Data Switches, Cisco SmartNet support and security software annual subscriptions for the City's Network Security Appliances.

Action: Adopted Resolution No. 2016–46.

G. Authorize Expenditure with SunGard Public Sector

Adopt a resolution authorizing the expenditure of \$20,800 with SunGard Public Sector to procure additional TRAKiT land management licenses and specialized business automation software.

Action: Adopted Resolution No. 2016–47

H. Summer 2016 City Council Meeting Schedule

Approve a reduced City Council summer meeting schedule consisting of the third Tuesday in July, August and September 2016. City Council meeting dates in July, August and September 2016 would be held on July 19, August 16 and September 20, 2016 with an additional request to keep the first Tuesday in July, August and September reserved for additional meetings as needed.

Action: Approved reduced summer meeting schedule.

6. PUBLIC HEARINGS – None

7. POLICY MATTERS

CITY COUNCIL ITEMS

A. Proposed Timeline and Budget for Development of an Ordinance Regulating Marijuana-Related Businesses

Continue discussion on the current prohibition on marijuana-related businesses and provide direction to staff on developing an ordinance regulating marijuana-related businesses and development of a permit process.

Presenter: Paul Keith, Interim Police Chief and Sean Moss, Senior Planner.

Speakers: Gordon Galvan, Partner in El Cerrito Wellness Center, stated that the ordinance submitted last week was not meant for adoption but for the Council's reference should it choose to move forward. The El Cerrito Wellness Center group offered to provide funding for contract staff to assist the City in crafting an ordinance that reflects the culture and needs of the community. After the ordinance is completed, the El Cerrito Wellness Center would then like the City Council to consider its proposal. The El Cerrito Wellness Center is offering the highest return to any city in the state with a projected return in the first year of \$500,000. Mr. Galvan also stated that the property it purchased at 1088 San Pablo Avenue is currently an attractive nuisance. The Wellness Group is ready to invest significant capital to beautify the building inside and out and has partnerships with the most trusted growers in the state. El Cerrito patients will receive the highest quality medicine available today. Mr. Galvan stated that the Wellness Group was not in any way trying to short circuit discussion at the last meeting, intends to host community forums, will be a leader in community benefits and will agree to all security and background checks.

Cordell Hindler, representing Richmond Heights and Richmond Annex Neighborhoods, stated that the groups support a cannabis dispensary in El Cerrito.

Al Miller, El Cerrito, urged the City Council to approve the expanded community process plan for implementing any changes to city regulations concerning marijuana related businesses due to its controversial nature and the additional workload imposed on staff. Mr. Miller said he supports a marijuana dispensary because it supports two objectives in the strategic plan: 1) Improve quality of life for those who need it; and 2) Supports economic development and increases the City's revenue.

Howdy Goudey, El Cerrito, encouraged the Council to take a slow, measured approach, engage in an extensive public process and not rush the issue through.

Karl Mulligan, El Cerrito, stated that he is in support of medical cannabis, that there will be seventeen different licenses that will be issued by the State and encouraged the Council to seek input from the public.

Action: Moved, seconded (Friedman/Bridges) and carried unanimously to select a hybrid of staff's proposed Options 1 and 2 and proceed with research and preparation of an ordinance and any other regulations, a modified expanded community process, initiate vendor evaluation after reading of the ordinance and conclude vendor selection no later than 200 days.

B. City Council Wall of Fame Nomination Subcommittee Recommendation

Approve the City Council Wall of Fame Nomination Subcommittee's recommendation to induct David Weinstein into the El Cerrito Wall of Fame and direct the City Clerk to return to the City Council with a resolution confirming the appointment and schedule the formal induction ceremony in either July or August 2016 pending availability of all parties involved.

Presenters: Councilmembers Friedman and Bridges.

Speakers: Al Miller, El Cerrito, spoke of Mr. Weinstein's contributions and leadership on the Friends of Cerrito Theater and El Cerrito Hillside Natural Area campaigns.

Dave Weinstein, thanked Jenny Hammer and all of the people who nominated him and provided letters of support and also thanked his wife for supporting his efforts to support and contribute to the City

Howdy Goudey, El Cerrito, thanked the City Council for its apparent support of Mr. Weinstein's induction into the Wall of Fame. The letters submitted in support of Mr. Weinstein's induction into the Wall of Fame demonstrate the depth and breadth of Mr. Weinstein's involvement in the community.

Action: Moved, seconded (Friedman/Bridges) and carried unanimously to approve the recommendation and schedule the formal induction of Dave Weinstein into the El Cerrito Wall of Fame.

CONCURRENT CITY COUNCIL / PUBLIC FINANCING AUTHORITY / EMPLOYEE PENSION BOARD ITEM

C. Proposed Fiscal Year 2016-17 and 2017-18 Biennial Budget Presentation

Presentation and discussion of the City's Fiscal Year 2016-17 and 2017-18 budgets including strategic plan goals, Fiscal Year 2015-2016 accomplishments, and challenges and objectives for Fiscal Years 2016-17 and 2017-18. Adoption of the budget is scheduled for the City Council's consideration on June 21, 2016.

Presenter: Scott Hanin, City Manager.

Speakers: Cordell Hindler, Richmond, spoke in support of the budget.

Howdy Goudey, El Cerrito, thanked staff for its work on the budget document and also thanked the City Council for acknowledging the recommendations submitted by the EQC. Mr. Goudey spoke in support of the Environmental Analyst position and stated that the EQC could benefit by having more staff resources to interact with. Mr. Goudey suggested that the City green its auto fleet and invest in more dedicated electric charging stations for electric fleet vehicles to reduce operations and maintenance costs. Mr. Goudey also inquired into the status of broken solar panels at the community center.

Nicholas Arzio, El Cerrito, expressed concerns with San Pablo Avenue regulations including unlimited density and asked whether there would be any net gains with any new structures that are built because increased density will result in an increased demand for city services. Mr. Arzio also spoke in support of eradicating invasive species in the Hillside Natural Area and addressing tree upheaval to prevent property damage or injury.

Action: Received presentation. Each of the City Councilmembers commented on the proposed budget and provided direction to staff. *Adoption of the budget is scheduled for the City Council's consideration on June 21, 2016.*

8. COUNCIL LOCAL AND REGIONAL LIAISON ASSIGNMENT REPORTS

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

Councilmember Quinto reported that he will be attending an Association of Bay Area Governments (ABAG) meeting next week to discuss the ABAG/Metropolitan Transportation Commission merger.

Mayor Lyman reported that the West County Mayors received a presentation from the City of Richmond regarding a proposed litter tax ballot measure. The tax would be used to implement cleaner water. The West County Mayors also signed a letter addressed to Governor Brown regarding the need to research funding for cameras and enhanced camera storage capabilities along Interstate 80 as a way to address gun violence. Subsequently, the West County Mayors met with the Secretary of Transportation and representatives from the California Highway Patrol, CalTrans. The Mayors were briefed on efforts to address crimes. Task Force meetings related to this issue that have been ongoing locally will be occurring at a higher frequency. At the Contra Costa Mayors Conference the Mayors made appointments to fill a few upcoming regional commission vacancies.

9. ADJOURNED SPECIAL CONCURRENT CITY COUNCIL / PUBLIC FINANCING AUTHORITY / EMPLOYEE PENSION BOARD MEETING at 10:28 p.m. in solemn memory of the forty-nine lives lost as a result of the tragic mass shooting in Orlando, Florida on Sunday, June 12, 2016.

SUPPLEMENTAL REPORTS AND COMMUNICATIONS

Item No. 7(A) Proposed Timeline and Budget for Development of an Ordinance Regulating Marijuana-Related Businesses

1. Comments urging an expanded community process – *Submitted by Al Miller, El Cerrito.*

Item No. 7(C) Proposed Fiscal Year 2016-17 and 2017-18 Biennial Budget Presentation

2. Comments on budget – *Submitted by Environmental Quality Committee.*

Other:

3. Relay for Life Brochure and American Cancer Society flyer – *Submitted by Kendra Zien, Relay for Life.*

EL CERRITO CITY COUNCIL PROCLAMATION
American Cancer Society Relay for Life of El Cerrito, July 16-17, 2016

WHEREAS, Relay for Life is the signature activity of the American Cancer Society and celebrates cancer survivors and caregivers, remembers loved ones lost to the disease, and empowers individuals and communities to fight back against cancer; and

WHEREAS, each year, more than four million people in 5,200 communities in the United States, along with additional communities in 19 other countries, gather to take part in this global phenomenon and raise much-needed funds and awareness to help finish the fight against cancer; and

WHEREAS, money raised during Relay for Life of El Cerrito supports the American Cancer Society's mission of saving lives and creating a world with less cancer and more birthdays – by helping people stay well by helping people get well, by finding cures for cancer and by fighting back; and

WHEREAS, Relay for Life helped fund more than \$150 million in cancer research last year; and

WHEREAS, as of June 15, 2016, eleven teams and 133 participants have raised \$9,253 in El Cerrito.

NOW THEREFORE, the City Council of the City of El Cerrito does hereby proclaim July 16-17, 2016 as “Relay for Life Days” in the City of El Cerrito and encourages all residents to participate in the Relay for Life event at Cerrito Vista Park in El Cerrito at any time beginning 10:00 a.m. on July 16 through July 17, 10:00 a.m. and refer to www.RelayForLife.org/ElCerritoCa for more information including ways to participate in the event.

Dated: June 21, 2016

Gregory B. Lyman, Mayor

CITY COUNCIL PROCLAMATION TEMPLATE USE

BACKGROUND

A proclamation is a formal declaration, an official public announcement of the City Council. Proclamations are primarily used for ceremonial purposes such as civic celebrations; significant anniversaries of El Cerrito based institutions, corporations, community partners and non-profit organizations; retirements; and recognition of events, programs, individuals, or groups that promote widespread local interest and community concern within the City of El Cerrito and that generally support City Council goals and objectives. A proclamation is differentiated from a resolution in that resolutions approve money and/or set policy.

TEMPLATE INSTRUCTIONS AND EXAMPLES:

- 1) Create the subheading using Times New Roman 14 font. The rest of the proclamation should be in Times New Roman 12. Example: ***Designating April 16, 2016, as Earth Day in the City of El Cerrito.***
- 2) Include 5-7 WHEREAS clauses to provide some background. The first word after “WHEREAS” should be lowercase unless it’s a proper noun. All WHEREAS clauses except the final one end with a semicolon and “and.” Example: “WHEREAS, the first Earth Day was proclaimed in 1970 in order to foster public awareness of the need to protect the environment and conserve resources; and”
- 3) The final clause in the proclamation ends with a period. Example: “NOW THEREFORE, the City Council of the City of El Cerrito does hereby proclaim April 16, 2016, as Earth Day in the City of El Cerrito and encourages all residents and businesses to help make El Cerrito a greener, healthier, more sustainable place for all.”
- 4) Proclamations are one page. Do not change the margins. Save your newly entered proclamation text as a new file in your department directory and send the file to the City Clerk within established agenda deadlines. If you need assistance, call 215-4305.



AGENDA BILL

Agenda Item No. 7(A)

Date: June 21, 2016
To: El Cerrito City Council
From: Yvetteh Ortiz, Public Works Director/City Engineer
Subject: Resolution of Support for the Countywide Imposition of One-Half of One Percent Sales Tax to Fund Transportation Improvements in Contra Costa and Conditionally Amend the Growth Management Program in the Measure J Transportation Expenditure Plan

ACTION REQUESTED

Consideration and adoption of a resolution in support for the countywide imposition of one-half of one percent sales tax to fund transportation improvements in Contra Costa County and conditionally amend the Growth Management Program in the Measure J Transportation Expenditure Plan to match that found in the 2016 Proposed Transportation Expenditure Plan.

BACKGROUND

The Contra Costa Transportation Authority (Authority) is responsible for maintaining and improving the county's transportation system by planning, funding, and delivering critical transportation infrastructure projects and programs that connect communities, foster a strong economy, increase sustainability, and safely and efficiently get people where they need to go.

The Authority is proposing the imposition of a countywide one-half of one percent sales tax for transportation purposes for a period of thirty years through March 31, 2047. Over the past two years, the Authority conducted extensive consultations with local governments and outreach to a wide variety of interest groups and the public in order to develop a mix of projects and programs to be funded by the proposed sales tax. On May 18, 2016, the Authority released a proposed final Transportation Expenditure Plan (TEP) to guide the use of the proposed sales tax revenues. The proposed final TEP also includes a revised Growth Management Program (GMP), a new Complete Streets Policy, and a new Advance Mitigation Program to help the Authority achieve its goals to reduce future congestion, manage the impacts of growth, and expand alternatives to the single-occupant vehicle. The Authority also adopted Ordinance 16-01 on May 18, 2016 to conditionally amend the Growth Management Program, which includes its Attachment A: Principles of Agreement for Establishing the Urban Limit Line in the Measure J Transportation Expenditure Plan ("Measure J TEP") to match that found in the 2016 TEP.

Currently, transportation needs significantly exceed projected revenues. Over the next 30 years, Contra Costa population will continue to grow, resulting in new demands on the transportation infrastructure and additional mobility needs. The new sales tax measure is needed to keep Contra Costa County moving and to continue creating livable and sustainable communities.

The proposed sales tax measure is expected to generate \$2.8 billion (current dollars). Over 23% of the revenues are intended to maintain and improve local streets. Other funding categories include 10.4% to improve major streets and develop complete streets projects, 4% to pedestrian and bicycle facilities, 12% to enhance bus transit and ferry services, 4% to provide transportation for seniors and people with disabilities, and 2.2% for safe transportation for children and school bus pass programs. In addition, significant funding is assigned in the new Measure to improve traffic flow on major commute corridors such as I-680, I-80, Route 242 and Route 4, and to improve the safe flow of goods and services on Vasco Road and Byron Highway in East Contra Costa County. The proposed final TEP also includes funding intended to improve the capacity of the BART system and extend BART to Brentwood.

This TEP is transformative on every level. With a strong focus on technology and innovation, the TEP will deliver a more efficient, cleaner and faster transportation system. The TEP will help reduce emissions through a higher emphasis on transit, technology, and alternative modes of transportation.

The TEP also sets forward clear policies that ensure that while communities grow, the growth is kept within clear urban limit lines. This will allow the county to continue growing in a smart way, while protecting vital open space for parks and farmland. Furthermore, increased investments in bike and pedestrian facilities bring access to the outdoors to every community.

ANALYSIS

Pursuant to Public Utilities Code Section 180206(b), a Transportation Expenditure Plan may not be finally adopted and placed before the voters until it has received the approval of the County Board of Supervisors and city/town councils which in aggregate represent both a majority of the cities/towns in Contra Costa and a majority of the population residing in the incorporated areas of Contra Costa. The Authority is seeking approval of the proposed final TEP from all cities and towns by July 5, 2016 and will seek approval of the County Board of Supervisors on July 12, 2016. The Authority will consider approving the Final TEP and accompanying ordinance to impose the sales tax at its meeting on July 20, 2016 or at a special meeting. The conditional amendment to the Growth Management Program, which includes its Attachment A: Principles of Agreement for Establishing the Urban Limit Line in the Measure J TEP to match that found in the 2016 TEP would only apply if the one-half of one percent local transportation sales tax is placed on the ballot and successfully approved by the electors on the November 8, 2016 ballot. For the limited purpose identified in Public Utilities Code Section 180206(b), the Authority seeks the City of El Cerrito's support of the new Measure, by adopting the attached Resolution of Support.

STRATEGIC PLAN CONSIDERATIONS

Support for new transportation funding sources is consistent with the following El Cerrito Strategic Plan Goals:

- Goal B - *Achieve long-term financial sustainability* by continuing to pursue and support opportunities for new funding, including outside grants and ballot measures; and

- 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.

ENVIRONMENTAL CONSIDERATIONS

Adopting the attached Resolution of Support is not subject to the California Environmental Quality Act (“CEQA”) because the TEP is not a “project” within the meaning of CEQA. (See 14 C.C.R., §§ 15378, 15352.) Specifically, the Council’s adoption of the Resolution of Support does not constitute the approval of a CEQA project for reasons that include, but are not limited to, the following: (1) the TEP does not authorize the construction of any projects that may result in any direct or indirect physical change in the environment; (2) the TEP is a mechanism for funding potential future transportation projects, the timing, approval, and construction of which may be modified or not implemented depending on a number of factors, including future site-specific CEQA environmental review; and (3) the TEP is subject to further discretionary approvals insofar as it may not be adopted until and unless the pre-conditions set forth in the Public Utilities Code are satisfied. (See 14 C.C.R., §§ 15378, 15352; Public Utilities Code, § 180206(b).)

FINANCIAL CONSIDERATIONS

While there is no direct financial impact associated with the requested action, if adopted and approved by the voters, the new sales tax measure can be expected to have a positive fiscal benefit to the City, by providing an additional and extended source of revenue for transportation projects and programs. The measure includes funding for administration of the program, and similar to Measure J, the City would be able to use funds generated to cover its local costs for implementation and compliance with the sales tax measure program.

LEGAL CONSIDERATIONS

There is no legal obligation associated with the requested action.

Reviewed by:



Scott Hanin
City Manager

Attachments:

1. Resolution of Support
2. Proposed Transportation Expenditure Plan

RESOLUTION NO. 2016-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO IN SUPPORT OF THE COUNTYWIDE IMPOSITION OF ONE-HALF OF ONE PERCENT SALES TAX TO FUND TRANSPORTATION IMPROVEMENTS IN CONTRA COSTA, AND CONDITIONALLY AMEND THE MEASURE J TRANSPORTATION EXPENDITURE PLAN GROWTH MANAGEMENT PROGRAM

WHEREAS, the Contra Costa Transportation Authority (hereinafter “Authority”) proposes the countywide imposition of a one-half of one percent sales tax for transportation purposes a period of thirty years effective on April 1, 2017 through March 31, 2047; and

WHEREAS, the Authority has administered a one-half of one percent sales tax for transportation purposes since its inception on April 1, 1989; and

WHEREAS, the Authority conducted extensive consultations with local governments and conducted outreach to a wide variety of interest groups and the public in order to develop a Transportation Expenditure Plan (“TEP”) proposing a potential mix of projects and programs to be funded by the proposed sales tax; and

WHEREAS, on May 18, 2016 the Authority authorized the release of a proposed TEP reflecting the results of that consultation and outreach, and seeking concurrence on the proposed TEP from Contra Costa County and the cities and towns within Contra Costa County; and

WHEREAS, on May 18, 2016 the Authority adopted Ordinance 16-01 to conditionally amend the Growth Management Program, which includes Attachment A: Principles of Agreement for Establishing the Urban Limit Line in the Measure J Transportation Expenditure Plan (“Measure J TEP”) to match that found in the 2016 TEP. This amendment would only apply if the one-half of one percent local transportation sales tax is placed on the ballot and successfully approved by the electors on the November 8, 2016 ballot; and

WHEREAS, the proposed TEP includes measures that help reduce future congestion, manage the impacts of growth, and expand alternatives to the single-occupant vehicle; and

WHEREAS, if the proposed TEP is ultimately adopted by the Authority and approved by the voters, the TEP would guide the use of the proposed sales tax revenues; and

WHEREAS, pursuant to Public Utilities Code Section 180206(b) a Transportation Expenditure Plan may not be adopted by the Authority until and unless the proposed TEP has received the approval of the County Board of Supervisors and city and town councils representing both a majority of the cities in Contra Costa County and a majority of the population residing in the incorporated areas of Contra Costa County.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of El Cerrito that it finds that the proposed TEP is not subject to the California Environmental Quality Act

(“CEQA”) because the proposed TEP is not a “project” within the meaning of CEQA, and the Council’s adoption of this Resolution does not commit the Council to a definite course of action with regard to any specific transportation improvements set forth in the proposed TEP. (See 14 C.C.R., §§ 15378, 15352.) Specifically, the Council’s adoption of this Resolution does not constitute the approval of a CEQA project for reasons that include, but are not limited to, the following: (1) the proposed TEP does not authorize the construction of any projects that may result in any direct or indirect physical change in the environment; (2) the proposed TEP is a mechanism for funding potential future transportation projects, the timing, approval, and construction of which may be modified or not implemented depending on a number of factors, including future site-specific CEQA environmental review; and (3) the proposed TEP is subject to further discretionary approvals insofar as it may not be adopted until and unless the pre-conditions set forth in the Public Utilities Code are satisfied. (See 14 C.C.R., §§ 15378, 15352; Public Utilities Code, § 180206(b).)

BE IT FURTHER RESOLVED that the City Council of the City of El Cerrito approves, for the limited purpose identified in Public Utilities Code section 180206(b), the proposed TEP released by the Authority on May 18, 2016.

BE IT FURTHER RESOLVED, that the City Council of the City of El Cerrito urges the Authority, consistent with the provisions of Public Utilities Code Section 180206, to adopt the proposed TEP.

BE IT FURTHER RESOLVED, that the City Council of the City of El Cerrito urges the Contra Costa County Board of Supervisors, consistent with Public Utilities Code Section 180203, to place the one-half of one percent local transportation sales tax on the November 8, 2016 ballot.

BE IT FURTHER RESOLVED, that the City Council of the City of El Cerrito approves of the conditional amendment to the Growth Management Program, which includes Attachment A: Principles of Agreement for Establishing the Urban Limit Line in the Measure J TEP to match that found in the 2016 TEP. Acknowledging that this amendment would only apply if the one-half of one percent local transportation sales tax is placed on the ballot and successfully approved by the electors on the November 8, 2016 ballot.

I CERTIFY that at a regular meeting on June 21, 2016 the City Council of the City of El Cerrito passed this Resolution by the following vote:

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

Agenda Item No. 7(A)
Attachment 1

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on June XX, 2016.

Cheryl Morse, City Clerk

APPROVED:

Gregory B. Lyman, Mayor

Transforming Contra Costa County

Our New 30-Year Transportation Expenditure Plan





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Transforming Contra Costa County

Contra Costa is a county as unique and diverse as its residents. Our communities stretch from the Richmond coastline to Discovery Bay, from Port Chicago to the San Ramon Valley, and from Mount Diablo to Crocket Hills. We are growing with the times while protecting the qualities that make Contra Costa County a wonderful place to call home. **We need a transportation plan that reflects where we are now and, more importantly, our commitment to pursue transportation policies, planning and investments that will get us where we want to be.**

The Contra Costa Transportation Authority (CCTA) is responsible for maintaining and improving the county's transportation system by planning, funding, and delivering critical transportation infrastructure projects and programs that connect our communities, foster a strong economy, increase sustainability, and safely and efficiently get people and freight where they need to go. CCTA is also the county's designated Congestion Management Agency (CMA), responsible for putting programs in place to keep traffic levels manageable.

Currently, our transportation needs significantly exceed available revenue to meet those needs. Over the next 30 years, our population will continue to grow and that population will have new and additional needs. A new countywide funding measure and Transportation Expenditure Plan (TEP) can keep Contra Costa County moving and create the livable and sustainable communities that all Contra Costans deserve.

After extensive public engagement and analysis, CCTA prepared a 30-year TEP that will **promote a strong economy, protect the environment, maintain and improve local streets and roads, encourage greater transit usage and alternate forms of transportation, and enhance the quality of life for all** of Contra Costa's diverse communities. This new TEP will benefit every person and every part of the county.

This plan is transformative on every level. With a strong focus on technology and innovation, the plan will deliver **a more efficient, cleaner and faster transportation system.**

The new plan will significantly cut emissions through an emphasis on transit, electric and other non-fossil fuel oriented modes of transportation and transportation networks. It provides for new BART cars that will reduce energy use, pollution and costs, and that will provide increased frequency of BART trains and improved BART station access, and also provides for improved bus transit operations and improved bus frequency, potential driverless vehicles, bikes in every community, and connectivity among and with all modes of transportation.

The plan also sets forward clear policies that ensure that while we grow, we will keep all growth within clear urban limit lines. This will allow the county to continue growing in a smart way, while protecting vital open space for parks and farmland. Furthermore, increased investments in bike and pedestrian paths and walkways bring access to the outdoors to every community.

Smooth, safe and complete streets for cars, trucks, buses, bikes and pedestrians, along with extraordinary investments in direct funding to Contra Costa's communities for local street and road repair, will greatly enhance all communities.

For our urban areas, the plan focuses on support for transit and transit-oriented mixed-use development. This includes an emphasis on bicycle and pedestrian opportunities, interconnectivity, transit, traffic smoothing, and technological advances to ensure our systems are efficient and work well together.

This plan will benefit the people who live in Contra Costa County by:

- **Attracting more good jobs**, which will reduce commute trips and congestion
- **Actively managing the impacts of growth** on our community so we support local businesses and preserve our environment
- **Accommodating the needs of all** transportation modes, while increasing the use of alternative transportation; and
- **Enhancing transportation services** for seniors, persons with disabilities and school children

This TEP was developed with two key documents as guidance – the Expenditure Plan Advisory Committee (EPAC) Vision, Goals and Objectives and the CCTA Principles for Development of a Transportation Expenditure Plan. Both documents are available for review at www.CCTA.net. Building on these two documents and extensive public engagement with stakeholders, the TEP articulates how the Authority will use nearly \$3 billion in additional revenue to invest wisely – using locally-generated funds and leveraging outside matching funds – to maximize the benefits for all Contra Costa residents by promoting a strong economy, protecting the environment, maintaining and improving local streets and roads, and encouraging greater transit usage and alternate forms of transportation.

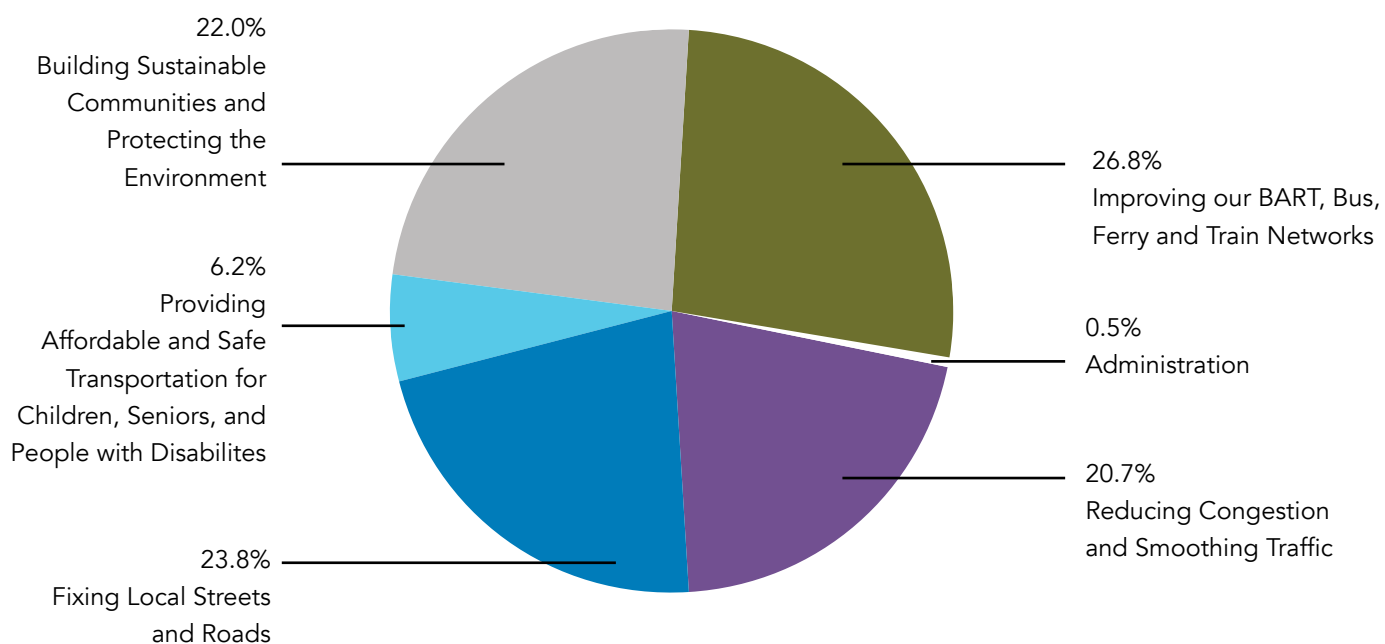
Transportation Expenditure Plan Summary

Transportation Expenditure Plan: Summary of Funding		Funds (\$ millions)	%
Improving our BART, Bus, Ferry and Train Networks		770	26.79%
	BART Capacity, Bicycle and Pedestrian Access and Parking Improvements	300	10.44%
	Bus Transit and Other Non-Rail Transit Enhancements	295	10.26%
	East Contra Costa Transit Extension	70	2.44%
	High Capacity Transit Improvements Along the I-80 Corridor	55	1.91%
	Intercity Rail and Ferry Service Improvements	50	1.74%
Reducing Congestion and Smoothing Traffic		595	20.71%
	Traffic Flow Improvements and High Capacity Transit Implementation Along I-680 and SR 24	250	8.70%
	East County Corridor (Vasco Road and/or Byron Highway Corridors) Improvements	117	4.07%
	Traffic Flow Improvements Along SR 242 and SR 4	108	3.73%
	I-80 Interchange Improvements at San Pablo Dam Road and Central Ave	60	2.09%
	I-680 and SR 4 Interchange Improvements	60	2.09%
Fixing Local Streets and Roads		684	23.79%
	Local Street Maintenance and Improvements	684	23.79%
Providing Affordable and Safe Transportation for Children, Seniors, and People with Disabilities		179	6.23%
	Safe Transportation for Children	64	2.23%
	Transportation for Seniors and People with Disabilities	115	4.00%
Building Sustainable Communities and Protecting the Environment		632	21.98%
	Major Streets and Complete Streets Project Grants	290	10.09%
	Pedestrian, Bicycle and Trail Facilities	115	4.00%
	Community Development Transportation Program	100	3.48%
	Innovative Transportation Technologies/Connected Communities Grant Program	65	2.26%
	Transportation Planning, Facilities and Services	43	1.50%
	Regional Transportation Priorities	19	0.65%
	Total Investments	2860	99.50%
	Administration	14	0.50%
	Total Cost	2874	100.0%

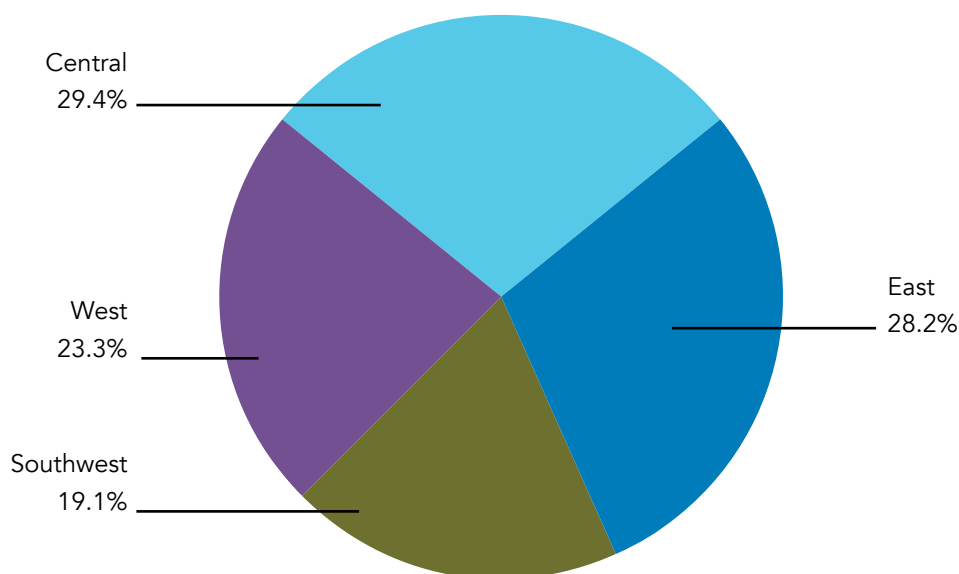
Cost in 2016 Dollars

For the full breakdown see the chart on page 56.

Transportation Expenditure Plan Summary by Category



Transportation Expenditure Plan Summary by Region

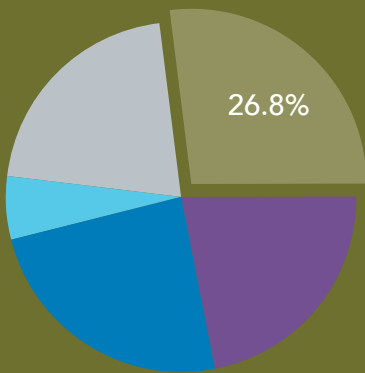


See Appendix A on page 56 for detailed distribution of funding by subregion.

The Plan for Contra Costa's Future







Improving our BART, Bus,
Ferry and Train Networks

Benefits Key

	Reduces Congestion
	Reduces Greenhouse Gas Emissions
	Improves BART Service
	Improves Bus Service
	Expands Bicycle Access/Improves Bicycle Safety
	Improves Pedestrian Safety
	Improves Transportation Connectivity
	Provides Alternatives to Single-Occupant Vehicle Use
	Integrates New Technology
	Creates Good Local Jobs

Each icon represents a benefit to Contra Costa County as a result of the portion of the plan being described.



BART Capacity, Access and Parking Improvements

\$300 Million

This category is intended to provide funding to increase the capacity of and ridership on the BART System in Contra Costa County, including improvements to local BART stations, as well as access and parking in Contra Costa County. Funds in this category are intended to be allocated by the Authority for the acquisition of additional new BART cars, provided that: 1) BART agrees to fund a minimum of \$100 million in BART station, access and parking improvements in Contra Costa County from other BART revenues, and 2) a regional approach, that includes commitments of equal funding shares from both Alameda and San Francisco counties and additional regional funding from the Metropolitan Transportation Commission, is developed and approved no later than December 31, 2024.

BART station, access and parking improvements or alternate public transit services that access BART may include station capacity, safety and operational improvements; infrastructure improvements that facilitate Transit Oriented Development at or near BART stations; additional on or off site parking, last mile shuttle or shared vehicles that provide alternatives to driving single-occupant vehicles to BART stations; and bicycle/pedestrian facilities that provide access to BART stations.

In the event that commitments from the four parties to fund additional BART cars are not approved by December 31, 2024, or any date earlier if BART informs the Authority it is no longer pursuing the acquisition of additional BART cars as provided herein, and if BART has maintained the commitment to fund a minimum of \$100 million in improvements as described above, the Authority (in consultation with the RTPCs) and BART will jointly identify, and the Authority will allocate these funds for other capacity-enhancing, safety and efficiency increasing projects (to include station, access and parking improvements or alternate public transit services that access BART) that benefit the residents of Contra Costa County.

Prior to the allocation of funds to BART, the Authority Board shall make a finding that BART has consistently maintained its commitment to use a proportional share of its inflation-based fare increase, or an equivalent amount, for capital projects as defined by BART's Resolution No. 5208 passed in February 2013. In years where BART fare revenues are reduced by a decrease in ridership or unforeseen economic circumstances, or where one-time costs are increased by a natural disaster, then the Authority may release funds if the Authority Board makes findings that 1) BART has not reduced its capital project funding disproportionately and 2) BART made best efforts to fund capital projects that benefit Contra Costa County.



Bus Transit and Other Non-Rail Transit Enhancements

\$295 million

Bus Transit Enhancements in the West Subregion of Contra Costa

\$111 million

This subcategory is intended to provide funding for public transit operators to maintain and increase transit operations, including any transit capital expenses and/or operating expenses for existing service or service improvements/enhancements in the West subregion of Contra Costa. Funding is to provide for bus transit operations to increase or maintain ridership, including incentivizing transit use by offsetting fares, and improve the frequency and capacity of routes, especially high demand routes. Funding will be allocated by the Authority based on input from the WCCTAC in consultation with local bus operators and stakeholders.

Bus Transit Enhancements and Other Non-Rail Transit Enhancements in the Central, East and Southwest Subregions of Contra Costa

\$184 million

This subcategory is intended to provide funding for public transit operators to maintain and increase transit operations, including any transit capital expenses and/or operating expenses for existing service or service improvements/enhancements, and also to provide funding for future non-rail transit service alternatives in the Central, East and Southwest subregions of Contra Costa. Funding is to provide for bus transit operations to increase or maintain ridership, including incentivizing transit use by offsetting fares, and improve the frequency and capacity of routes, especially high demand routes. Funding will be allocated by the Authority for the Central, East and Southwest subregions of Contra Costa based on input from the RTPCs in those subregions, in consultation with local bus operators and stakeholders. Funding allocation by the Authority may include use of a portion of the funds for non-rail transit services/projects that demonstrate an innovative approach to maximize the movement of people efficiently and in a manner that reduces Vehicle Miles Traveled (VMT) and Green-house Gas (GHG).

Improving Our BART, Bus, Ferry and Train Networks



East Contra Costa Transit Extension (BART or alternative)

\$70 million

This category is intended to provide funding to improve access to and extend high capacity transit service easterly from the Hillcrest BART Station in Antioch through Oakley to a new transit station in Brentwood. To the greatest degree possible, local funds generated by this measure shall be used to leverage additional regional, state and/or federal funds for this project. Funds from this category may be used to complete an interim transit station in Brentwood.



High Capacity Transit Improvements along the I-80 Corridor in West Contra Costa County

\$55 million

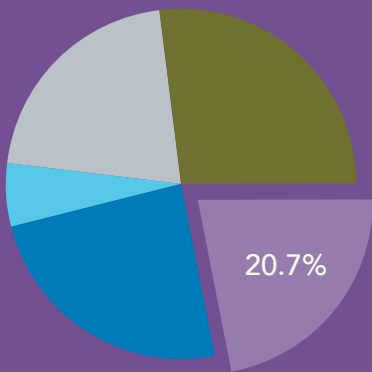
This category is intended to fund projects/programs for high capacity transit improvements along the I-80 corridor. Final determination on the scope of the improvements to be constructed will be based on the final recommendations in the West County High Capacity Transit Study and in consultation with the west subregion. To the greatest degree possible, local funds generated by this measure shall be used to leverage additional regional, state and/or federal funds for this project.



Intercity Rail and Ferries

\$50 million

This category is intended to provide funding to construct station and/or track improvements to the Capitol Corridor and/or the San Joaquin corridors, as well as to implement new or improved ferry services (including both capital and operations) in Richmond, Hercules, Martinez and/or Antioch. Projects that increase ridership using existing capacity, including incentivizing use by offsetting fares or other methodologies, may also be considered. To the greatest degree possible, local funds generated by this measure shall be used to leverage additional regional, state and/or federal funds for this project. Any projects funded in this category will be evaluated by the Authority and demonstrate progress toward the Authority's goals of reducing Vehicle Miles Traveled (VMT) and green-house gas (GHG) reductions. Selection of final projects to be based on a performance analysis of project alternatives consistent with Authority requirements. Sponsors of projects requesting funding from this category will be required to demonstrate to the Authority that sufficient funding is available to operate the proposed project and/or service over a long period of time.



Reducing Congestion and Smoothing Traffic

Benefits Key

	Reduces Congestion
	Reduces Greenhouse Gas Emissions
	Improves BART Service
	Improves Bus Service
	Expands Bicycle Access/Improves Bicycle Safety
	Improves Pedestrian Safety
	Improves Transportation Connectivity
	Provides Alternatives to Single-Occupant Vehicle Use
	Integrates New Technology
	Creates Good Local Jobs

Each icon represents a benefit to Contra Costa County as a result of the portion of the plan being described.



Traffic Flow Improvements and High Capacity Transit Implementation Along I-680 and SR 24

\$250 million

This category is intended to fund an I-680 corridor express lane and operational improvement project to facilitate carpools and increase transit use in the corridors as an alternative to single occupant vehicle travel. Funding may also be used to implement high capacity transit improvements in the corridor (including those identified in the I-680 Transit Investment and Congestion Relief Options and other relevant studies). Funding may also be used to complete improvements to the mainline freeway and/or local interchanges along I-680 and SR 24 as may be required to implement express lane and/or transit projects as well as advanced traffic management programs and/or other projects or programs that encourage the use of connected vehicle and/or autonomous vehicles in the corridor provided that the project sponsor can show that they reduce congestion, increase mobility and provide alternatives to single occupant vehicle travel. Selection of

final projects shall be based on a performance analysis of project alternatives consistent with Authority requirements. Projects funded from this category must be on or near the I-680 or the SR 24 corridors. Of the funds assigned to this category in Southwest County, \$20 million will be eligible for interchange improvements on the SR 24. To the greatest degree possible, local funds generated by this measure shall be used to leverage additional regional, state and/or federal funds for this project.



East County Corridor (Vasco Road and/or Byron Highway Corridors) Improvements

\$117 million

The Authority shall provide funding to construct a new 2-lane "limited access" connector between Byron Highway and Vasco Road south of Camino Diablo Road as well as shoulder and other improvements to the Byron Highway (including a railroad grade separation) to improve safety and access to the Byron Airport and to facilitate economic development and access for goods movement in East Contra Costa County. For the Vasco Road corridor, the Authority shall provide funding for safety and other improvements oriented at facilitating the use of high-capacity transit and/or high occupancy carpools. To the greatest degree possible, local funds generated by this measure shall be used to leverage additional regional, state and/or federal funds for these projects.

Prior to the use of any local sales tax funds to implement capacity improvements to either or both of these corridors, the Authority Board must make a finding that the project(s) include measures to prevent growth outside of the Urban Limit Lines (ULL). Such measures might include, but are not necessarily limited to, limits on roadway access in areas

outside the ULL, purchase of abutters' rights of access, preservation of critical habitat and/or the permanent protection/acquisition of agricultural and open space or performing conservation measures required to cover this project under the East Contra Costa County Habitat Conservation Plan/Natural Community Conservation Plan (HCP/NCCP). With the exception of the new connection between Vasco Road and the Byron Highway, funding from this category shall not be used to construct new roadways on new alignments. The Authority will work with Alameda and/or San Joaquin Counties to address project impacts in those jurisdictions.

Reducing Congestion and Smoothing Traffic



Traffic Flow Improvements Along the SR 242 and SR 4

\$108 million

This category is intended to provide funding to improve traffic flow and reduce congestion between Concord and Brentwood along State Route 242 and State Route 4 to reduce congestion, increase mobility and provide alternatives to single occupant vehicle travel. To the greatest degree possible, local funds generated by this measure shall be used to leverage additional regional, state and/or federal funds for this project. Advanced traffic management programs and/or other projects or programs that encourage the use of connected vehicle and/or autonomous vehicles in the corridor are eligible for funding from this category provided that the project sponsor can demonstrate that they reduce congestion, increase mobility and provide alternatives to single occupant vehicle travel. Projects funded from this category must be on or near the SR 242 or SR 4 corridors. Selection of final project(s) shall be based on a performance analysis of project alternatives consistent with Authority requirements.



I-80 Interchange Improvements at San Pablo Dam Road and Central Avenue

\$60 million

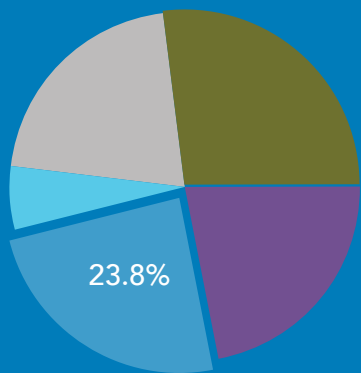
This category is intended to fund improvements of the I-80 interchanges at San Pablo Dam Road, Central Avenue, and other locations along I-80 in consultation with the subregion. The improvements of the interchanges are a priority to gain corridor traffic flow improvements.



Interstate 680/State Route 4 Interchange

\$60 million

This category is intended to fund an Interstate 680/State Route 4 interchange improvement project as necessary to improve traffic flow and enhance traffic safety along both the I-680 and SR 4 corridors. To the greatest degree possible, local funds generated by this measure shall be used to leverage additional regional, state and/or federal funds for this project. Authority shall prioritize local funding commitments to this project in such a way as to encourage carpools and vanpools, public transit usage and other alternatives to the single occupant vehicle.



Fixing Local Streets and Roads

Benefits Key

	Reduces Congestion
	Reduces Greenhouse Gas Emissions
	Improves BART Service
	Improves Bus Service
	Expands Bicycle Access/Improves Bicycle Safety
	Improves Pedestrian Safety
	Improves Transportation Connectivity
	Provides Alternatives to Single-Occupant Vehicle Use
	Integrates New Technology
	Creates Good Local Jobs

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Local Streets and Roads



Local Street Maintenance & Improvements

\$664 million

This category is intended to fund maintenance and improvement projects on local streets and roads and may be used for any eligible transportation purposes as defined under the Act. The Authority will distribute 23.1 percent of the annual sales tax revenues to all local jurisdictions with a base allocation of \$100,000 for each jurisdiction, the balance will be distributed based 50 percent on relative population and 50 percent on road miles for each jurisdiction, subject to compliance with the Authority's reporting, audit and GMP requirements. Population figures used shall be the most current available from the State Department of Finance. Road mileage shall be from the most current information included in the Highway Performance Monitoring System (HPMS)

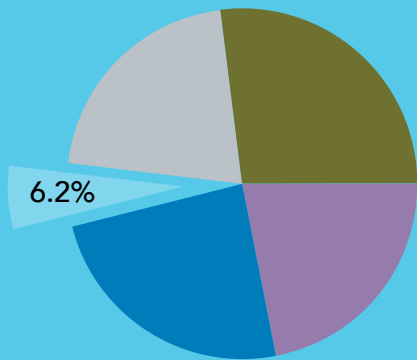
Funds shall be used by each jurisdiction to maintain and enhance existing roadway and other transportation facilities. Jurisdictions shall comply with the Authority's Maintenance of Effort (MOE) policy as well as Implementation Guidelines of this TEP. Local agencies will report on the use of these funds, such as the amount spent on roadway maintenance, bicycle and pedestrian facilities, transit facilities, and other roadway improvements.

Additional Local Street Maintenance & Improvements

\$20 million

This subcategory is intended to fund additional maintenance and improvement projects on local streets and roads. These additional funds will be allocated to Central Contra Costa County jurisdictions based on the formula of 50 percent on relative population and 50 percent on road miles for each jurisdiction and subject to program requirements detailed above.





Providing Affordable and Safe Transportation for Children, Seniors and People with Disabilities

Benefits Key

	Reduces Congestion
	Reduces Greenhouse Gas Emissions
	Improves BART Service
	Improves Bus Service
	Expands Bicycle Access/Improves Bicycle Safety
	Improves Pedestrian Safety
	Improves Transportation Connectivity
	Provides Alternatives to Single-Occupant Vehicle Use
	Integrates New Technology
	Creates Good Local Jobs

Each icon represents a benefit to Contra Costa County as a result of the portion of the plan being described.



Safe Transportation for Children

\$64 million

This category is to provide funds to programs and projects that promote safe transportation options for children to access schools or after school programs. Eligible projects include but are not limited to reduced fare transit passes and transit incentive programs, school bus programs, and projects for pedestrian and bicycle safety that provide school-related access.

The Authority will allocate funds and will establish guidelines (in cooperation with project sponsors) to define priorities and maximize effectiveness. The guidelines may require provisions such as parent contributions; operational efficiencies; specific performance criteria and reporting requirements.



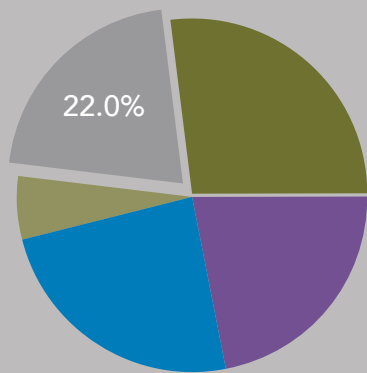
Transportation for Seniors & People With Disabilities

\$115 million

Funding in this category is to support mobility opportunities for seniors and people with disabilities who, due to age or disability, cannot drive or take other transit options.

To ensure services are delivered in a coordinated system that maximizes both service delivery and efficiency, an Accessible Transportation Service (ATS) Strategic Plan will be developed and periodically updated during the term of the measure. No funding under this category will be allocated until the ATS Strategic Plan has been developed and adopted. An overarching component in the development and delivery of the ATS Strategic Plan is using mobility management to ensure coordination and efficiencies in accessible service delivery. The plan will address both Americans with Disabilities Act (ADA) and non-ADA services. The plan will evaluate the appropriate model for our local structure including how accessible services are delivered by all agencies and where appropriate coordination can improve transportation services, eliminate gaps in service and find efficiencies in the service delivered. The ATS Strategic Plan would also determine the investments and oversight of the program funding and identify timing, projects, service delivery options, administrative structure, and fund leverage opportunities.

The ATS Strategic Plan will be developed by the Authority, in consultation with direct users of service, stakeholders representing seniors and people with disabilities who face mobility barriers, and non-profit and publicly operated paratransit service providers. Public operators in Contra Costa must participate in the ATS planning process to be eligible to receive funding in this category. The ATS Strategic Plan must be adopted no later than April 1, 2018. The development of the ATS Strategic Plan will not affect the allocation of funds to current operators as prescribed in the existing Measure J Expenditure Plan.



Building Sustainable
Communities and
Protecting the Environment

Benefits Key

	Reduces Congestion
	Reduces Greenhouse Gas Emissions
	Improves BART Service
	Improves Bus Service
	Expands Bicycle Access/Improves Bicycle Safety
	Improves Pedestrian Safety
	Improves Transportation Connectivity
	Provides Alternatives to Single-Occupant Vehicle Use
	Integrates New Technology
	Creates Good Local Jobs

Each icon represents a benefit to Contra Costa County as a result of the portion of the plan being described.



Major Streets, Complete Streets, and Traffic Synchronization Project Grants **\$290 million**

This category is intended to fund improvements to major thoroughfares throughout Contra Costa to improve the safe, efficient and reliable movement of buses, vehicles, bicyclists and pedestrians along said corridors (i.e. traffic smoothing). Eligible projects shall include a variety of components that meet the needs of all users and respond to the context of the facility. Projects may include but are not limited to installation of bike and pedestrian facilities, installation of “smart” parking management programs, separated bike lanes, synchronization of traffic signals and other technology solutions to manage traffic, traffic calming and pedestrian safety improvements, shoulders, sidewalks, curbs and gutters, streetscapes and bus transit facility enhancements such as bus turnouts and passenger amenities. As an element of this program, the Authority will adopt a ‘traffic signal synchronization’ program and award grants for installation of ‘state of the art’ technology designed to smooth the flow of traffic along major arterial roadways throughout the county. Funding from this program will be prioritized to projects that improve access for all modes to jobs, commercial areas and transit, and the design process which includes opportunity for public input from existing and potential users of the facility. Priority will be given to projects that can show a high percentage of “other funding” allocated to the project (i.e. – leverage). The Authority will adopt program guidelines that will include information regarding how to evaluate the

range of possible project components. All projects will be selected through a competitive project selection process within each subregion with the Authority approving the final program of projects, allowing for a comprehensive countywide approach while recognizing subregional needs to achieve the overall program goal. All projects funded through this program must comply with the Authority’s Complete Streets Policy and include complete street elements whenever possible. Twenty percent of the program funding will be allocated to four Complete Streets demonstration projects, one in each subregion, recommended by the relevant RTPC and approved by Authority, to demonstrate the successful implementation of Complete Streets projects no later than April 1, 2022.. Projects will be required to strongly pursue the use of separated bike lane facilities in the demonstration project program. The purpose of these demonstration projects is to create examples of successful complete street projects in multiple situations throughout the county.



Pedestrian, Bicycle and Trail Facilities

\$115 million

Two-thirds of the funds from this program shall be used to implement projects in the Countywide Bicycle and Pedestrian Plan, consistent with the current Measure J program. These funds shall be allocated to projects that improve safety for pedestrians and bicyclists, serve the greatest number of users and significant destinations, and remove missing segments and existing barriers to walking and bicycling. All projects will be selected through a competitive project selection process within each subregion with the Authority approving the final program of projects, allowing for a comprehensive countywide approach while recognizing subregional needs to achieve the overall program goal. The review process shall consider project feasibility and readiness and the differing needs of the sub-regions when identifying projects for funding. Funding available through this program is to be primarily used to construct and maintain bicycle, pedestrian and trail facilities, as well as to make safety or other improvements to bicycle, pedestrian and trail facilities. Planning to identify a preferred alignment for major new bicycle, pedestrian or trail connections may also be funded through this program.

One-third of the funds are to be allocated to the East Bay Regional Park District (EBRPD) for the development and rehabilitation of paved regional trails. EBRPD is to spend its allocation proportionally in each sub-region, subject

to the review and approval of the conceptual planning/design phase by the applicable sub-regional committee, prior to funding allocation by the Authority. The Authority in conjunction with EBRPD will develop a maintenance-of-effort requirement for funds under this component of the funding category.

Consistent with the Countywide Bicycle and Pedestrian Plan and the complete streets policy established in this expenditure plan, project sponsors receiving funding through other funding categories in this Plan shall incorporate, whenever possible, pedestrian, bicycle, and trail facilities into their projects.



Community Development Transportation Program

\$100 million

This category is intended to provide funding to implement a new Community Development Transportation Program (CDTP) to be administered by the Authority in conjunction with the Authority's existing Transportation for Livable Communities Program (TLC) with projects identified by the Authority's Regional Transportation Planning Committees (RTPCs). Funds will be allocated by the Authority on a competitive basis to transportation projects or programs that promote housing within planned or established centers that are supported by transit, or that support economic development and job creation in Contra Costa County. All projects will be selected through a competitive project selection process within each subregion with the Authority approving the final program of projects, allowing for a comprehensive countywide approach while recognizing subregional needs to achieve the overall program goal. Project sponsors must demonstrate that at least 20 percent of the project is funded from other than local transportation sales tax revenue. Additional priority will be given to projects where the sponsor can demonstrate that the project supports and facilitates development of jobs or housing for all income levels and

that have additional matching funds that have already been committed or secured. Working with the RTPCs, the Authority will prepare guidelines and establish overall criteria for the program with the intent of complementing and administering the program in conjunction with the Authority's Measure J TLC program no later than December 31, 2017.



Innovative Transportation Technology/Connected Communities Program

\$65 million

This category is intended to provide funding for the planning and development of projects and programs that include innovative solutions intended to (a) develop and demonstrate transportation innovation through real-world applications, (b) reduce GHG emissions, and (c) implement connected transportation solutions. The Authority intends innovative solutions to include installing new digital and communications infrastructures, automated processes and intelligent controls, and integration with other community services, such as public safety and communications providers, to support a more integrated transportation system that promotes economic development, expanded job opportunities, increased government efficiency, reductions in consumption of nonrenewable resources, and increased sustainability, safety and mobility. Examples of eligible projects include but are not limited to expanding opportunities for zero emission vehicle charging; smart rideshare, carshare and bikeshare services; on-demand and personal transit services that complement traditional fixed-route transit; smart and automated parking; intelligent, sensor-based infrastructure; smart payment systems; and data sharing to improve mobility choices for all users. Projects are intended to promote connectivity between all users of the transportation network (cars, pedestrians,

bikes, buses, trucks, etc.) and automation technologies that collectively facilitate the transformation toward connected communities. Funding is intended to match State, federal, or regional grants and private-sector investment to achieve maximum benefits. By investing in these solutions, Contra Costa County can become a national model in sustainable, technology-enabled transportation.

A minimum of twenty-five percent is to be allocated to each sub-program (a, b and c above) over the life of the measure. The Authority will prepare guidelines and establish overall criteria for the Innovative Transportation Technology/Connected Communities Program and provide technical resources to project sponsors. All programs/projects will be selected through a competitive project selection process within each subregion with the Authority approving the final programs/projects for each of the sub-programs, allowing for a comprehensive countywide approach while recognizing subregional needs to achieve the overall program goal.

Project sponsors must demonstrate that the programs provide highly efficient services that are cost effective, integrated and responsive to the needs of the community.



Transportation Planning, Facilities and Services

\$43 million

This category is intended to provide funding to implement the countywide Growth Management Program, prepare the countywide transportation plan, and support the programming and monitoring of federal and state funds, as well as the Authority's Congestion Management Agency functions.



Regional Transportation Priorities

\$19 million

This category is intended to fund any project or program identified in the Expenditure Plan or eligible under the provisions of the Act, including activities that promote alternatives to travel in single occupant vehicles. Program and project recommendations shall be made by each subregion for consideration and funding by the Authority.



Policy Statements

The Growth Management Program

Goals and Objectives

The overall goal of the Growth Management Program is to preserve and enhance the quality of life and promote a healthy, strong economy to benefit the people and areas of Contra Costa through a cooperative, multi-jurisdictional process for managing growth, while maintaining local authority over land use decisions.¹

The objectives of the Growth Management Program are to:

- Assure that new residential, business and commercial growth pays for the facilities required to meet the demands resulting from that growth.
- Require cooperative transportation and land use planning among Contra Costa County, cities, towns, and transportation agencies.
- Support land use patterns within Contra Costa that make more efficient use of the transportation system, consistent with the General Plans of local jurisdictions.
- Support infill and redevelopment in existing urban and brownfield areas.

The Measure J Transportation Expenditure Plan Growth Management Program, which includes Attachment A: Principles of Agreement for Establishing the Urban Limit Line, is replaced in its entirety by this Growth Management Program and Attachment A: Urban Limit Line (ULL) Definitions and Compliance Requirements.

Components

To receive its share of the 2016 Transforming Contra Costa County Expenditure Plan funding from Local Streets Maintenance and Improvements funds and its share of Contra Costa's Measure J Transportation Sales Tax Expenditure Plan Local Streets Maintenance & Improvements funding and to be eligible for Contra Costa's Measure J Transportation Sales Tax Expenditure Transportation for Livable Communities funds and the 2016 Transforming Contra Costa County Expenditure Plan funding from Community Development Transportation Program funds each jurisdiction must:

1. Adopt a Growth Management Element

Each jurisdiction must adopt, or maintain in place, a Growth Management Element as part of its General Plan that outlines the jurisdiction's goals and policies for managing growth and requirements for achieving those goals. The Growth Management Element must show how the jurisdiction will comply with sections 2–8 below. The Authority will refine its model Growth Management Element and administrative procedures in consultation with the Regional Transportation Planning Committees to reflect the revised Growth Management Program.

Each jurisdiction is encouraged to incorporate other standards and procedures into its Growth Management Element to support the objectives and required components of this Growth Management Program.

2. Adopt a Development Mitigation Program

Each jurisdiction must adopt, or maintain in place, a development mitigation program to ensure that new growth is paying its share of the costs associated with that growth. This program shall consist of both a local program to mitigate impacts on local streets and other facilities and a regional program to fund regional and subregional transportation projects, consistent with the Countywide Comprehensive Transportation Plan.

¹ The Authority will, to the extent possible, attempt to harmonize the Growth Management and the State-mandated Congestion Management Programs. To the extent they conflict, Congestion Management Program Activities shall take precedence over Growth Management activities.

The jurisdiction's local development mitigation program shall ensure that revenue provided from this measure shall not be used to replace private developer funding that has or would have been committed to any project.

The regional development mitigation program shall establish fees, exactions, assessments or other mitigation measures to fund regional or subregional transportation improvements needed to mitigate the impacts of planned or forecast development. Regional mitigation programs may adjust such fees, exactions, assessments or other mitigation measures when developments are within walking distance of frequent transit service or are part of a mixed-use development of sufficient density and with necessary facilities to support greater levels of walking and bicycling. Each Regional Transportation Planning Committee shall develop the regional development mitigation program for its region, taking account of planned and forecast growth and the Multimodal Transportation Service Objectives and actions to achieve them established in the Action Plans for Routes of Regional Significance. Regional Transportation Planning Committees may use existing regional mitigation programs, if consistent with this section, to comply with the Growth Management Program.

3. Address Housing Options

Each jurisdiction shall demonstrate reasonable progress in providing housing opportunities for all income levels as part of a report on the implementation of the actions outlined in its adopted Housing Element. The report will demonstrate progress by:

- a. Comparing the number of housing units approved, constructed or occupied within the jurisdiction over the preceding five years with the number of units needed on average each year to meet the housing objectives established in the jurisdiction's Housing Element; or
- b. Illustrating how the jurisdiction has adequately planned to meet the existing and projected housing needs through the adoption of land use plans and regulatory systems which provide opportunities for, and do not unduly constrain, housing development; or
- c. Illustrating how a jurisdiction's General Plan and zoning regulations facilitate the improvement and development of sufficient housing to meet those objectives.

In addition, each jurisdiction shall consider the impacts that its land use and development policies have on the local, regional and countywide transportation system, including the level of transportation capacity that can reasonably be provided, and shall incorporate policies and standards into its development approval process that support transit, bicycle and pedestrian access in new developments.

4. Participate in an Ongoing Cooperative, Multi-Jurisdictional Planning Process.

Each jurisdiction shall participate in an ongoing process with other jurisdictions and agencies, the Regional Transportation Planning Committees and the Authority to create a balanced, safe and efficient transportation system and to manage the impacts of growth. Jurisdictions shall work with the Regional Transportation Planning Committees to:

- a. Identify Routes of Regional Significance, and establish Multimodal Transportation Service Objectives or other tools adopted by the Authority for measuring performance and quality of service along routes of significance, collectively referred to as Multimodal Transportation Service Objectives for those routes and actions for achieving those objectives.
- b. Apply the Authority's travel demand model and technical procedures to the analysis of General Plan Amendments (GPAs) and developments exceeding specified thresholds for their effect on the regional transportation system, including on Action Plan objectives.
- c. Create the development mitigation programs outlined in section 2 above.
- d. Help develop other plans, programs and studies to address other transportation and growth management issues.

In consultation with the Regional Transportation Planning Committees, each jurisdiction will use the travel demand model

to evaluate changes to local General Plans and the impacts of major development projects for their effects on the local and regional transportation system and the ability to achieve the Multimodal Transportation Service Objectives established in the Action Plans.

Jurisdictions shall also participate in the Authority's ongoing countywide comprehensive transportation planning process. As part of this process, the Authority shall support countywide and subregional planning efforts, including the Action Plans for Routes of Regional Significance, and shall maintain a travel demand model. Jurisdictions shall help maintain the Authority's travel demand modeling system by providing information on proposed improvements to the transportation system and planned and approved development within the jurisdiction.

5. Continuously Comply with an Urban Limit Line (ULL)

In order to be found in compliance with this element of the Authority's Growth Management Program, all jurisdictions must continually comply with an applicable voter approved Urban Limit Line (ULL). Said ULL may either be the Contra Costa County voter approved ULL (County ULL) or a locally initiated, voter approved ULL (LV- ULL).

Additional information and detailed compliance requirements for the ULL are fully defined in the ULL Compliance Requirements, which are incorporated herein as Attachment A.

Any of the following actions by a local jurisdiction will constitute non-compliance with the Growth Management Program:

1. The submittal of an annexation request to Local Agency Formation Commission (LAFCO) for lands outside of a jurisdiction's applicable ULL.
2. Failure to conform to the Authority's ULL Compliance Requirements (Attachment A).

6. Develop a Five-Year Capital Improvement Program

Each jurisdiction shall prepare and maintain a capital improvement program that outlines the capital projects needed to implement the goals and policies of the jurisdiction's General Plan for at least the following five-year period. The Capital Improvement Program shall include approved projects and an analysis of the costs of the proposed projects as well as a financial plan for providing the improvements. The jurisdiction shall forward the transportation component of its capital improvement program to the Authority for incorporation into the Authority's database of transportation projects.

7. Adopt a Transportation Systems Management (TSM) Ordinance or Resolution

To promote carpools, vanpools and park and ride lots, each jurisdiction shall adopt a local ordinance or resolution that conforms to the model Transportation Systems Management Ordinance that the Transportation Authority has drafted and adopted. Upon approval of the Authority, cities with a small employment base may adopt alternative mitigation measures in lieu of a TSM ordinance or resolution.

8. Adopt Additional Growth Management Policies, as applicable

Each jurisdiction shall adopt and thereafter continuously maintain the following policies (where applicable): a hillside development policy, a ridgeline protection policy, a wildlife corridor policy and a creek development policy. Where a jurisdiction does not have a developable hillside, ridgeline, wildlife corridor or creek, in need to adopt a corresponding policy. An ordinance that implements the East Contra Costa HCP/NCCP shall satisfy the requirement to have an adopted wildlife corridor policy and creek development policy. In addition to the above, jurisdictions with Prime Farmland and Farmland of Statewide Importance (as defined by the California Dept. of Conservation and mapped by FMMP) within their planning areas but outside of their city shall adopt and thereafter continuously maintain an Agricultural Protection Policy. The policy must ensure that potential impacts of converting Prime Farmland and Farmland of Statewide Importance outside the ULL to other uses are identified and disclosed when considering such a conversion. The applicable policies are required to be in place by no later than April 1, 2019.

Allocation of Funds

Portions of the monies received from the retail transaction and use tax will be returned to the local jurisdictions (the cities and the county) for use on local, subregional and/or regional transportation improvements and maintenance projects. Receipt of all such funds requires compliance with the Growth Management Program and the allocation procedures described below. The funds are to be distributed on a formula based on population and road miles.

Each jurisdiction shall demonstrate its compliance with all of the components of the Growth Management Program in a completed compliance checklist. The jurisdiction shall submit, and the Authority shall review and make findings regarding the jurisdiction's compliance with the requirements of the Growth Management Program, consistent with the Authority's adopted policies and procedures.

If the Authority determines that the jurisdiction complies with the requirements of the Growth Management Program, it shall allocate to the jurisdiction its share of 2016 Transforming Contra Costa County Expenditure Plan funding from Local Streets Maintenance and Improvements funding and its share of Contra Costa's Measure J Transportation Sales Tax Expenditure Plan Local Streets Maintenance & Improvements funding. Jurisdictions may use funds allocated under this provision to comply with these administrative requirements.

If the Authority determines that the jurisdiction does not comply with the requirements of the Growth Management Program, the Authority shall withhold those funds and also make a finding that the jurisdiction shall not be eligible to receive 2016 Transforming Contra Costa County Expenditure Plan funding from Community Development Transportation Program funds or Contra Costa's Measure J Transportation Sales Tax Expenditure Plan Transportation for Livable Communities funds until the Authority determines the jurisdiction has achieved compliance. The Authority's findings of noncompliance may set deadlines and conditions for achieving compliance.

Withholding of funds, reinstatement of compliance, reallocation of funds and treatment of unallocated funds shall be as established in adopted Authority's policies and procedures.

Attachment A

Urban Limit Line (ULL) Definitions and Compliance Requirements

Definitions - the following definitions apply to the GMP ULL requirement:

1. Urban Limit Line (ULL): An urban limit line, urban growth boundary, or other equivalent physical boundary judged by the Authority to clearly identify the physical limits of the local jurisdiction's future urban development
2. Local Jurisdictions: Includes Contra Costa County, the 19 cities and towns within Contra Costa, plus any newly incorporated cities or towns established after April 1, 2017.
3. County ULL: A ULL placed on the ballot by the Contra Costa County Board of Supervisors, approved by voters at a countywide election, and in effect through the applicable GMP compliance period. The current County ULL was established by Measure L approved by voters in 2006.

The following local jurisdictions have adopted the County ULL as their applicable ULL:

City of Brentwood	Town of Moraga
City of Clayton	City of Oakley
City of Concord	City of Orinda

Town of Danville	City of Pinole
City of El Cerrito	City of Pleasant Hill
City of Hercules	City of Richmond
City of Lafayette	City of San Pablo
City of Martinez	City of Walnut Creek

4. Local Voter ULL (LV-ULL): A ULL or equivalent measure placed on the local jurisdiction ballot, approved by the jurisdiction's voters, and recognized by action of the local jurisdiction's legislative body as its applicable, voter-approved ULL. The LV-ULL will be used as of its effective date to meet the Authority's GMP ULL requirement and must be in effect through the applicable GMP compliance period.

The following local jurisdictions have adopted a LV-ULL:

City of Antioch
City of San Ramon
City of Pittsburg

5. Minor Adjustment: An adjustment to the ULL of 30 acres or less is intended to address unanticipated circumstances.
6. Other Adjustments: Other adjustments that address issues of unconstitutional takings, and conformance to state and federal law.

Revisions to the ULL

1. A local jurisdiction which has adopted the County ULL as its applicable ULL may revise its ULL with local voter approval at any time during the term of the Authority's GMP by adopting a LV-ULL in accordance with the requirements outlined for a LV-ULL contained in the definitions section.
2. A local jurisdiction may revise its LV-ULL with local voter approval at any time during the term of the Authority's GMP if the resultant ULL meets the requirements outlined for a LV-ULL contained in the definitions section.
3. If voters, through a countywide ballot measure, approve a revision to the County ULL, the legislative body of each local jurisdiction relying on the County ULL shall:
 - a. Accept and approve its existing ULL to continue as its applicable ULL, or
 - b. Accept and approve the revised County ULL as its applicable ULL, or
 - c. Adopt a LV-ULL in accordance with the requirements outlined for a LV-ULL contained in the definitions section.
4. Local jurisdictions may, without voter approval, enact Minor Adjustments to their applicable ULL subject to a vote of at least 4/5 of the jurisdiction's legislative body and meeting the following requirements:
 - a. Minor adjustment shall not exceed 30 acres.
 - b. Adoption of at least one of the findings listed in the County's Measure L (§82-1.018 of County Ordinances 2006-06 § 3, 91-1 § 2, 90-66 § 4) which include:
 - A natural or man-made disaster or public emergency has occurred which warrants the provision of housing and/or other community needs within land located outside the urban limit line.
 - An objective study has determined that the urban limit line is preventing the jurisdiction from providing its fair share of affordable housing, or regional housing, as required by state law, and the governing

elected legislative body finds that a change to the urban limit line is necessary and the only feasible means to enable the county jurisdiction to meet these requirements of state law.

- A majority of the cities that are party to a preservation agreement and the county have approved a change to the urban limit line affecting all or any portion of the land covered by the preservation agreement.
 - A minor change to the urban limit line will more accurately reflect topographical characteristics or legal boundaries.
 - A five-year cyclical review of the urban limit line has determined, based on the criteria and factors for establishing the urban limit line set forth in Contra Costa County Code (Section 82-1.010), that new information is available (from city, town, or county growth management studies or otherwise) or circumstances have changed, warranting a change to the urban limit line.
 - An objective study has determined that a change to the urban limit line is necessary or desirable to further the economic viability of the East Contra Costa County Airport, and either (i) mitigate adverse aviation-related environmental or community impacts attributable to Buchanan Field, or (ii) further the county's aviation related needs; or
 - A change is required to conform to applicable California or federal law.
- c. Adoption of a finding that the proposed Minor Adjustment will have a public benefit. Said public benefit could include, but is not necessarily limited to, enhanced mobility of people or goods, environmental protections or enhancements, improved air quality or land use, enhanced public safety or security, housing or jobs, infrastructure preservation or other significant positive community effects as defined by the local land use authority. If the proposed Minor Adjustment to the ULL is proposed to accommodate housing or commercial development, said proposal must include permanent environmental protections or enhancements such as the permanent protection of agricultural lands, the dedication of open space or the establishment of permanent conservation easements.
- d. The Minor Adjustment is not contiguous to one or more non-voter approved Minor Adjustments that in total exceed 30 acres.
- e. The Minor Adjustment does not create a pocket of land outside the existing urban limit line, specifically to avoid the possibility of a jurisdiction wanting to fill in those subsequently through separate adjustments.
- f. Any jurisdiction proposing to process a minor adjustment to its applicable ULL that impacts Prime Farmland and Farmland of Statewide Importance (as defined by the California Dept. of Conservation and mapped by FMMP) is required to have an adopted Agricultural Protection Ordinance or must demonstrate how the loss of these agricultural lands will be mitigated by permanently protecting farmland.
5. A local jurisdiction may revise its LV-ULL, and the County may revise the County ULL, to address issues of unconstitutional takings or conformance to State or federal law.

Conditions of Compliance

1. Submittal of an annexation request of greater than 30 acres by a local jurisdiction to LAFCO outside of a voter-approved ULL will constitute non-compliance with the GMP.
2. For each jurisdiction, an applicable ULL shall be in place through each GMP compliance reporting period in order for the local jurisdiction to be found in compliance with the GMP requirements.

Statement of Policy

Complete Streets Policy

Vision

This Plan envisions a transportation system in which each component provides safe, comfortable and convenient access for every user allowed to use it. These users include pedestrians, bicyclists, transit riders, automobile drivers and their passengers, and truckers, and people of varying abilities, including children, seniors, people with disabilities and able-bodied adults. The goal of every transportation project is to provide safer, more accessible facilities for all users and all projects shall be planned, designed, constructed and operated to take advantage of that opportunity.

By making streets more efficient and safe for all users, a complete streets approach will expand capacity and improve mobility for all users, giving commuters convenient options for travel and minimizing the need to widen roadways.

Policy

To achieve this vision, all recipients of funding through this Plan shall consider and accommodate, wherever possible and subject to the Exceptions listed in this Policy, the needs of all users in the planning, design, construction, reconstruction, rehabilitation and maintenance of the transportation system. This determination shall be consistent with the exceptions listed below. Achieving this vision will require balancing the needs of different users, and may require reallocating existing right of way for different uses.

The Authority shall revise its project development guidelines to require the consideration and accommodation of all users in the design and construction of projects funded with Measure funds and shall adopt peer review and design standards to implement that approach. The guidelines will allow flexibility in responding to the context of each project and the needs of users specific to the project's context, and will build on accepted best practices for complete streets and context-sensitive design.

To ensure that this policy is carried out, the Authority shall prepare a checklist that sponsors of projects using Measure funds must submit that documents how the needs of all users were considered and how they were accommodated in the design and construction of the project. In the checklist, the sponsor will outline how they provided opportunity for public input, in a public forum, from all users early in the project development and design process. If the proposed project or program will not provide context appropriate conditions for all users, the sponsor shall document the reasons why in the checklist, consistent with the following section on "exceptions" below. The completed checklist shall be made part of the approval of programming of funding for the project or the funding allocation resolution.

Recipients of Local Maintenance and Improvements funds shall adopt procedures that ensure that all agency departments consider and accommodate the needs of all users for projects or programs affecting public rights of way for which the agency is responsible. These procedures shall:

- 1) be consistent with and be designed to implement each agency's general plan policies once that plan has been updated to comply with the Complete Streets Act of 2008,
- 2) involve and coordinate the work of all agency departments and staff whose projects will affect the public right of way,
- 3) consider the complete street design standards adopted by the Authority, and
- 4) provide opportunity for public review by all potential users early in the project development and design phase so that options can be fully considered. This review could be done through an advisory committee such as a Bicycle and Pedestrian Advisory Committee or as part of the review of the agency's capital improvement program.

As part of their biennial Growth Management Program checklist, agencies shall list projects funded by the Measure and detail how those projects accommodated users of all modes.

As part of the multi-jurisdictional planning required by the Growth Management Program, agencies shall work with the Authority and the Regional Transportation Planning Committees to harmonize the planning, design and construction of transportation facilities for all modes within their jurisdiction with the plans of adjoining and connecting jurisdictions.

Exceptions

Project sponsors may provide a lesser accommodation or forgo complete street accommodation components when the public works director or equivalent agency official finds that:

1. Pedestrians, bicyclists, or other users are prohibited by law from using the transportation facility,
2. The cost of new accommodation would be excessively disproportionate to the need or probable use, or
3. The sponsor demonstrates that, such accommodation is not needed, based on objective factors including:
 - a. current and projected user demand for all modes based on current and future land use, and
 - b. lack of identified conflicts, both existing and potential, between modes of travel.

Project sponsors shall explicitly approve exceptions findings as part of the approval of any project using measure funds to improve streets classified as a major collector or above.¹ Prior to this project sponsors must provide an opportunity for public input at an approval body (that regularly considers design issues) and/or the governing board of the project sponsor.

1. Major Collectors and above, as defined by the California Department of Transportation California Road System (CRS maps).

Statement of Policy

Advance Mitigation Program

The Authority is committed to participate in the creation and funding of an Advance Mitigation Program as an innovative way to advance needed infrastructure projects more efficiently and provide more effective conservation of our natural resources, watersheds and wetlands, and agricultural lands. As a global biodiversity hot spot, the Bay Area and Contra Costa County hosts an extraordinarily rich array of valuable natural communities and ecosystems that provide habitat for rare plants and wildlife, and support residents' health and quality of life by providing clean drinking water, clean air, opportunities for outdoor recreation, protection from disasters like flooding, landslides, and adaptation to climate change. The Advance Mitigation Program aims to integrate conservation into infrastructure agencies' plans and project development well in advance and on a regional scale to reduce potential impacts of transportation projects, as well as to drive mitigation dollars to protect regional conservation priorities and protect important ecological functions, watersheds and wetlands, and agricultural lands that are at threat of loss. The Advance Mitigation Program will provide environmental mitigation activities specifically required under the California Environmental Quality Act (CEQA), National Environmental Policy Act (NEPA), Clean Water Act Section 401 and Section 404, and other applicable regulations in the implementation of the major highway, transit and regional arterial and local streets and roads projects identified in the Plan.

The Authority's participation in an Advance Mitigation Program is subject to the following conditions:

1. Development of a Regional Conservation Assessment/Framework that identifies conservation priorities and mitigation opportunities for all of Contra Costa County. The Regional Conservation Assessment/Framework will include countywide opportunities and strategies that are, among other requirements, consistent with and support the East Contra Costa County Habitat Conservation Plan/Natural Community Conservation Plan (East Contra Costa HCP/NCCP) for the areas of the county covered by the East Contra Costa HCP/NCCP. The Regional Conservation Assessment/Framework will identify mitigation opportunities for all areas of the county to ensure that mitigation occurs in the vicinity of the project impact to the greatest extent possible. The Authority will review and approve the Regional Conservation Assessment/Framework, in consultation with the RTPCs, prior to the allocation of funds for Advance Mitigation Program.
2. Development of a Project Impacts Assessment that identifies the portfolio of projects to be included in the Advance Mitigation Program and the estimated costs for mitigation of the environmental impacts of the projects. The Authority will review and approve the Project Impacts Assessment prior to the allocation of funds for the Advance Mitigation Program. The Assessment and estimated costs do not in any way limit the amount of mitigation that may be necessary or undertaken for the environmental impacts of the projects.
3. Development of the legislative and regulatory framework necessary to implement an Advance Mitigation Program in Contra Costa County.
4. The identification of the Implementing Agency to administer the Advance Mitigation Program for Contra Costa County or portions of the Bay Area Including Contra Costa County.

The Authority will determine the amount of funds to be dedicated to this Program following the satisfaction of the above conditions. Funds from the Plan will be allocated consistent with the Regional Conservation Assessment/Framework to fund environmental mitigation activities required in the implementation of the major highway, transit and regional arterial and local streets and roads projects identified in the Plan. If this approach cannot be fully implemented, these funds shall be used for environmental mitigation purposes on a project by project basis. Mitigation required for future transportation improvements identified in the Plan are not limited by the availability of funding or mitigation credits available in the Program.

Projects funded from the following categories of Expenditures are eligible for inclusion in the Advance Mitigation Program:

- Major Streets, Complete Streets and Traffic Synchronization Project Grants
- East Contra Costa Transit Extension
- High Capacity Transit Improvements along the I-80 Corridor in West Contra Costa County
- Traffic Flow Improvements Along I-680 and SR 24
- Traffic Flow Improvements Along SR 242 and SR 4
- I-80 Interchange Improvements at San Pablo Dam Road and Central Ave
- I-680 and SR 4 Interchange Improvements
- East County Corridor (Vasco Road and/or Byron Highway Corridors)
- Pedestrian, Bicycle and Trail Facilities
- Community Development Transportation Program



Taxpayer Safeguards and Accountability

Governing Structure

Governing Body and Administration

The Authority is governed by a Board composed of 11 members, all elected officials, with the following representation:

- Two members from the Central County Regional Transportation Planning Commission (RTPC) also referred to as TRANSPAC
- Two members from the East County RTPC, also referred to as TRANSPLAN
- Two members from the Southwest County RTPC, also referred to as SWAT
- Two members from the West County RTPC, also referred to as WCCTAC
- One member from the Conference of Mayors
- Two members from the Board of Supervisors

The Authority Board also includes three (3) ex-officio, non-voting members, appointed by the MTC, BART and the Public Transit Operators in Contra Costa County.

The four subregions within Contra Costa: Central, West, Southwest and East County are each represented by a Regional Transportation Planning Commission (RTPC). Central County (TRANSPAC subregion) includes Clayton, Concord, Martinez, Pleasant Hill, Walnut Creek and the unincorporated portions of Central County. West County (WCCTAC subregion) includes El Cerrito, Hercules, Pinole, Richmond, San Pablo and the unincorporated portions of West County. Southwest County (SWAT subregion) includes Danville, Lafayette, Moraga, Orinda, San Ramon and the unincorporated portions of Southwest County. East County (TRANSPLAN subregion) includes Antioch, Brentwood, Oakley, Pittsburg and the unincorporated portions of East County.

Public Oversight Committee

The Public Oversight Committee (Committee) shall provide diligent, independent and public oversight of all expenditures of Measure funds by Authority or recipient agencies (County, cities and towns, transit operators, etc). The Committee will report to the public and focus its oversight on the:

- Review of allocation and expenditure of Measure funds to ensure that all funds are used consistent with the Measure.
- Review of fiscal audits of Measure expenditures.
- Review of performance audits of projects and programs relative to performance criteria established by the Authority, and if performance of any project or program does not meet its established performance criteria, identify reasons why and make recommendations for corrective actions that can be taken by the Authority Board for changes to project or program guidelines.
- Review of application of the Performance-based Review policy
- Review of the maintenance of effort compliance requirements of local jurisdictions for local streets, roads and bridges funding.
- Review of each jurisdiction's Growth Management Checklist and compliance with the Growth Management Plan policies.

The Committee shall prepare an annual report including an account of the Committee's activities during the previous year, its review and recommendations relative to fiscal or performance audits, and any recommendations made to the

Authority Board for implementing the expenditure plan. The report will be noticed in local media outlets throughout Contra Costa County, posted to the Authority Website and made continuously available for public inspection at Authority offices. The report shall be composed of easy to understand language not in an overly technical format. The Committee shall make an annual presentation to the Authority Board summarizing the annual report subsequent to its release.

Committee members shall be selected to reflect community, business organizations and other interests within the County. The goal of the membership makeup of the Public Oversight Committee is to provide a balance of viewpoints including but not limited to geography, age, gender, ethnicity and income status to represent the different perspectives of the residents of Contra Costa County. One member will be nominated by each of the four subregions with the RTPC representing the subregion nominating the member. The Board of Supervisors will nominate four members, with each of these four members residing in and representing one of the county's four subregions. Eight members will be nominated by each respective organization detailed here, with each having one representative: League of Women's Voters, Contra Costa Taxpayers Association, East Bay Leadership Council, Building and Construction Trades Council, Central Labor Council, Paratransit Coordinating Council, Bike East Bay, and environmental and/or open space organizations operating in Contra Costa County (specific organization may vary during the life of the measure). About one half of the initial member appointments will be for two years and the remaining appointments will be for three year terms. Thereafter, members will be appointed to two year terms. Any individual member can serve on the Committee for no more than 6 consecutive years.

Committee members will be Contra Costa County residents who are not elected officials at any level of government or public employees from agencies that either oversee or benefit from the proceeds of the Measure. Membership is restricted to individuals with no economic interest in any of Authority's projects or programs. If a member's status changes so that he/she no longer meet these requirements, or if a member resigns his/her position on the Committee, the Authority Board will issue a new statement of interest from the same stakeholder category to fill the vacant position.

The Committee shall meet up to once a month to carry out its responsibility, and shall meet at least once every 3 months. Meetings shall be held at the same location as the Authority Board meetings are usually held, shall be open to the public and must be held in compliance with California's open meeting law (Brown Act). Meetings shall be recorded and the recordings shall be posted for the public.

Members are expected to attend all meetings. If a member, without good reason acceptable to the Chair of the Committee, fails to attend either (a) two or more consecutive meetings or (b) more than 3 meetings a year, the Authority Board will request a replacement from the stakeholder categories listed above.

The Authority commits to support the oversight process through cooperation with the Committee by providing access to project and program information, audits, and other information available to the Authority, and with logistical support so that the Committee may effectively perform its oversight function. The Committee will have full access to Authority's independent auditors, and may request Authority staff briefings for any information that is relevant to the Measure. The Committee Chair shall inform the Authority Board Chair and Executive Director of any concern regarding Authority staff's commitment to open communication, the timely sharing of information, and teamwork.

The Committee shall not have the authority to set policy or appropriate or withhold funds, nor shall it participate in or interfere with the selection process of any consultant or contractor hired to implement the expenditure plan.

The Committee shall not receive monetary compensation except for the reimbursement of travel or other incidental expenses, in a manner consistent with other Authority advisory committees

In order to ensure that the oversight by the Committee continues to be as effective as possible, the efficacy of the Committee's Charter (i.e. this document) will be evaluated on a periodic basis and a formal review will be conducted by the Authority Board, Executive Director and the Committee a minimum of every five years to determine if any amendments

to this Charter should be made. The formal review will include a benchmarking of the Committee's activities and charter with other best-in-class oversight committees. Amendments to this Charter shall be proposed by the Committee and adopted or rejected by the Authority Board.

The Committee replaces the Authority's existing Citizens Advisory Committee.

Advisory Committees

The Authority will continue the committees that were established as part of the Transportation Partnership Commission organization as well as other committees that have been utilized by the Authority to advise and assist in policy development and implementation. The committees include:

The Regional Transportation Planning Committees that were established to develop transportation plans on a geographic basis for sub-areas of the County, and

- The Technical Coordinating Committee that will serve as the Authority's technical advisory committee.
- The Paratransit Coordinating Council
- The Bicycle and Pedestrian Advisory Committee
- Bus Transit Coordinating Committee

Implementing Guidelines

This Transportation Expenditure Plan (Plan) is guided by principles that ensure the revenue generated by the sales tax is spent only for the purposes outlined in this Plan in the most efficient and effective manner possible, consistent with serving the transportation needs of Contra Costa County. The following Implementing Guidelines shall govern the administration of sales tax revenues by the Authority. Additional detail for certain Implementing Guidelines is found elsewhere in this Plan.

Duration of the Plan

The duration of the Plan shall be for 30 years from April 1, 2017 through March 31, 2047.

Administration of the Plan

1. **Funds only Projects and Programs in the Plan:** Funds collected under this Measure may only be spent for purposes identified in the Plan, as it may be amended by the Authority governing body. Identification of Projects or Programs in the Plan does not ensure their implementation. As authorized, the Authority may amend or delete Projects and Programs identified in the Plan, including to provide for the use of additional federal, state and local funds, to account for unexpected revenue, to maintain consistency with the current Contra Costa Countywide Transportation Plan, to take into consideration unforeseen circumstances, and to account for impacts, alternatives, and potential mitigation determined during review under the California Environmental Quality Act (CEQA) at such time as each Project and Program is proposed for approval.
2. **All Decisions Made in Public Process:** The Authority is given the fiduciary duty of administering the transportation sales tax proceeds in accordance with all applicable laws and with the Plan. Activities of the Authority will be conducted in public according to state law, through publically noticed meetings. The annual budgets of Authority, strategic plans and annual reports will all be prepared for public review. The interest of the

public will be further protected by a Public Oversight Committee, described previously in the Plan.

3. **Salary and Administration Cost Caps:** Revenues may be expended by the Authority for salaries, wages, benefits, overhead and those services including contractual services necessary to administer the Measure; however, in no case shall the expenditures for the salaries and benefits of the staff necessary to perform administrative functions for the Authority exceed one half percent (0.5%) of revenues from the Measure. The allocated costs of Authority staff who directly implement specific projects or programs are not included in the administrative costs.
4. **Expenditure Plan Amendments Require Majority Support:** The Authority may review and propose amendments to the Expenditure Plan and the Growth Management Program to provide for the use of additional federal, state and local funds, to account for unexpected revenues, or to take into consideration unforeseen circumstances. Affected Regional Transportation Planning Committee(s) will participate in the development of the proposed amendment(s). A majority of the Authority Board is required to approve an amendment and all jurisdictions within the county will be given a 45 day period to comment on any proposed Expenditure Plan amendment.
5. **Augment Transportation Funds:** Funds generated pursuant to the Measure are to be used to supplement and not replace existing local revenues used for transportation purposes. Any funds already allocated, committed or otherwise included in the financial plan for any project in the Plan shall be made available for project development and implementation as required in the project's financial and implementation program.
6. **Jurisdiction:** The Authority retains sole discretion regarding interpretation, construction, and meaning of words and phrases in the Transportation Expenditure Plan.

Taxpayer Safeguards, Audits and Accountability

7. **Public Oversight Committee:** The Public Oversight Committee will provide diligent, independent and public oversight of all expenditures of Measure funds by Authority or recipient agencies (County, cities and towns, transit operators, etc). The Committee will report to the public and focus its oversight on annual audits, the review and allocation of Measure funds, the performance of projects and programs in the Plan, and compliance by local jurisdictions with the maintenance of effort and Growth Management Program described previously in the Plan
8. **Fiscal Audits:** All Funds expended by Authority directly and all funds allocated by formula or discretionary grants to other entities are subject to fiscal audit. Recipients of Local Streets Maintenance & Improvements, Bus Transit and Other Non-Rail Transit Enhancements, or Transportation for Seniors & People With Disabilities programs funding (including but not limited to County, cities and towns and transit operators) will be audited at least once every five (5) years, conducted by an independent CPA. Any agency found to be in non-compliance shall have its formula sales tax funds withheld, until such time as the agency is found to be in compliance.
9. **Performance Audits:** The following funding categories shall be subject to performance audits by the Authority: Local Streets Maintenance and Improvements, Major Streets/Complete Streets/Traffic Signal Synchronization Program, Bus Transit and Other Non-Rail Transit Enhancements, Transportation for Seniors and People with Disabilities, Safe Transportation for Children, Intercity Rail and Ferry Service, Pedestrian, Bicycle, and Trail Facilities, Community Development Transportation Program, and Innovative Transportation Technology/ Connected Communities Program. Each year, the Authority shall select and perform a focused performance audit on two or three of the funding categories listed above, so that at the end of the fourth year all funding categories listed above are audited. This process shall commence two years after passage of the new sales tax measure. Additional Performance Audits shall continue on a similar cycle for the duration of the Plan. The performance audits shall provide an accurate quantitative and qualitative evaluation of the funding categories to determine the effectiveness in meeting the performance criteria established by the Authority. In the event

that any performance audit determines that a funding category is not meeting the performance requirements established by the Authority, the audit shall include recommendations for corrective action including but not limited to revisions to Authority policies or program guidelines that govern the expenditure of funds.

10. **Maintenance of Effort (MOE):** Funds generated by the new sales tax Measure are to be used to supplement and not replace existing local revenues used for streets and highways purposes. The basis of the MOE requirement will be the average of expenditures of annual discretionary funds on streets and highways, as reported to the Controller pursuant to Streets and Highways Code Section 2151 for the three most recent fiscal years before the passage of the Measure where data is available. The average dollar amount will then be increased once every three years by the construction cost index of that third year. Penalty for non-compliance of meeting the minimum MOE is immediate loss of all Local Streets Maintenance and Improvements funds until MOE compliance is achieved. The audit of the MOE contribution shall be at least once every five years. Any agency found to be in non-compliance shall be subject to annual audit for three years after they come back into compliance.

Any local jurisdiction wishing to adjust its maintenance of effort requirement shall submit to the Authority a request for adjustment and the necessary documentation to justify the adjustment. The Authority staff shall review the request and shall make a recommendation to the Authority. Taking into consideration the recommendation, the Authority may adjust the annual average of expenditures reported pursuant to Streets and Highways Code Section 2151. The Authority shall make an adjustment if one or more of the following conditions exists:

1. The local jurisdiction has undertaken one or more major capital projects during those fiscal years, that required accumulating unrestricted revenues (i.e., revenues that are not restricted for use on streets and highways such as general funds) to support the project during one or more fiscal years.
 2. A source of unrestricted revenue used to support the major capital project or projects is no longer available to the local jurisdiction and the local jurisdiction lacks authority to continue the unrestricted funding source.
 3. One or more sources of unrestricted revenues that were available to the local jurisdiction is producing less than 95 percent of the amount produced in those fiscal years, and the reduction is not caused by any discretionary action of the local jurisdiction.
 4. The local jurisdiction Pavement Condition Index (PCI) is 70 or greater, as calculated by the jurisdiction Pavement Management System and reported to the Metropolitan Transportation Commission.
11. **Annual Budget and Strategic Plan:** Each year, the Authority will adopt an annual budget that estimates expected sales tax receipts, other anticipated revenue and planned expenditures for the year. On a periodic basis, the Authority will also prepare a Strategic Plan which will identify the priority for projects; the date for project implementation based on project readiness and availability of project funding; the state, federal and other local funding committed for project implementation, and other relevant criteria. The annual budget and Strategic Plan will be adopted by the Authority Board at a public meeting.
12. **Requirements for Fund Recipients:** All recipients of funds allocated in this expenditure plan will be required to sign a Master Cooperative Agreement that defines reporting and accountability elements and as well as other applicable policy requirements. All funds will be appropriated through an open and transparent public process.
13. **Geographic Equity:** The proposed projects and programs to be funded through the Plan constitute a "balanced" distribution of funding allocations to each subregion in Contra Costa County. However, through the course of the Measure, if any of the projects prove to be infeasible or cannot be implemented, the affected subregion may request that the Authority reassign funds to another project in the same subregion, as detailed in an Authority Fund Allocations policy, and to maintain a "balanced" distribution of funding allocations to each subregion.

Restrictions On Funds

14. **Expenditure Shall Benefit Contra Costa County:** Under no circumstance may the proceeds of this transportation sales tax be applied for any purpose other than for transportation improvements benefitting residents of Contra Costa County. Under no circumstance may these funds be appropriated by the State of California or any other local government agency as defined in the implementing guidelines.
15. **Environmental Review:** All projects funded by sales tax proceeds are subject to laws and regulations of federal, state, and local government, including the requirements of the California Environmental Quality Act (CEQA). Prior to approval or commencement of any project or program included in the Plan, all necessary environmental review required by CEQA shall be completed.
16. **Performance-based Project Review:** Before the allocation of any measure funds for the construction of a project with an estimated capital cost in excess of \$25 million (or elements of a corridor project with an overall estimated cost in excess of \$25 million), the Authority will: 1) verify that the project is consistent with the approved Countywide Transportation Plan (CTP), as it may be amended, 2) verify that the project is included in the Regional Transportation Plan / Sustainable Communities Strategy, and 3) require the project sponsor to complete a performance based review of project alternatives prior to the selection of a preferred alternative. Said performance based review will include, but not necessarily be limited to, an analysis of the project impacts on greenhouse gas emissions, vehicle miles travelled, goods movement effectiveness, travel mode share, delay (by mode), safety, maintenance of the transportation system and consistency with adopted Authority plans. The Authority may require the evaluation of other performance criteria depending on the specific need and purpose of the project. When appropriate, the Authority will encourage project sponsors to identify and select a project alternative that reduces greenhouse gas emissions as well as vehicle miles travelled per capita. The Authority will also prioritize and reward high performing projects by leveraging additional regional and other funding sources. The Authority shall adopt detailed guidelines for evaluating project performance and applying performance criteria in the review and selection of a preferred project alternative no later than October 1, 2018.
17. **Countywide Transportation Plan:** State law allows each county in the San Francisco Bay Area that is subject to the jurisdiction of the regional transportation planning agency to prepare a Countywide Transportation Plan (CTP) for the county and cities within the county. Both Measure C and Measure J also require the Authority to prepare and periodically update a CTP for Contra Costa. State law also created an inter-dependent relationship between the CTP and regional planning agency. Each CTP must consider the region's most recently adopted Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) while the adopted CTPs must form the "primary basis" for the next RTP and SCS. The Authority shall follow applicable statutes and the most current guidelines for preparing the CTP, as established and periodically updated by the regional transportation planning agency. The Authority shall also use the CTP to convey the Authority's investment priorities, consistent with the long-range vision of the RTP and SCS.
18. **Complete Streets:** The Authority has adopted a policy requiring all recipients of funding through this Plan to consider and accommodate, wherever possible, the needs of all users in the planning, design, construction, reconstruction, rehabilitation and maintenance of the transportation system. Achieving this vision will require balancing the needs of different users, and may require reallocating existing right of way for different uses.
19. **Compliance with the Growth Management Program:** If the Authority determines that a jurisdiction does not comply with the requirements of the Growth Management Program, the Authority shall withhold funds and also make a finding that the jurisdiction shall not be eligible to receive Local Streets Maintenance & Improvements or Community Development Transportation Program (CDTP) funding until the Authority determines the jurisdiction has achieved compliance, as detailed in the Growth Management Program section of the Plan.
20. **Local Contracting and Good Jobs:** Authority will develop a policy supporting the hiring of local contractors and businesses, including policy requiring prevailing wages, apprenticeship programs for Contra Costa residents,

and veteran hiring policy (such as the Helmets to Hardhats program) to the extent permitted by law. The Authority, will adopt the aforementioned policy for projects and programs funded by the measure no later than April 1, 2018.

21. **New Agencies:** New cities or new entities (such as new transit agencies) that come into existence in Contra Costa County during the life of the Plan may be considered as eligible recipients of funds through a Plan amendment.
22. **Countywide Transit Plan:** The Authority will develop a countywide transit plan identifying services and projects to be funded with this Measure. The plan will be inclusive of services and projects in adopted plans of existing transit operators which have gone through a public review process prior to adoption. The plan will be periodically reviewed and updated. Funding will be allocated by the Authority throughout the County based on input from each Regional Transportation Planning Committee and on performance criteria established by the Authority in consultation with local and regional bus transit operators, providers of alternate non-rail transportation, and stakeholders. Said performance criteria will include a review of impact on Vehicle Miles Traveled (VMT) and Green-house Gas (GHG) and shall require a finding that any proposed new or enhanced services demonstrate the ability to improve regional and/or local mobility for Contra Costa residents.

Project Financing Guidelines and Managing Revenue

23. **Fiduciary Duty:** Funds may be accumulated for larger or longer term projects. Interest income generated will be used for the purposes outlined in the Plan and will be subject to audits.
24. **Project and Program Financing:** The Authority has the authority to bond for the purposes of expediting the delivery of transportation projects and programs. The Authority will develop a policy to identify financing procedures for the entire plan of projects and programs.
25. **Programming of Variations from the Expected Revenue:** Actual revenues may, at times be higher or lower than expected in this Plan due to changes in receipts. Additional funds may become available due to the increased opportunities for leveraging or project costs being less than expected. Revenue may be lower than expected as the economy fluctuates. Determination of when the contingency funds become excess will be established by a policy defined by the Authority. Funds considered excess will be prioritized first to expenditure plan projects and programs, and second to other projects of regional significance that are consistent with the expenditure plan. The new project or program will be required to be amended into the expenditure plan.
26. **Fund Allocations:** Through the course of the Measure, if any of the projects do not require all funds programmed for that project or have excess funding, or should a planned project become undeliverable, infeasible or unfundable due to circumstances unforeseen at the time the expenditure plan was created, funding for that project will be reallocated to another project or program. The subregion where the project or program is located may request that the Authority reassign funds to another project in the same subregion. In the allocation of the released funds, the Authority in consultation with the subregion RTPC will in priority order consider: 1) a project or program of the same travel mode (i.e. transit, bicycle/pedestrian, or road) in the same subregion, 2) a project or program for other modes of travel in the same subregion, 3) other expenditure plan projects or programs, and 4) other projects or programs of regional significance. The new project or program or funding level may be required to be amended into the expenditure plan.
27. **Leveraging Funds:** Leveraging or matching of outside funding sources is strongly encouraged. Any additional transportation sales tax revenues made available through their replacement by matching funds will be spent based on the principles outlined for fund allocations described above.

Appendix

Table of Expenditure Plan Funding Allocations

Funding Category	\$ millions	%	Distribution of Funding By Subregion			
			Central (a)	Southwest (b)	West (c)	East (d)
BART Capacity, Access and Parking Improvements	300.00	10.44%	88.10	57.38	69.77	84.75
Bus Transit Enhancements in West Contra Costa	110.55	3.84%			110.55	
Bus Transit and Other Non-Rail Transit Enhancements in Central, East and Southwest Contra Costa	184.40	6.42%	61.45	61.45		61.50
East Contra Costa Transit Extension	70.00	2.44%				70.00
High Capacity Transit Improvements along the I-80 Corridor	55.00	1.91%			55.00	
Intercity Rail and Ferry Service Improvements	50.00	1.74%	8.00		35.00	7.00
Traffic Flow Improvements & High Capacity Transit Implementation Along I-680 & SR 24	250.00	8.70%	125.00	125.00		
East County Corridor (Vasco Rd and/or Byron Highway Corridors)	117.00	4.07%				117.00
Traffic Flow Improvements along SR 242 & SR 4	108.00	3.76%	44.00			64.00
I-80 Interchange Improvements at San Pablo Dam Road and Central Avenue	60.00	2.09%			60.00	
Interstate 680 and State Route 4 Interchange Improvements	60.00	2.09%	60.00			
Local Street Maintenance and Improvements	663.50	23.09%	191.96	147.53	145.63	178.38
Add'l Local Street Maintenance and Improvements	20.00	0.70%	20.00			
Transportation for Seniors and People with Disabilities	115.01	4.00%	30.80	19.30	28.15	36.76
Safe Transportation for Children	63.96	2.23%	8.72	20.03	26.12	9.09
Major Streets, Complete Streets and Traffic Synchronization Project Grants	290.00	10.09%	108.40	46.40	56.60	78.60
Pedestrian, Bicycle and Trail Facilities	115.00	4.00%	28.30	30.35	26.41	29.94
Community Development Transportation Program	100.00	3.48%	25.26	16.45	20.00	38.29
Innovative Transportation Technology / Connected Communities Grant Program	65.00	2.26%	22.10	11.00	16.70	15.20
Transportation Planning, Facilities & Services	43.05	1.50%	12.64	8.23	10.02	12.16
Regional Transportation Priorities	18.70	0.65%	5.00	3.70	5.00	5.00
Administration	14.35	0.50%	4.20	2.75	3.35	4.05
TOTAL	2873.52	100.0%	843.93	549.57	668.30	811.72
Population Based Share			843.87	549.58	668.33	811.72
Population Share (2030 Estimate) of Total			29.37%	19.13%	23.26%	28.25%

Numbers in this chart are rounded for viewing simplicity.





AGENDA BILL

Agenda Item No. 7(B)

Date: June 21, 2016

To: El Cerrito City Council/Pension Trust Board/
Public Financing Authority Board

From: Scott Hanin, City Manager

Subject: Adoption of the City's Biennial Budget for Fiscal Years 2016-17 and 2017-18, Approve FY 2016-17 Spending Authority by fund for the City, Employee Pension Board and Public Financing Authority and Approve the FY 2016-17 annual Gann appropriation limit.

ACTION REQUESTED

Staff requests that the City Council approve the following actions this evening:

1. Adopt a resolution approving the Biennial Budget report for Fiscal Years 2016-17 and 2017-18 and authorizing FY 2016-17 spending authority by fund for the City of El Cerrito;
2. Adopt a resolution approving the Biennial Budget for Fiscal Years 2016-17 and 2017-18 and authorizing FY 2016-17 spending authority by fund for the El Cerrito Public Financing Authority;
3. Adopt a resolution approving the Biennial Budget for Fiscal Years 2016-17 and 2017-18 and authorizing FY 2016-17 spending authority by fund for the El Cerrito Employee Pension Board; and
4. Adopt a resolution approving the calculation and establishing the Fiscal Year 2016-17 annual Gann Appropriation Limit.

BACKGROUND

At the June 14, 2016 City Council meeting, the City Manager presented the Proposed Biennial Budget for fiscal years 2016-17 and FY 2017-18 that includes both the operating and capital budgets for the City of El Cerrito, the Public Financing Authority and Employee Pension Board. The presentation provided an overview of the proposed budget and associated goals, current year accomplishments and strategic plan alignment. The strategic plan continues to provide the foundation for developing future year goals and aligning resources with these objectives as staff developed the Biennial Budget for fiscal years FY 2016-17 and FY 2017-18 budgets.

Agenda Item No. 7(B)

At that meeting the City Council provided numerous comments and suggestions to staff which will be addressed prior to finalizing the budget book as follows:

- Clarifications, edits, typographical errors that do not impact the appropriation levels will be incorporated in the Adopted Budget book as has been the case in the past;
- Changes to the proposed budget will include, but not be limited to:
 - o Adding enhanced enforcement of the City Smoking Ordinance as a Goal for the Police Department;
 - o Adding a description and budget chart for the Measure A Swim Center fund;
 - o Under citywide revenues add a description for fines and forfeitures (which include parking, vehicle and code enforcement citations);
 - o Include finding funding for a new senior center in the Challenges section;
 - o Under the Building Division, consider a potential amnesty program for properties currently out of compliance with the building and planning codes;
- Increasing the tree maintenance, repair and removal program in FY 2016-17 by \$10,000 through shifting current budgeted amounts. \$35,000, similar to the amount authorized at mid-year for emergency tree repair had also been added to the FY 2016-17 proposed budget; and,
- In following years, provide a clear bridge between the CIP section and the Capital Outlay amounts and add departmental “all funds totals” to department tables and ensure detailed descriptions and assumptions exist for all special funds.

On March 15, 2016 the City Council received a Midyear Budget Update on financial projections for FY 2015-16. The proposed budget provides a plan that outlines how resources will be utilized to achieve the City’s goals; however, adoption of the spending authority provides the legal authority to expend City revenues to realize these objectives. For this reason, Council is being asked to adopt the 2-year plan, the Biennial Budget for FY 2016-17 and FY 2017-18, but only the spending limit for FY 2016-17. This provides Council with an opportunity to make necessary adjustments, based on regular budget updates received throughout the year, before adopting spending authority for FY 2017-18 next year.

ANALYSIS

Attachment 1 is the City Manager letter which provides an overview of the budget. Staff is projecting balanced budgets for both fiscal years under review. Additionally, unrestricted general fund reserves are anticipated to increase to 9.2% by the end of the period, approximately double the low point during the recent great recession.

Expenditure Spending Authority and Gann Appropriations Limit

Included in the recommended actions for adoption of the budget are two items related to spending limits: 1) Approval of the calculation and establish the City’s FY 2016-17

Gann Appropriation Limit as \$125,810,267; and 2) Establish spending authority by fund.

Approved in 1979 and amended in 1990, the Gann Initiative sets an annual appropriation limit on City expenditures based on the amount of tax proceeds received. This amount is adjusted each year based on changes in population and inflation. The California Government Code requires that the City adopt the Gann appropriations limit by resolution on an annual basis.

Unlike the Gann Initiative, there is no state requirement that Cities adopt a budget and the corresponding spending authority; however most Cities do. Budgets provide the fiscal plan outlining what the city wants to accomplish and the resources available to implement priorities resulting from a budget process. Establishing spending authority by fund approves the required expenditures as outlined in the adoption of the City's budget.

LEGAL CONSIDERATIONS

Approval of the attached resolutions is required to adopt the City's Biennial Budget Plan for Fiscal Years 2016-17 and 2017-18 and spending authority. Additionally, there are separate resolutions the City Council must adopt for each of the City's component units: the Public Financing Authority and Pension Board as well as approval of the annual Gann Limit.

Reviewed by:



Scott Hanin
City Manager

Attachments:

1. City Manager Letter
2. Resolution for Adoption of the Biennial Budget for FY 2016-17 and 2017-18 and authorizing spending by fund for FY 2016-17
3. Resolution for Adoption of the Biennial Budget for FY 2016-17 and FY 2016-17 and FY 2016-17 spending authority by fund for the Public Financing Authority
4. Resolution for Adoption of the Biennial Budget for FY 2016-17 and FY 2017-18 and FY 2016-17 spending authority by fund for the Employee Pension Board
5. Resolution Approving the Calculation and Setting the Gann Appropriations Limit for the FY 2016-17 Budget

CITY MANAGER'S TRANSMITTAL LETTER

June 14, 2016



Honorable Mayor and Council Members:

I am privileged to present the Proposed Fiscal Year 2016-17 and Fiscal Year 2017-18 Biennial Budget for the City of El Cerrito. This document describes our financial position as well as the program of services and activities the City provides to its residents and businesses. This budget book serves as the primary reference for what we value as a City and how we responsibly provide services in El Cerrito.

In 2017, the City will be celebrating its 100th anniversary which provided me an opportunity to reflect on my recent 15th anniversary as City Manager of El Cerrito. While we no doubt will be reflecting on the long and colorful history of our City over the coming years, I wanted to take a moment to reflect on some of our accomplishments over the last 15 years that have helped shape the next 100 years for the City.

15 Year Highlights

- Completion of our modern and attractive City Hall
- Completion of our Swim Center
- Completion of our LEED Platinum Recycling Center
- Passage of Progressive legislation to increase the minimum wage, reduce smoking and raise money for art in public places
- Continually reduced crime throughout the City
- Launched the Police Canine Program. Since then, the department's police canines have helped find missing people, locate illegal narcotics, and apprehend suspects.
- Made a prolonged positive impact on police community relationships through our school resource officer program, beginning in 2005.
- Implemented a city-wide paramedic program with minimal cost to our residents
- Renovated the Cerrito Theater
- Made significant infrastructure improvements on San Pablo Avenue
- Won the ICMA Program Excellence Award in Community Sustainability in 2012 for the San Pablo Avenue Streetscape Project
- Won GFOA Budget award 6 years in a row
- Received an A+ by the American Lung Association for our tobacco-related ordinances and policies
- Completed creek improvement projects including Cerrito Creek Restoration & Greenway (Bay Trail Connector) and Baxter Creek Restoration & Gateway Park
- Completed several plans that are guiding the City's investments in maintenance and improvements of City facilities, infrastructure and landscapes including Urban Forest Management Plan (2007), ADA Transition Plan (2009), Ohlone Greenway Master Plan (2009), Neighborhood Traffic Management Program (2010), San Pablo Avenue Complete Streets Plan (2014), and Active Transportation Plan (2016).
- Passed Measure A (El Cerrito Pothole Repair, Local Street Improvement and Maintenance Measure), approved by El Cerrito voters in 2008, completed an accelerated improvement program, and currently managing an annual maintenance program. With projects completed

this year, the percentage of all city street segments resurfaced since 2008 is approximately 95% and the Metropolitan Transportation Commission once again rated the City as having one of the top three best-paved streets in the Bay Area.

- Successfully applied for competitive grants and programs to plan, design and construct numerous traffic, pedestrian and bicycle improvements including Lower Fairmount Streetscape, San Pablo Avenue Streetscape and Gateway Identity Program, Fairmount Avenue and Ashbury Avenue Intersection Safety Improvements, Potrero Avenue from 55th to 56th Streets Safety Improvements, Arlington Boulevard at Madera & Brewster Drives Safe Routes to School Improvements, Central Avenue & Liberty Street Streetscape Improvements, Moeser Lane and Ashbury Avenue Pedestrian & Bicycle Corridor Improvements, Ohlone Greenway Major Street Crosswalk Improvements, Arlington Curve at Brewster Drive Intersection Safety Improvements, Ohlone Greenway Wayfinding Improvements, Ohlone Greenway BART Station Area Access, Safety, and Placemaking Improvements, and Korematsu Middle School Safe Routes to School Improvements.*
- Weathered the Great Recession with no interruption of services and minimal impact on our City*

These are just some of the more memorable accomplishments but every day we continually strive to provide exemplary service in the most responsive manner possible. To that end, we respond immediately to tens of thousands of calls annually for service from our police and fire departments and issue thousands of permits annually in an effort to help ensure the safety of our residents. Our Recreation Department continues to evolve with more and greater offerings each year at competitive prices. For a relatively small City, we pride ourselves on providing the highest level of service combined with a community focus and innovative strategies. Our two largest departments, Police and Fire, pride themselves on their hands on, community based approach to providing services and always prefer residents contact them with any concerns regarding their health or safety.

During the past fiscal year, it finally felt for the first time since 2007, that the City has moved beyond the Great Recession. Revenues have improved across the board as home prices have now reached all-time highs. While this is generally positive for the City, new challenges have emerged including an increased homeless population, a shortage of affordable housing and the advent of online short term rentals.

Although things have improved and many long time vacancies filled, there is still much to do and many things to accomplish. While respecting our history, we must continue to look to the future and build on recent success. By following the framework established in the City's Strategic Plan – a Plan that lays out the Mission, Vision, Values and Strategies for the City over the coming years. That Plan provides the foundation for this budget and is discussed and incorporated throughout the document. The Plan describes:

OUR VISION

The City of El Cerrito is a safe, connected, and environmentally focused Bay Area destination with vibrant neighborhoods, businesses and public places, and diverse cultural, educational and recreational opportunities for people of all ages.

OUR MISSION

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

OUR VALUES

Our values drive behavior and support effective implementation of the mission, vision, and goals. The City's values include:

- Ethics and Integrity
- Fiscal Responsibility
- Inclusiveness and Respect for Diversity
- Innovation and Creativity
- Professional Excellence
- Responsiveness
- Transparency and Open Communication

SELECTED RECENT ACCOMPLISHMENTS

During the last fiscal year and years prior, much has been accomplished and is detailed throughout this document. Some of our recent major accomplishments by Strategic Plan Goal Area are:

Deliver Exemplary Government Services

- Increased our online presence and capabilities with more improvements planned
- Continued to provide enhanced technology offerings to our staff and clients as more people desire electronic communication
- Continued our practice of open government and the use of both community meetings, surveys and traditional print out reach
- Received 26 "Best of" Contra Costa County Awards from Parents' Press Magazine for many of our Recreation Department Programs
- Created and implemented a busy passport office that serves up to 700 residents from El Cerrito (37%) and residents from Contra Costa, Alameda, Solano and Marin Counties (63%) annually and generates approximately \$15,000 a year in additional revenue for the City
- Coordinated 20 full-time employee recruitments in 9 months, matching the amount of recruitments placed in the previous 2 years; conducted "Good to Great/Great by Choice" management training; initiated and implemented the Strategic Plan; EC STARS Internship program in partnership with WCCUSD
- Completed construction of various capital improvements including Ohlone Greenway Major Street Crosswalk Safety Improvements, Ohlone Greenway Natural Area and Rain Gardens, Speed Radar Feedback Signs, Access Modifications-Curb Ramps, Castro Park Field Renovation, Huber Park Improvements, and several Neighborhood Traffic Management Program projects
- As part of Measure A Street Improvement Program, completed construction of the 2013-14 Street Improvement Program, 2014 Patch Paving Program, 2014-15 Pavement Rehabilitation Project, 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
- Prepared comprehensive request for proposals for, entered into, and managed new Street Sweeping, Landscape Maintenance Services, Tree Pruning & Removal Agreements, and Street Light and Traffic Signal Maintenance agreements including enhanced services such as

improved customer service, weekly litter removal on San Pablo Avenue, weed abatement in City easements, and maintenance of recently installed traffic equipment,.

- Prepared for and responded to harsh drought and unpredictable El Nino weather conditions. Specifically, responded to the drought and water restrictions by reducing the City's water use on public landscapes and streetscapes, completing repairs and improvements to irrigation systems, removing problem street trees and removing hazardous trees in several City parks, and keeping athletic fields safe and playable.

Achieve Long Term Financial Sustainability

- Improved reserves from approximately 5% to approximately 9%
- Filled finance department vacancies which helps with revenue collections and improved payment options
- All employees now paying their share or greater of pension costs
- Improved cash flow and developed diverse revenues streams to withstand economic fluctuations
- Entered into an Installment Payment Plan and Received a Notice of Completion from the State Department of Finance regarding dissolution of redevelopment
- Successfully negotiated contracts and/or side letters with all bargaining units, including ending Employer Paid Member Contributions to PERS

Deepen a Sense of Place and Community Identity

- Continued our hiring and volunteerism through our EC STARS High School Internship Program, expanded Police Explorer Program, held 2nd Police Citizens Academy and identified eight new Volunteers in Police Service recruits
- Facilitated Off the Grid weekly food truck event
- Arts and Culture Commission developed an Arts & Culture Master Plan
- Oversaw the completion and opening of Ohlone Gardens, providing 57 units of much needed affordable housing and 3,000 square feet of new commercial
- Oversaw the predevelopment and development phase of the long awaited Creekside development project, and negotiated the complex condition of approval process, resulting in 128 much needed new housing units, including 19 affordable, and other community amenities including daylighting a section of Cerrito Creek
- Completed and oversaw adoption of the San Pablo Avenue Specific Plan (including a Complete Streets Plan and Programmatic EIR), shifting the development environment on San Pablo Avenue and achieving long awaited City goals
- Oversaw acquisition of 8-acres of new open space
- Studied and evaluated options for a new modern library
- Issued an RFP and negotiating for development of a mixed-use transit oriented development adjacent to the Del Norte BART Station

Develop & Rehabilitate Public Facilities as Community Focal Points

- Upgraded the irrigation system and replaced the field at Castro Park
- Finished construction of the Ohlone Greenway Natural Area and Rain Garden Project

Ensure the Public's Health & Safety

- The Fire Department responded to 20 major wildland fires throughout the State
- Reduced overall part one crimes through the use of data, flexible deployments and continued crime analysis in spite of recruitment and retention challenges
- Took delivery on a new fire ladder truck, new Automatic Cardiac Compression Devices and rescue equipment in the amount of just over \$1 million.

Foster Environmental Sustainability Citywide

- Adopted Urban Greening Plan and Active Transportation Plan

OVERALL CHALLENGES

As El Cerrito recovers from the Great Recession, a number of challenges still exist as we look towards the next two years, including:

- Recruitment and retention of excellent staff with limited increase in budgets in an increasingly improving market
- Managing continued increases in pension costs
- Identify funds to maintain our aging facilities, parks, open space, playgrounds and playfields
- Identifying resources to successfully advance affordable housing and economic development goals post-Redevelopment funding
- Managing the continued increases in technology demands including the desire for more online services, network and email security, hardware and software changes, changes in technology and increased training needs
- Attracting aging baby boomers to outdated, low functioning senior center
- Developing a parks and facilities Master Plan to serve as a basis for future development and maintenance of these important assets
- Developing finding sources for a new public safety building and library to replace the current aging and outdated facilities

KEY OBJECTIVES

In spite of our financial challenges, City staff looks to the Strategic Plan to prioritize the projects, programs and services to allocate our limited resources according to the goals in the Plan. As a result, there are a number of exciting things staff hopes to accomplish in the next two years in addition to our core functions, including:

- Beginning construction on a new library
- Successful implementation of the November General Election
- Implement the new minimum wage ordinance and increased enforcement of the City's smoking ordinance
- Update City fees for service with a focus on building fee simplification
- Develop Eden Housing affordable senior project adjacent to City Hall
- Oversee the significant development projects anticipated along San Pablo Avenue

-
- Continue and expand the City's disaster preparedness training
 - Begin development and implementation of an update of the Storm Drain Master Plan
 - Continue to seek and win grants which further implement the Mission and Vision of the City
 - Improving the built environment and seeing new vitality on San Pablo Avenue
 - Improving the delivery of services and confidence in the Planning and Building Division, through providing better public information, more efficient online services and establishing innovative programs for solving complex zoning issues
 - Create an El Cerrito context-sensitive affordable housing program. This includes removing barriers to second units, and enacting affordable housing policies
 - Create a historic preservation program which could include establishing a demolition control ordinance, survey of local historic resources and creating a program that all stakeholders support
 - Leverage funding and begin a General Plan update
 - Complete a fee study for building and planning and establish development impact fees so future development pays its fair share of its impact on our city
 - Design, specify and manage the purchase of a new Type III Engine for Station 65
 - Continue to aggressively implement the City's CERT Program
 - Improve recruitment and retention of city employees with a particular emphasis in the Police Department
 - Decrease residential burglaries and property related crimes
 - Increase multimodal transportation safety for pedestrians and bicyclists
 - Deploy body worn cameras on our police officers
 - Continue to focus on development of police officers in the areas of Fair and Impartial Policing, Crisis Intervention, Procedural Justice and Mindful practices.
 - Complete several capital improvements projects including Fairmont Park Improvements, Hillside Natural Area Trail Entry & Signage Improvements, Ohlone Greenway BART Station Access, Safety and Placemaking Improvements, Urban Forest Plan, Arlington Curve and Brewster Drive Safety Improvements, and Canyon Trail Clubhouse Enhancements.
 - Identify and apply for grant funding for programs and projects identified in the ADA Transition Plan, Ohlone Greenway Master Plan, San Pablo Avenue Complete Streets Plan, Urban Greening Plan, and Active Transportation Plan.

PROPOSED BIENNIAL BUDGET FY 2016-17 AND FY 2017-18 OVERVIEW

The Fiscal Year 2016-17 and 2017-18 Proposed Biennial Budget provides funding for all City services and more, including Police, Fire, Recreation, Community Development, Public Works, Building, Planning, Environmental and City Management services. Although the City's primary operating fund, the General Fund, is in balance, a larger surplus would be desirable to further increase reserves and protect the City against future economic declines. With the filling of many vacancies, customer service is expected to improve as will responsiveness to resident requests. Our ability to take on new initiatives should also increase.

Entering FY 2016-17, there are many new faces in our El Cerrito family. New staff includes the Finance Director, Police Chief, Senior Human Resources Analyst, Finance Analyst, six police officers, four firefighters and a number of other positions are in the process of being filled. All of these new staff will require training and have some curves before they are running at full speed but we are confident each will help improve our customer performance and responsiveness.

Our special fund revenues are at their limits and are once again being used more for their primary purposes than in recent years when they were needed to backfill for the General Fund.

Chart A below provides an overview of the Citywide revenues for next fiscal year:

Chart A
City of El Cerrito Operating Revenues

Revenue Category	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Amended	FY 2016-17 Proposed	FY 2017-18 Proposed
Taxes					
Property Taxes	\$6,061,184	\$6,804,612	\$6,858,142	\$8,607,000	\$9,295,560
Sales Taxes	6,814,760	6,455,436	7,650,500	7,849,000	8,084,470
Utility User Taxes	3,137,017	3,106,232	3,308,000	3,163,000	3,257,890
Local Parcel Taxes	1,908,642	1,908,856	1,908,000	1,921,170	1,978,805
Franchise Taxes	1,228,307	1,376,771	1,434,970	1,565,000	1,611,950
Business License Taxes	768,448	722,130	811,715	810,000	834,300
Other Taxes	3,259,133	3,539,300	3,383,650	3,713,977	3,829,096
Total Taxes	\$23,177,491	\$23,913,338	\$25,354,977	\$27,629,147	\$28,892,071
Licenses & Permits	539,567	493,243	623,000	653,690	686,375
Fines and Forfeitures	388,364	276,759	301,500	326,000	341,980
Use of Money and Property	433,140	490,279	522,822	524,380	536,255
Intergovernmental Revenues	6,367,023	8,253,283	6,262,999	8,253,966	8,563,001
Charges for Services	7,044,458	6,734,225	7,094,043	7,315,140	7,607,746
Other Revenues	260,208	197,396	548,567	975,476	645,040
Total Revenues before Transfers				\$18,048,652	\$18,380,397
Interfund Transfers	3,050,150	2,797,236	2,864,984	2,779,256	2,780,784
Total	\$41,260,402	\$43,155,758	\$43,572,892	\$48,457,055	\$50,053,252

Staff is projecting a significant increase in General Fund revenues next fiscal year with somewhat slower growth in the following year. In some of our special funds, revenues have been adjusted to better reflect the mission of the fund in which it was generated and the use of special restricted funds to balance other funds has been lessened.

Chart B
City of El Cerrito Operating Expenses

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Amended	FY 2016-17 Proposed	FY 2017-18 Proposed
Personnel	\$25,035,232	\$25,190,715	\$26,302,904	\$27,330,750	\$28,778,491
Professional Services	4,183,357	3,348,815	3,578,550	3,743,357	3,743,357
Purchased Property Services	5,630,724	4,230,194	6,201,890	8,326,696	8,326,696
Other Services	1,385,790	1,309,545	1,531,424	1,608,635	1,608,635
Supplies	778,020	745,632	943,580	932,550	932,550
Property & Capital	2,289,261	434,306	369,800	446,600	446,600
Financing Costs	2,101,820	2,230,458	3,381,236	3,477,110	3,478,613
Other Financing Uses	6,272,702	5,657,235	2,774,846	2,879,256	2,880,784
Total	\$47,676,905	\$43,146,900	\$45,084,231	\$48,744,954	\$50,195,726

In some cases, expenditures exceed revenues in a particular year due to the use of grant funds and the timing of revenues and implementing projects that span multiple fiscal years. All services remain intact and continue to be provided at levels higher than in most other cities; we anticipate the ability to take on additional programs or projects will improve next fiscal year as staffing is solidified. In order to develop the proposed budget, staff has focused on our core services and only those things

consistent with the Strategic Plan. Key assumptions drives the proposed budget include but are not limited to the following:

- Some vacancies will remain, but much less than the prior fiscal years
- \$350,000 of economic development-related loans (from the Municipal Services Corporation) will no longer be available
- The overall salary savings from vacancies equals approximately \$937,000
- Salary savings of approximately \$539,000 in Police based on current staffing levels and likely timing for filling vacant positions and estimated attrition
- The Fire Department, while fully staffed operationally with four recent hires, will rely on overtime rather than fill the three authorized "coverage" positions, similar to recent years (results in approximate \$150,000 in savings)
- Although relatively small, for the first time in many years, the General Fund is contributing \$164,000 to Capital Improvements
- Contract help in certain areas, including Economic Development and Planning, will continue or increase based on anticipated workload
- No use of unrestricted General Fund reserves

This budget will maintain current levels of police and fire services, including neighborhood patrols, crime prevention programs, and rapid 9-1-1 response times, as well as our quality of life services, in accordance with community desires. Our focus will be renewed on improving the City's infrastructure and aiding commercial development along San Pablo Avenue.

An overview of the General Fund, including fund balances, is presented in **Chart C**:

Chart C General Fund Overview					
General Fund Summary	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Projected	FY 2016-17 Proposed	FY 2017-18 Proposed
Beginning Restricted Fund Balance	\$234,156	\$235,946	\$138,412		
Beginning Unassigned Fund Balance	\$1,237,431	\$1,008,587	\$1,323,100	\$2,872,742	\$3,110,104
Total Revenues	\$28,977,899	\$29,761,899	\$32,829,298	\$33,907,573	\$35,100,932
Personnel	22,264,588	22,633,987	23,145,969	24,841,886	26,166,030
Non-Personnel	6,914,431	6,910,933	8,272,099	8,828,325	8,828,825
Total Expenses	\$29,179,019	\$29,544,920	\$31,418,068	\$33,670,211	\$34,994,855
Annual Balance/Shortfall	(1,071,040)	195,965	1,411,230	237,362	106,077
Unassigned Ending Fund Balance/Deficit	\$1,270,466	\$1,461,512	\$2,872,742	\$3,110,104	\$3,216,181
Ending Unassigned Reserve Percent	4.4%	4.9%	9.1%	9.2%	9.2%

At this point, staff is projecting reserves to increase to 9.2%. As is relatively common, temporary borrowing to manage cash flow will once again be necessary. For FY 2017-18, personnel assumptions were flat with prior vacancies filled. Other expenses will increase by less than inflation. During next fiscal year, staff anticipates bringing forward a contract for a Recreation Facilities and Parks Master Plan, however no funds have been included at this point. For **Chart C** only, projected FY 2015-16 numbers were used rather than amended to better reflect current year projections. Any differences between the budgets shown and the City's completed audited financial statements are minor and due to rounding and adjustments in the finance system after the close of the prior year. These differences were reconciled and corrected going forward.

Personnel

During this budget period, labor negotiations will take place with the City's major bargaining units: SEIU, Police Employees Association, and Fire Local 1230. In the second year of this budget period we have assumed no personnel increases as seen in the first year, roughly equal to inflation. A very large pension cost increase is anticipated in FY 2017-18 and how that increase is implemented has not yet been negotiated. The results of these labor negotiations will drive the budget in the second year and the budget would need to be amended to reflect these changes.

After many years staffing has increased but remains well below previously approved levels. Certain departments will not get to full strength based on current staffing, available resources and projected retention. Staffing is proposed to remain the same in FY 2017-18. An overview of our projected staffing for FY 2016-17 is shown in **Chart D**:

Chart D
Personnel Overview

Department	Approved	Actual	Vacant
City Council	5	5	0
City Management	11.5	11.5	0
Finance Department	6	6	0
Community Development	14	14	0
Fire	37	33	4
Police	56.4	52.4	4
Public Works	24.8	22.8	1
Recreation	23	22	2
Total	177.70	166.70	11.00

Reserves

The General Fund budget is balanced and a small surplus is projected. Unrestricted General Fund reserves were projected to be approximately 6% at the start of this budget period but the actual amount is likely to be approximately 9% due to unanticipated one time revenues, increased operating revenues and lower than anticipated expenses. During this coming two-year budget period, it is hoped that these reserves will surpass 10%, the minimum desired in the City's reserve policy and continue to increase toward the reserve policy goal of 15%.

* * * * *

I would like to thank all of the senior staff for their hard work, diligence and high standards in their contributions to the budget document. In particular, I would like to thank Karen Pinkos, the Assistant City Manager, Shannon Collins, the City's Accounting Supervisor, Stacey Johnson, Senior Financial Analyst, Suzanne Iarla, Assistant to the City Manager, and each of our Department Directors, for their work in developing and continuously improving the document over the past few years to achieve this award-winning status for the City. Most importantly, I would like to thank all of the City employees who continually evolve and innovate in order to maintain the programs and service levels our residents and businesses desire. Staff also appreciates the residents and businesses of El Cerrito who continue to support and show faith in our efforts.

Again, on behalf of all the staff, I present a budget that will continue to serve our City well.

Respectfully,



Scott Hanin
City Manager

RESOLUTION NO. 2016-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO ADOPTING THE BIENNIAL BUDGET FOR FISCAL YEAR 2016-17 AND FISCAL YEAR 2017-18 AND SPENDING AUTHORITY FROM ALL FUNDS OF THE CITY OF EL CERRITO FOR FISCAL YEAR 2016-17

WHEREAS, City staff have prepared, transmitted, and presented the proposed biennial FY 2016-17 and FY 2017-18 Budget to the City Council of the City of El Cerrito for its consideration, and it has been reviewed and analyzed in public review sessions; and

WHEREAS, the City prepares and adopts a budget with the intent of providing a planned program for City services and a financial system to carry out the program of services; and

WHEREAS, the proposed budget represents anticipated revenues and proposed expenditures, including interfund transfers, from all funds of the City of El Cerrito; and

WHEREAS, proposed spending authority from tax proceeds are within the City's Fiscal Year 2016-17 Gann Appropriations Limit, as defined the California State Constitution Article XIIB.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of El Cerrito hereby adopts the Fiscal Year 2016-17 and Fiscal Year 2017-18 Budget with Fiscal Year 2016-17 spending limits across funds as follows:

General Fund	\$ 33,670,211
Gas Tax	\$ 582,865
National Pollution Discharge Elimination	\$ 302,412
Landscape and Lighting Assessment	\$ 754,442
Measure J Return to Source	\$ 523,328
Paratransit	\$ 113,651
Measure J Storm Drain	\$ 768,102
Measure A Parcel Tax	\$ 875,379
Asset Seizure	\$ 25,000
Vehicle Abatement	\$ 36,000
Street Improvements	\$ 1,528,096
Public Art	\$ 15,000
Federal, State and Local Grants	\$ 314,500
C.O.P.S. Grant	\$ 30,000
LMI Housing	\$ 190,420
Capital Improvements	\$ 4,592,998
Integrated Waste Management	\$ 2,453,724
Vehicle /Equipment Replacement	\$ 138,533
Employees' Pension Trust	\$ 128,509
Financing Authority Measure A	\$ 365,467
Financing Authority Civic Center	\$ 598,240
Financing Authority Street Improvement	\$ 738,078
Total	\$ 48,744,954

BE IT FURTHER RESOLVED that the City Council of the City of El Cerrito hereby authorizes the City Manager or his/her designee to:

1. Create such appropriations into such new accounts as may be appropriate for proper accounting in the City's financial system and to make any necessary non-material changes to finalize the budget document.
2. Apply correct accounting rules for the proper classification of interfund transactions, including transfers between funds, or other financial transactions, as may be necessary to address bond or loan covenants, or any other requirements imposed by formal, legal agreements between the City any other parties, as previously entered into by the City.
3. Approve payment of goods and services received by the City in accordance with the City's approved budgets, programs, and policies, subject to a limitation of \$25,000 for any single vendor in any one fiscal year, beyond which amount the City Council retains authority to approve payment with the exception of those items falling under other statutory authority (e.g., public works, State purchasing).
4. Shift expenditure authority within funds among departments, as may be necessary to meet the City's operational needs.

I CERTIFY that at the regular meeting on June 21, 2016, the El Cerrito City Council passed this resolution by the following vote:

AYES:

NOES:

ABSENT:

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on June XX, 2016.

Cheryl Morse, City Clerk

APPROVED:

Gregory B. Lyman, Mayor

RESOLUTION NO. 2016-XX

RESOLUTION OF THE CITY OF EL CERRITO PUBLIC FINANCING AUTHORITY
ADOPTING THE FISCAL YEARS 2016-17 AND 2017-18 BUDGET

WHEREAS, the El Cerrito Public Financing Authority (Authority) provides for payment of long-term debt obligations; and

WHEREAS, the Authority Board wishes to maintain funding levels to support payments of principle and interest on those long-term obligations; and

WHEREAS, the Board wishes to adopt the Authority's budget for Fiscal Years 2016-17 and 2017-18.

NOW THEREFORE, BE IT RESOLVED by the El Cerrito Public Financing Authority Board that it hereby adopts the Fiscal Years 2016-17 and 2017-18 Budget with spending limits in FY 2016-17 across funds as follows:

Financing Authority Measure A	\$ 365,467
Financing Authority Civic Center	\$ 598,240
Financing Authority Street Improvement	\$ 738,078
Total	\$1,701,784

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

I CERTIFY that at the regular meeting on June 21, 2016, the El Cerrito Public Financing Authority passed this resolution by the following vote:

AYES:

NOES:

ABSENT:

IN WITNESS of this action, I sign this document and affix the corporate seal of the El Cerrito Public Financing Authority on June __, 2016.

Cheryl Morse, City Clerk

APPROVED:

Gregory B. Lyman, Mayor

RESOLUTION NO. 2016-XX

RESOLUTION OF THE CITY OF EL CERRITO EMPLOYEES' PENSION BOARD
ADOPTING THE BOARD'S FISCAL YEARS 2016-17 AND 2017-18 BUDGET

WHEREAS, the El Cerrito Employees' Pension Board (Board) provides for retirement benefits for certain former City of El Cerrito employees and/or their beneficiaries; and

WHEREAS, the Board wishes to maintain funding levels to support pension payments to plan members; and

WHEREAS, the Board wishes to adopt the budget for Fiscal Years 2016-17 and 2017-18 and the spending limits for FY 2016-17.

NOW THEREFORE, BE IT RESOLVED that the El Cerrito Employees' Pension Board hereby adopts the budget for Fiscal Years 2016-17 and 2017-18 with spending limits for Fiscal Year 2016-17 of \$128,509.

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

I CERTIFY that at the regular meeting on June 21, 2016, the El Cerrito Employees' Pension Board passed this resolution by the following vote:

AYES:

NOES:

ABSENT:

IN WITNESS of this action, I sign this document and affix the corporate seal of the El Cerrito Employees' Pension Board on June __, 2016.

Cheryl Morse, City Clerk

APPROVED:

Gregory B. Lyman, Mayor

RESOLUTION NO. 2016-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO SETTING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2016-17 AND SELECTING THE CALIFORNIA PER CAPITA PERSONAL INCOME AND CONTRA COSTA COUNTY POPULATION ADJUSTMENT FACTORS

WHEREAS, Article XIII B of the California Constitution establishes a limitation on spending by cities of funds from proceeds of taxes; and

WHEREAS, in accordance with Government Code Section 7910, the City Council must establish an annual appropriations limit; and

WHEREAS, in accordance with Government Code Section 7910, the City Council must select annually the per capita change in the cost of living for purposes of calculating the appropriations limit; and

WHEREAS, in accordance with Government Code Section 7910, the City Council must select annually the population growth factor for purposes of calculating the appropriations limit; and

WHEREAS, an appropriations limit has been calculated in accordance with applicable law; and

WHEREAS, in accordance with Government Code Section 7910, the information on the calculation of the appropriations limit has been made available to the public at least 15 days prior to the date of adoption of this resolution, and continues to be available for public inspection.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF EL CERRITO DOES HEREBY FIND, DETERMINE AND RESOLVE AS FOLLOWS:

SECTION 1. In accordance with Article XIII B of the Constitution and Government Code Section 7900 et seq., the adjustment factors to be applied to the appropriations limit for the 2010-11 fiscal year shall be the California Per Capita Personal Income adjustment factor and the Contra Costa County population adjustment factor.

SECTION 2. In accordance with Article XIII B of the Constitution and Government Code Section 7902, the appropriations limit for the 2016-17 fiscal year shall be \$125,810,267 which exceeds the City's projected applicable appropriation amount by \$103,491,267.

SECTION 3. The City Council reserves the right to change or revise any adjustment factors associated with the calculation of the appropriations limit if such changes or revisions would result in a more advantageous appropriations limit in the present or future.

* * * * *

Agenda Item No. 7B
Attachment 5

I CERTIFY that at the regular meeting on June 21, 2016 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 XX, 2016.

Cheryl Morse, City Clerk

APPROVED:

Gregory B. Lyman, Mayor



AGENDA BILL

Agenda Item No. 7(C)

Date: June 21, 2016
To: El Cerrito City Council
From: Scott Hanin, City Manager
Subject: Tax and Revenue Anticipation Notes – 2016-17 Short Term Cash Flow Financing

ACTION REQUESTED

Adopt a Resolution approving the borrowing of funds for Fiscal Year 2016-17 and the issuance and sale of 2016-17 tax and revenue anticipation notes (“TRAN”).

Incorporated into the resolution is the authorization of the City Manager to execute an agreement to sell the TRAN in an amount not-to-exceed \$5,000,000 and authorize staff to enter into agreements with NHA Advisors, LLC, as the City’s Municipal Advisor and Jones Hall, as bond counsel, to prepare and execute appropriate legal documents related to said financing.

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 or early January of each fiscal year. As part of managing cash flows and meeting monthly obligations, many public agencies will issue short-term notes known as a TRAN. A TRAN provides the necessary cash to cover expenses while waiting for the larger property tax receipts to transfer to the City.

The City has issued a TRAN each of the last four years to meet cash flow deficits and has projected a similar cash flow shortfall in the fall of 2016 which will require a TRAN in order to bridge the cash flow gap between current fund balances and the receipt of property tax revenues in December 2016.

The City has previously issued its TRAN and sold it to Westamerica Bancorporation. NHA Advisors, working with Hilltop Securities (serving as the City’s Placement Agent), has negotiated with Westamerica Bancorporation to hold the interest rates at 1.50% (the same as last year) and purchase the 2016-17 TRAN. By selling the TRAN directly to a single investor, the City avoids the costs associated with rating agencies, disclosure counsel, and underwriting firms. Based on a financial analysis performed by the NHA Advisors, the all-in cost of the TRAN will be lower through the sale directly to Westamerica Bancorporation than publicly offering the TRAN.

ANALYSIS

City staff first developed a financial model during FY 2014-15 to examine the City's fund balances, monthly revenue and expenditure projections and anticipated cash flow deficits. As part of this ongoing analysis, working with NHA Advisors, it was determined that the projected FY 2016-17 revenues and expenditures would create monthly deficits in the first half of the fiscal year and therefore would require the issuance of another TRAN. It is hoped that at some point enough reserves will be present at all times so a TRAN will not be necessary.

Based on the financial markets and preliminary pricing, it is recommended that the City issue the TRAN and sell directly to Westamerica Bancorporation with terms as follows:

- Principal Amount - \$5,000,000
- Interest Rate – 1.50%
- Final Maturity – July 13, 2017

FINANCIAL CONSIDERATIONS

The City is working with NHA and Jones Hall to draft the financial documentation necessary to execute and complete the financing in late July. The total interest on the TRAN over the fiscal year is anticipated to be approximately \$72,000.

Financing fees are similar to prior years and are budgeted at \$37,000. A breakdown of these costs is included below.

Role	Firm	Amount
Financial Advisor	NHA Advisors	\$20,000
Bond Counsel	Jones Hall	10,000
Bank Counsel	Sheppard Mullin Richter & Hampton	3,500
Placement Agent	Hilltop Securities	1,250
Filing	CDIAC - State of California	150
Miscellaneous	Contingency	2,100
Total:		\$37,000

LEGAL CONSIDERATIONS

The City Attorney has reviewed the terms proposed and will approve the final documents including the issuance of an attorney's letter in regards to the form as required documentation for the TRAN.

Reviewed by:



Scott Hanin, City Manager

Attachment:

1. Resolution
2. Form of Bond Counsel Opinion

RESOLUTION NO. 2016-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO APPROVING
THE BORROWING OF FUNDS FOR FISCAL YEAR 2016-17 AND THE ISSUANCE AND
SALE OF 2016-17 TAX AND REVENUE ANTICIPATION NOTES

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, a municipal corporation and general law city duly organized and existing under the laws of the State of California, 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, 2016 and ending June 30, 2017 (“Fiscal Year 2016-17”); and

NOW THEREFORE, BE IT RESOLVED that the Council of the City of El Cerrito approves the following:

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 2016-17, 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 2016-17, and not pursuant to any common plan of financing, the City hereby determines to and shall borrow the principal amount of not-to-exceed Five Million Dollars (\$5,000,000) by the issuance of temporary notes under the Law, designated “City of El Cerrito, California 2016-17 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 one and one-half percent (1.50%) 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. 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.

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 2016-17. 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 as follows: (a) an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of February, 2017; (b) an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of May, 2017; and (c) an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June, 2017 (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 intended as receipts for the General Fund for Fiscal Year 2016-17 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 “2016-17 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 February, May, and June 2017, the City shall deposit all Pledged Revenues in the Special Account. On the maturity date of the Notes, the City shall use the moneys in the Special Account 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. 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, the City Manager, or the Finance Director (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. Whenever any Note or Notes shall be surrendered for transfer, the City shall execute and the Paying Agent shall authenticate and deliver a new Note or Notes, for like aggregate principal amount.

Section 10. Exchange of Notes. Any Note may 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 and the City Clerk shall register or transfer or cause to be registered or transferred, on said books, Notes as herein before provided.

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 Note 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 2016.

Section 16. Sale of Notes. The Finance Director is hereby authorized to direct the Municipal Advisor to work with a private placement agent identified by the Finance Director, Bond Counsel (defined below) and the Municipal Advisor (defined below) to negotiate a private placement of the Notes with Westamerica Bank (or another purchaser identified by the Finance Director). If applicable, an Authorized Officer is hereby authorized to cause Bond Counsel to prepare and to execute and deliver a Note Purchase Agreement with Westamerica Bank (or such other purchaser identified by the Finance Director) in such form as an Authorized Officer shall approve, such approval to be conclusively evidenced by his or her execution and delivery thereof.

An Authorized Officer is further authorized to determine the maximum principal amount of Notes not to exceed Five Million Dollars (\$5,000,000) and the maximum interest rate on the Notes not to exceed one and one-half percent (1.50%) per annum.

Section 17. Engagement of Professional Services. The City hereby approves the engagement of NHA Advisors, LLC as Municipal Advisor, Jones Hall, A Professional Law Corporation, as Bond Counsel, and Hilltop Securities as Placement Agent to the City in connection with the issuance and sale of the Notes. The Finance Director is authorized to identify and retain a private placement agent. An Authorized Officer is hereby directed and authorized to negotiate and execute agreements with Bond Counsel, the Municipal Advisor and the Placement Agent.

Section 18. Preparation of Notes; Official Action. Bond Counsel is directed to cause suitable Notes to be prepared showing the interest rate determined in accordance with the manner of sale of the Notes, to procure their execution by the proper officers, and to cause the Notes to be delivered when so executed to the purchaser upon the receipt of the purchase price by the City.

An Authorized Officer is 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.

Section 19. Effective Date. This Resolution shall take effect upon its adoption.

I CERTIFY that at the regular meeting on June 21, 2016 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 XX, 2016.

Cheryl Morse, City Clerk

APPROVED:

Gregory B. Lyman, Mayor

EXHIBIT A
FORM OF NOTE

No. 1

*****\$5,000,000*****

CITY OF EL CERRITO, CALIFORNIA
2016-17 TAX AND REVENUE ANTICIPATION NOTE

INTEREST RATE:	MATURITY DATE:	ISSUE DATE:	CUSIP:
1.50%	July __, 2017	July __, 2016	

REGISTERED OWNER:

PRINCIPAL SUM: *****FIVE 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 Five-Million Dollars (\$5,000,000), all of like tenor, issued pursuant to the provisions of Resolution No. _____ of the City Council of the City duly passed and adopted on June 14, 2016 (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 2016-17. 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 as follows: (a) an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of February, 2017; (b) an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of May, 2017; and (c) an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June, 2017 (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 intended as receipts for the General Fund of the City for Fiscal Year 2016-17 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: _____

[S E A L]

Countersigned:

City Clerk

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM --	as tenants in common	UNIF GIFT MIN ACT
TEN ENT --	as tenants by the entireties	____ Custodian
JT TEN --	as joint tenants with	____ Minor
	right of survivorship and	Under Uniform Gifts to Minc
	not as tenants in	Act
	common	_____ (State)

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

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

the within Note and do(es) hereby irrevocably constitute and appoint

_____,
attorney, to transfer the same on the registration books of the City with full power of substitution
in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor

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

Agenda Item No. 7(C)
Attachment 2

June 21, 2016

City Council
City of El Cerrito
10940 San Pablo Avenue
El Cerrito, California 94704

OPINION: \$5,000,000 City of El Cerrito, California
 2016-17 Tax and Revenue Anticipation Notes

Members of the City Council:

We have acted as bond counsel in connection with the issuance by the City of El Cerrito, California (the "City"), of \$5,000,000 City of El Cerrito, California 2016-17 Tax and Revenue Anticipation Notes, dated the date hereof (the "Notes"), pursuant to Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (the "Act"), and a resolution of the City adopted on June 21, 2016 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Resolution and in the certified proceedings of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The City is a duly created and validly existing municipal corporation with the power to adopt the Resolution, to perform the agreements on its part contained therein and to issue the Notes.
2. The Resolution has been duly adopted by the City and constitutes a valid and binding obligation of the City enforceable upon the City.
3. Pursuant to the Act, the Resolution creates a first lien on funds pledged by the Resolution for the security of the Notes.
4. The Notes have been duly authorized, executed and delivered by the City and are valid and binding general obligations of the City.
5. The interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal

income tax purposes), such interest is taken into account in determining certain income and earnings. The Notes are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986 (the “Code”), and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code, a deduction is allowed for 80 percent of that portion of such financial institutions’ interest expense allocable to interest payable on the Notes. The opinions set forth in the preceding sentences are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded 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 Code. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes, or may cause the Notes not to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Notes, or the amount, accrual or receipt of interest on the Notes.

6. The interest on the Notes is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Notes and the enforceability of the Notes and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation