



CITY COUNCIL STUDY SESSION

TUESDAY, MARCH 13, 2018 – 6:00 P.M.

Community Meeting Chambers
Los Altos City Hall
One North San Antonio Road, Los Altos, California

1. Potential Revenue Measures: Consider the possible measures and determine a course of action that would lead to further consideration by the Council in early Summer 2018 (C. Jordan)

ADJOURNMENT

SPECIAL NOTICES TO THE PUBLIC

In compliance with the Americans with Disabilities Act, the City of Los Altos will make reasonable arrangements to ensure accessibility to this meeting. If you need special assistance to participate in this meeting, please contact the City Clerk 72 hours prior to the meeting at (650) 947-2720.

Agendas, Staff Reports and some associated documents for City Council items may be viewed on the Internet at <http://www.losaltosca.gov/citycouncil/online/index.html>. Council Meetings are televised live and rebroadcast on Cable Channel 26.

On occasion the City Council may consider agenda items out of order.

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, and that are distributed to a majority of the legislative body, will be available for public inspection at the Office of the City Clerk's Office, City of Los Altos, located at One North San Antonio Road, Los Altos, California at the same time that the public records are distributed or made available to the legislative body. Any draft contracts, ordinances and resolutions posted on the Internet site or distributed in advance of the Council meeting may not be the final documents approved by the City Council. Contact the City Clerk at (650) 947-2720 for the final document.

If you wish to provide written materials, please provide the City Clerk with **10 copies** of any document that you would like to submit to the City Council for the public record.

For other questions regarding the City Council meeting proceedings, please contact the City Clerk at (650) 947-2720.



STUDY SESSION

Agenda Item # 1

AGENDA REPORT SUMMARY

Meeting Date: March 13, 2018

Subject: Potential Revenue Measures

Prepared by: Chris Jordan, City Manager

Attachment(s):

1. Transient Occupancy Tax Comparisons and Analysis

Initiated by:

City Manager

Previous Council Consideration:

Fiscal Impact:

Not applicable

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- Does the City Council wish to begin the process of considering various revenue generating proposals at this time?

Summary:

- There are a few revenue generating proposals that the Council could consider: increase to the transient occupancy tax (TOT); a tax on cannabis sales; a business license tax increase
- Each would require approval by a majority of the Los Altos voters in November 2018
- Revenues generated by any of these measures would be deposited into the City's General Fund and would be used for various general governmental activities, such as public safety, traffic safety measures, facility maintenance and improvements; and projects in the downtown

Staff Recommendation:

Staff recommends the Council consider the possible measures and determine a course of action that would lead to further consideration by the Council in early Summer 2018



Subject: Potential Revenue Measures

Purpose

The City Council is asked to consider possible revenue generating measures and direct staff on appropriate next steps.

Background/Discussion

In recent Council meetings, two possible revenue generating measures were briefly mentioned: an increase in the City's transient occupancy/"hotel" tax (TOT) and a tax on the sale of cannabis.

- 1) Under the State Constitution ("Proposition 218"), a general tax (revenues deposited into the General Fund) must generally be placed on the same ballot as when Council elections are held (November, 2018) and requires approval by a majority of voters.
- 2) If a tax is proposed for specific and limited purposes (a "special tax"), it requires approval by 2/3 of the voters.

We note that this is the current state of the law. However, a draft Statewide proposition was recently cleared for petition signature circulation. We understand that the proponents intend to gather signatures in the coming months in order to qualify this proposition for the November, 2018 Statewide General Election. The proposition has two significant components that may affect Los Altos' efforts to enact a local tax:

- It would eliminate any distinction between "general" and "special" taxes - 2/3 supermajority voter approval would be required for passage of any local tax.
- It includes a "retroactivity" clause providing that any local tax measure passed any time in 2018 which does not meet the proposition's more stringent standards is legally void.

Therefore, if this Statewide proposition qualifies for the ballot and if State voters ultimately approve it, any local tax approved in 2018, whether "general" or "special" that has not secured 2/3 supermajority voter approval could be vulnerable to legal challenge. We wish to emphasize that there are still a great number of "if's" that must occur before this proposition actually becomes law and the proponents have a great deal of work still ahead of them. However, Staff is making the Council aware of this possibility for strategic planning purposes.

Under these circumstances, if the Council wants to consider a general tax measure, staff would suggest that the November 2018 ballot would be the appropriate opportunity for voter consideration.

Analysis

The two concepts staff is suggesting are:

- 1) An increase in the TOT. Currently, the City's TOT is 11% which is approximately average for cities in Santa Clara County. (Attachment 1) Currently, the highest TOT is levied by Palo Alto at 14%. The Los Altos TOT raises approximately \$2.6 million annually, or approximately



Subject: Potential Revenue Measures

\$236,000 for each 1% of TOT. Therefore, if Los Altos were to increase its TOT to 14%, we would anticipate an increase of approximately \$700,000 in annual revenues in the General Fund.

- 2) A tax on the sale of cannabis. The City has placed a moratorium on issuing permits for any business in the City desiring to sell cannabis. However, the Council could consider terminating that moratorium at some time in the future and allowing businesses that sell cannabis. If that were to happen, it could be in the City's best interest to have a tax on the sale of cannabis already in place. Staff would suggest a gross receipts tax of 10% as that seems to be what other cities are considering. At this time, we do not have an estimate of the possible revenue generated by such a tax.

If the Council has an interest in either of these possible measures, or if the Council has other possible revenue generating measures you would like staff to explore, staff recommends the Council direct staff at this time. Also, if the Council would like staff to survey the community on either, or both, of these possible measures, we would ask the Council to direct staff to do so. Under the California Elections Code, the legal deadline to place a local tax measure on the November 6, 2018 ballot is August 10, 2018. Given the City Council's meeting schedule for the year, an ordinance would need to be introduced by the Council at its second meeting in June and adopted at the July meeting to comply with this schedule. Staff is requesting that Council start the discussion now so that any local tax measure that may result can be prepared well ahead of this deadline.

Recommendation

Staff recommends the Council consider these suggestions for an increase in general revenues to the City and provide direction to staff.

Transient Occupancy Tax Comparisons and Analysis

Analysis of current Transient Occupancy Tax (TOT) rates for Los Altos and 14 neighboring cities reveals that Los Altos' TOT rate (11%) is marginally higher than the average TOT rate (10.75%) of the 12 neighboring cities who have a TOT.*

	TOT Rate
Los Altos	11%
Campbell	12%
Cupertino	12%
Gilroy	9%
Los Altos Hills	--
Los Gatos	12%
Milpitas	10%
Monte Sereno	--
Morgan Hill	10%
Mountain View	10%
Palo Alto	14%
San Jose	10%
Santa Clara	9.5%
Saratoga	10%
Sunnyvale	10.5%
Average	10.75%

Palo Alto raised its TOT rate from 12% to 14% in November 2014 with citizens passing Measure B by a 76% to 24% vote in favor of the increase. Los Gatos citizens voted in favor of raising its TOT from 10% to 12% at its November 2016 election.

Outside of comparison cities, San Francisco will put an initiative on their November 2018 ballot to increase the TOT rate from 14% to 15% within the city limits.

The following charts display Los Altos' budgeted TOT revenue for FY 17/18, the expected increase in revenue at different TOT rates, and the expected percentage increase in revenue for different TOT rates.

	TOT Rate	FY17-18 Budget
Los Altos	11%	\$ 2,626,500
Los Altos	12%	\$ 2,865,272
Expected Change		\$ 238,772
Los Altos	13%	\$ 3,104,044
Expected Change		\$ 477,544
Los Altos	14%	\$ 3,342,816
Expected Change		\$ 716,316

Rate Change	Expected Revenue % Increase
11% to 11.5%	4.55%
11% to 12%	9.09%
11% to 12.5%	13.64%
11% to 13%	18.18%

* Monte Sereno and Los Altos Hills do not charge TOT, so they were omitted rather than adding rates of 0% to the calculation.



REGULAR CITY COUNCIL MEETING

TUESDAY, MARCH 13, 2018 – 7:00 P.M.

Community Meeting Chambers

Los Altos City Hall

1 North San Antonio Road, Los Altos, California

ESTABLISH QUORUM

PLEDGE OF ALLEGIANCE

Presented by Daisy Girl Scouts, Troop 60762

CLOSED SESSION ANNOUNCEMENT

CHANGES TO THE ORDER OF THE AGENDA

SPECIAL PRESENTATION

Mayoral Proclamation for American Red Cross Month

SPECIAL ITEM

- A. Commission appointments: Appoint individuals to fill vacancies on the Complete Streets, Design Review, Environmental, Financial, Parks and Recreation, Public Arts, and Senior Commissions

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Members of the audience may bring to the Council's attention any item that is not on the agenda. Please complete a "Request to Speak" form and submit it to the City Clerk. Speakers are generally given two or three minutes, at the discretion of the Mayor. Please be advised that, by law, the City Council is unable to discuss or take action on issues presented during the Public Comment Period. According to State Law (also known as "the Brown Act") items must first be noticed on the agenda before any discussion or action.

CONSENT CALENDAR

7:30

These items will be considered by one motion unless any member of the Council or audience wishes to remove an item for discussion. Any item removed from the Consent Calendar for discussion will be handled at the discretion of the Mayor.

1. Council Minutes: Approve the minutes of the February 13, 2018 regular meeting and February 27, 2018 study session and regular meeting (J. Maginot)
2. Ordinance No. 2017-437: Historic Preservation Coder Amendments: Adopt Ordinance No. 2017-437 amending Chapter 12.44 of the Los Altos Municipal Code (S. Gallegos)
3. Accessory Structure Zoning Code Amendments: Adopt Ordinance No. 2018-440 to amend Title 14 of the Los Altos Municipal Code pertaining to accessory structures in residential districts (Z. Dahl)

Jeannie Bruins
Councilmember

Lynette Lee Eng
Vice Mayor

Jean Mordo
Mayor

Jan Pepper
Councilmember

Mary Prochnow
Councilmember

4. Accessory Dwelling Units: Adopt Ordinance No. 2018-441 amending the accessory dwelling unit regulations (J. Biggs)
5. Friends of Stevens Creek Trail funding request: Appropriate \$5,000 from the General Fund to contribute towards a grant project intended to remove upstream barriers in Stevens Creek (J. Maginot)

DISCUSSION ITEMS

6. Hillview Community Center Schematic Design: Receive the Hillview Community Center Schematic Design documents and direct Noll & Tam Architects to proceed with design (T. Yee) 7:35
7. Ordinance No. 2018-442: Smoke-Free Environments and Breathe California of the Bay Area MOU: Introduce and waive further reading of Ordinance No. 2018-442 replacing Chapter 6.28 of the City of Los Altos Municipal Code with a new Chapter 6.28 to further restrict smoking in the City of Los Altos with certain exceptions; and authorize the City Manager to sign Memorandum of Understanding with Breathe California of the Bay Area (S. Henricks and J. Quinn) 9:00
8. Disaster Council and Emergency Preparedness Program: Introduce and waive further reading of Ordinance No. 2018-443 of the Los Altos Municipal Code to reestablish the Los Altos Disaster Council and related additions to the Code; and receive report on Community Emergency Preparedness Program and provide direction as needed (A. Hepenstal) 9:45
9. Sanitary Sewer Rate Study: Approve the Sewer Rate Study Report prepared by NBS (C. Lamm) 10:15

COUNCIL/STAFF REPORTS AND DIRECTIONS ON FUTURE AGENDA ITEMS

ADJOURNMENT

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Written comments may be submitted to the City Council at council@losaltosca.gov. To ensure that all members of the Council have a chance to consider all viewpoints, you are encouraged to submit written comments no later than 24 hours prior to the meeting.

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If you challenge any planning or land use decision made at this meeting in court, you may be limited to raising only those issues you or someone else raised at the public hearing held at this meeting, or in written correspondence delivered to the City Council at, or prior to, the public hearing. Please take notice that the time within which to seek judicial review of any final administrative determination reached at this meeting is governed by Section 1094.6 of the California Code of Civil Procedure.



SPECIAL ITEM

Agenda Item # A

AGENDA REPORT SUMMARY

Meeting Date: March 13, 2018

Subject: Commission appointments

Prepared by: Jon Maginot, City Clerk/Assistant to the City Manager

Approved by: Chris Jordan, City Manager

Attachment(s): None

Initiated by:
City Council

Previous Council Consideration:
March 6, 2018

Fiscal Impact:
None

Environmental Review:
Not applicable]

Policy Question(s) for Council Consideration:

- Which individuals does the Council wish to appoint to serve on the Complete Streets, Design Review, Environmental, Financial, Parks and Recreation, Public Arts, and Senior Commissions?

Summary:

- Nineteen (19) individuals have applied for the various openings

Staff Recommendation:

Appoint individuals to fill vacancies on the Complete Streets, Design Review, Environmental, Financial, Parks and Recreation, Public Arts, and Senior Commissions



Subject: Commission appointments

Purpose

To fill vacancies on the Complete Streets, Design Review, Environmental, Financial, Parks and Recreation, Public Arts, and Senior Commissions.

Background

The City Council appoints individuals to serve on the various City Commissions and one Committee. Commissioners (except Senior Commissioners) are appointed to four-year terms and may serve two consecutive terms plus the fulfillment of an unexpired term should they be so appointed.

Discussion/Analysis

A total of ten Commission terms will expire on March 31, 2018. There are six individuals who are eligible and would like to be reappointed. In addition, there are currently six openings on other Commissions due to recent or upcoming resignations.

The City Clerk's office conducted a recruitment during February 2018 to fill vacancies on the Complete Streets Commission (3 vacancies), Design Review Commission (2 vacancies), Environmental Commission (4 vacancies), Financial Commission (1 vacancy), Parks and Recreation Commission (1 vacancy), Public Arts Commission (2 vacancies), and Senior Commission (3 vacancies).

Options

- 1) Appoint individuals to serve on the various Commissions

Advantages: Fills the various positions on the Commissions

Disadvantages: None identified

- 2) Direct staff to conduct a new recruitment for additional applicants

Advantages: Provides an opportunity for additional individuals to apply

Disadvantages: Delays the appointment of the Commissioners

Recommendation

The staff recommends Option 1.

**MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF
THE CITY OF LOS ALTOS, HELD ON TUESDAY, FEBRUARY 13, 2018,
BEGINNING AT 7:00 P.M. AT LOS ALTOS CITY HALL, 1 NORTH SAN
ANTONIO ROAD, LOS ALTOS, CALIFORNIA**

ESTABLISH QUORUM

PRESENT: Mayor Mordo, Vice Mayor Lee Eng, Councilmembers Bruins, Pepper and Prochnow

ABSENT: None

PLEDGE OF ALLEGIANCE

Mayor Mordo led the Pledge of Allegiance to the flag.

CHANGES TO THE ORDER OF THE AGENDA

There were no changes to the order of the agenda.

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

The following individuals provided comments on items not on the agenda: Los Altos residents Kurt Seifert and Scott Trappe (representing Friends of Stevens Creek).

CONSENT CALENDAR

A member of the public pulled item number 2. Councilmember Pepper pulled item number 3.

Action: Upon a motion by Councilmember Prochnow, seconded by Councilmember Bruins, the Council unanimously approved the Consent Calendar, with the exception of items number 2 and 3, as follows:

1. Council Minutes: Approved the minutes of the January 23, 2018 regular meeting.
2. Adoption of City Council 2018 Strategic Priorities: Approve the City Council's 2018 Strategic Priorities – *Pulled for discussion (see page 2).*
3. Resolution No. 2018-02: Appeal of Design Review Application – 571 Cherry Avenue: Adopt Resolution No. 2018-02 to approve Design Review Application No. 17-SC-30 subject to the recommended findings and conditions – *Pulled for discussion (see page 2).*
4. Resolution No. 2018-03: Partial Abandonment of Easements at 860 Renetta Court: Adopted Resolution No. 2018-03 for a partial abandonment of a public utility easement and a wire clearance easement that encumber Lot 5 of Tract No. 3096.

5. Resolution No. 2018-04: CIPP Corrosion Rehabilitation, Project WW-01005: Adopted Resolution No. 2018-04 accepting completion of the CIPP Corrosion Rehabilitation, Project WW-01005; and authorized the Public Works Director to record a Notice of Completion as required by law.
6. Construction Contract Award: South Sewer Main Replacement (Fremont Avenue), Project WW-01004: Awarded the Base Bid for the South Sewer Main Replacement (Fremont Avenue), Project WW-01004 to EPS, Inc. dba Express Plumbing (EPS, Inc.) in the amount of \$380,640 and authorized the City Manager to execute a contract on behalf of the City.

ITEMS PULLED FROM CONSENT CALENDAR

2. Adoption of City Council 2018 Strategic Priorities: Approve the City Council's 2018 Strategic Priorities

Public Comments: The following individual presented public comments: Los Altos resident Neysa Fligor.

Councilmember Bruins expressed a desire to see more refinement of the draft Strategic Priorities from the Council Retreat and offered a document with revised Priorities for the Council to consider. Vice Mayor Lee Eng expressed concerns that the draft Strategic Priorities did not reflect what was agreed to at the Council Retreat.

Motion: Motion made by Councilmember Prochnow, seconded by Mayor Mordo, to approve the City Council's 2018 Strategic Priorities. The motion failed by the following vote: AYES: Mordo and Prochnow; NOES: Bruins, Lee Eng and Pepper; ABSTAIN: None; ABSENT: None.

Councilmembers further discussed the Strategic Priorities and those changes proposed by members of the Council.

Action: Upon a motion by Mayor Mordo, seconded by Councilmember Prochnow, the Council approved the City Council's 2018 Strategic Priorities, by the following vote: AYES: Mordo, Pepper and Prochnow; NOES: Bruins and Lee Eng; ABSTAIN: None; ABSENT: None.

3. Resolution No. 2018-02: Appeal of Design Review Application – 571 Cherry Avenue: Adopt Resolution No. 2018-02 to approve Design Review Application No. 17-SC-30 subject to the recommended findings and conditions

Councilmember Pepper questioned whether concerns raised by a member of the public regarding the proceedings of this item at the Historical Commission would affect the Council's ability to take action on the item. City Attorney Diaz indicated that the Council could take action on the item regardless of what may have taken place at a Commission meeting.

Action: Upon a motion by Councilmember Prochnow, seconded by Vice Mayor Lee Eng, the Council unanimously adopted Resolution No. 2018-02 to approve Design Review Application No. 2017-SC-30 subject to the recommended findings and conditions.

DISCUSSION ITEMS

7. Downtown Business Improvement District Feasibility: Authorize the City Manager to retain the services of a Business Improvement District consultant with the soled purpose of exploring the feasibility of establishing a Business Improvement District in Downtown Los Altos

City Manager Jordan presented the report.

Public Comments

The following individuals presented public comments: Kim Cranston (representing Los Altos Property Owners Downtown), Scott Hunter (representing Los Altos Village Association) and Los Altos resident Richard Clark.

Direction: Councilmembers generally supported exploring the possibility of establishing a Business Improvement District in Downtown Los Altos and encouraged the Chamber of Commerce, Los Altos Village Association and Los Altos Property Owners Downtown to take the lead in educating the Downtown community and City Council on the basics of Business Improvement Districts including the purpose and function. Councilmember Bruins volunteered to assist in the education effort.

8. Approval of City logo: Approve the new City logo for City-wide use in addition to the City Seal

Public Information Coordinator Ray presented the report.

Direction: Councilmembers were not enthusiastic about the proposed new low, provided input on what could be included in future drafts of a logo, such as an apricot and colors used in existing signage throughout the City, and requested staff continue developing a new City Logo with further input from members of the community.

COUNCIL/STAFF REPORTS AND DIRECTIONS ON FUTURE AGENDA ITEMS

Councilmember Bruins requested that Council return to past practices of honoring Councilmember's requests to place something on the record. She reported that she would be meeting with staff from Supervisor Simitian's office regarding the County's funding of historical grants. She further reported she participated in the CHP ride along as part of her duties on the Metropolitan Transportation Commission Board and that she attended the following: the Downtown Vision pop-up workshop on January 31, 2018, the Crosswalk and Intersection Improvement Projects public meeting on February 12, 2018, the State of the County on February 6, 2018 and the State of the Valley on February 9, 2018.

Vice Mayor Lee Eng reported she attended the following: the Crosswalk and Intersection Improvement Projects public meeting on February 12, 2018, the Complete Streets Commission meetings on January 24, 2018 and February 12, 2018, a meeting at Montclair Elementary School regarding Safe Routes to School, and a meeting of the Valley Transportation Authority Policy

Advisory Committee. She announced she would be attending the League of California Cities Planning Commissioners Academy April 4-6, 2018. She also indicated that the Complete Streets Commission had requested a meeting with the Council.

Mayor Mordo announced he would be touring three nearby teen centers with Recreation and Community Services Director Hernandez on February 14, 2018.

Councilmember Pepper reported she attended the Chamber of Commerce awards dinner with Mayor Mordo and Councilmember Bruins and the State of the Valley on February 9, 2018.

City Manager Jordan reported he attended the State of the Valley on February 9, 2018 and that the Council would be having a study session regarding potential revenue items. He also provided an update on the design development process for the Community Center including the involvement of members of the former Community Center Project Task Force and the Chairs of the Parks and Recreation, Senior, and Youth Commissions.

Future agenda items

The Council requested a future agenda item to consider a request for funding from the Santa Clara County Creeks Coalition.

ADJOURNMENT

Mayor Mordo adjourned the meeting at 9:00 P.M.

Jean Mordo, MAYOR

Jon Maginot, CMC, CITY CLERK

**MINUTES OF THE STUDY SESSION OF THE CITY COUNCIL OF
THE CITY OF LOS ALTOS, HELD ON TUESDAY, FEBRUARY 27, 2018,
BEGINNING AT 5:30 P.M. AT LOS ALTOS CITY HALL, 1 NORTH SAN
ANTONIO ROAD, LOS ALTOS, CALIFORNIA**

ESTABLISH QUORUM

PRESENT: Mayor Mordo, Vice Mayor Lee Eng, Councilmembers Bruins, Pepper and Prochnow

ABSENT: None

ITEM FOR CONSIDERATION

1. Five-year Facilities Maintenance/Improvement Plan: Receive a report on the Five-year Facilities Maintenance/Improvement Plan and provide direction as needed

Public Works Director Chan presented the report.

Public Comment: The following individuals provided public comments: Los Altos residents Gary Kalbach and Roberta Phillips.

Direction: Councilmembers generally supported the proposed Five-year Facilities Maintenance/Improvement Plan as outlined and requested further information regarding the use of Public, Educational and Governmental Fees and plans for current and potential programming for the Garden House.

ADJOURNMENT

Mayor Mordo adjourned the meeting at 6:50 p.m.

Jean Mordo, MAYOR

Jon Maginot, CMC, CITY CLERK

**MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF
THE CITY OF LOS ALTOS, HELD ON TUESDAY, FEBRUARY 27, 2018,
BEGINNING AT 7:00 P.M. AT LOS ALTOS CITY HALL, 1 NORTH SAN
ANTONIO ROAD, LOS ALTOS, CALIFORNIA**

ESTABLISH QUORUM

PRESENT: Mayor Mordo, Vice Mayor Lee Eng, Councilmembers Bruins, Pepper and Prochnow

ABSENT: None

PLEDGE OF ALLEGIANCE

Daisy Girl Scouts, Troop 61085 led the Pledge of Allegiance to the flag.

CHANGES TO THE ORDER OF THE AGENDA

There were no changes to the order of the agenda.

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

The following individuals provided comments on items not on the agenda: Los Altos residents Abigail Ahrens, May Cheung and Tony Del Gaudio.

CONSENT CALENDAR

The Council continued approval of the February 13, 2018 regular meeting minutes.

Action: Upon a motion by Councilmember Pepper, seconded by Vice Mayor Lee Eng, the Council unanimously approved the Consent Calendar, with the continuance of the February 13, 2018 regular meeting minutes, as follows:

1. Council Minutes: Approved the minutes of the January 16, 2018 joint study session with the Planning Commission and the February 13, 2018 joint study session with the Public Arts Commission.
2. Construction Contract Award: Sewer System Repair Program, Project WW-01001: Awarded the Base Bid for the Sewer System Repair Program, Project WW-01001 to C2R Engineering, Inc. in the amount of \$677,800 and authorized the City Manager to execute a contract on behalf of the City.
3. Quarterly Investment Portfolio Report – Quarter Ended September 2017: Received the Investment Portfolio Report through September 30, 2017.
4. Quarterly Investment Portfolio Report – Quarter Ended December 2017: Received the Investment Portfolio Report through December 31, 2017.

5. Resolution No. 2018-05: W. Edith Avenue and University Avenue Crosswalk Improvement, Project TS-01034: Adopted Resolution No. 2018-05 accepting completion of the W. Edith Avenue and University Avenue Crosswalk Improvement, Project TS-01034; and authorized the Public Works Director to record a Notice of Completion as required by law.

PUBLIC HEARING

6. Accessory Structure Zoning Code Amendments: Introduce and waive further reading of Ordinance No. 2018-438 to amend Title 14 of the Los Altos Municipal Code pertaining to accessory structures in residential districts

Planning Services Manager Dahl presented the report.

Mayor Mordo opened the public hearing.

Public Comments

The following individuals presented public comments: Los Altos residents Roberta Phillips, Mike Ellerin, Teresa Morris, Nancy Phillips and Maria Lonergan.

Mayor Mordo closed the public hearing.

Vice Mayor Lee Eng expressed concerns with allowing structures up to twelve feet high and allowing accessory structures on smaller lots.

Action: Upon a motion by Councilmember Bruins, seconded by Mayor Mordo, the Council introduce and waived further reading of Ordinance No. 2018-438 to amend Title 14 of the Los Altos Municipal Code pertaining to accessory structures in residential districts, with modifying Section 14.15.040.A to read "The daylight plane starts at a height of six feet at the property line and proceeds inward at a 5:12 slope to a distance of ten (10) feet from the side and rear property lines," by the following vote: AYES: Bruins, Mordo, Pepper and Prochnow; NOES: Lee Eng; ABSTAIN: None; ABSENT: None.

7. Accessory Dwelling Units: Introduce and waive further reading of Ordinance No. 2018-439 amending the accessory dwelling unit regulations

Community Development Director Biggs presented the report.

Mayor Mordo opened the public hearing.

Public Comments

The following individuals presented public comments: Los Altos residents Natalie Elefant, Les Poltrack, Roberta Phillips, Donna Poulos, Nancy Phillips, Mike Ellering, Sue Russell (representing the League of Women Voters), Teresa Morris, Gary Anderson and Ashim Chhabra.

Mayor Mordo closed the public hearing.

Vice Mayor Lee Eng and Councilmember Bruins felt the ordinance should be continued to allow the City Attorney more time to review the draft ordinance.

Action: Upon a motion by Councilmember Pepper, seconded by Councilmember Prochnow, the Council introduced and waived further reading of Ordinance No. 2018-439 amending the accessory dwelling unit regulations, with the following modifications: 1) remove the minimum lot size restriction in Section 14.14.020; 2) change Section 14.14.040.A to read “the maximum size of an accessory dwelling unit, not including basements or any covered parking, shall be eight hundred (800) square feet if in a new, detached structure. The maximum size of an attached accessory dwelling shall not exceed 50 percent of the existing living area of a principal living unit, or one-thousand, two hundred (1,200) square feet maximum;” and 3) eliminate Section 14.14.040.C; by the following vote: AYES: Mordo, Pepper and Prochnow; NOES: Bruins and Lee Eng; ABSTAIN: None; ABSENT: None.

Mayor Mordo recessed the meeting at 9:21 p.m. The meeting resumed at 9:28 p.m.

DISCUSSION ITEMS

8. Resolution No. 2018-06: Fiscal Year 2017/18 Mid-year Financial Update: Adopt Resolution No. 2018-06 adopting FY 2017/18 mid-year report and adjustments including assignment of fund balance as outlined

Administrative Services Director Etman presented the report.

Action: Upon a motion by Councilmember Bruins, seconded by Vice Mayor Lee Eng, the Council unanimously adopted Resolution No. 2018-06 adopting FY 2017/18 mid-year report and adjustments including assignment of fund balances as outlined, as amended to delete the second Whereas.

COUNCIL/STAFF REPORTS AND DIRECTIONS ON FUTURE AGENDA ITEMS

Councilmember Prochnow reported she toured the Mental Health Pavilion under construction at El Camino Hospital on February 27, 2018 and a brunch put on by community members on February 25, 2018 where she discussed becoming involved in the community.

Councilmember Pepper reported she met with the consultants on the Downtown Visioning project.

Vice Mayor Lee Eng reported she attended meetings of the Commissions to which she is assigned as Council Liaison.

Councilmember Bruins reported she attended the following: meetings of various Metropolitan Transportation Commission Committees, a meeting of the Silicon Valley Clean Energy Board, a meeting of the Silicon Valley Regional Interoperability Authority on February 26, 2018, a meeting with staff from County Supervisor Simitian’s office regarding the County’s Historical Grant Program, a meeting of the Financial Commission on February 15, 2018, and a meeting with Congresswoman Anna Eshoo with Mayor Mordo at the Los Altos Police Department regarding the City’s 9-1-1 system. She further announced she would attend a meeting of the Metropolitan Transportation Commission Board on February 28, 2018 and a meeting of the CalTrain Board on March 1, 2018.

City Manager Jordan announced the deadline to apply for Commissions on February 27, 2018.

Future agenda items

The Council requested a future study session with the Complete Streets Commission.

The Council requested a future agenda item to review the cost recovery data for the Recreation and Community Services Department.

ADJOURNMENT

Mayor Mordo adjourned the meeting at 10:27 P.M.

Jean Mordo, MAYOR

Jon Maginot, CMC, CITY CLERK



CONSENT CALENDAR

Agenda Item # 2

AGENDA REPORT SUMMARY

Meeting Date: March 13, 2018

Subject: Ordinance No. 2017-437: Historic Preservation Code Amendments

Prepared by: Sean K. Gallegos, Associate Planner

Reviewed by: Jon Biggs, Community Development Director

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Ordinance No. 2017-437

Initiated by:

City Council

Previous Council Consideration:

November 28, 2017 and January 23, 2018

Fiscal Impact:

None anticipated

Environmental Review:

This Code amendment is exempt from environmental review pursuant to Section 15061(b)(3) of the State Guidelines implementing the California Environmental Quality Act of 1970, as amended, because significant impacts to the environment are not anticipated.

Policy Question(s) for Council Consideration:

- Shall the City Council adopt revisions to the Historic Preservation Ordinance that removes references to historic districts and their designation process from the Historical Preservation Ordinance?

Summary:

- The proposed amendments to the Historic Preservation Ordinance will remove the ability to consider or designate a historic district within the City

Staff Recommendation:

Move to adopt Ordinance No. 2017-437 amending Chapter 12.44 of the Los Altos Municipal Code



Subject: Ordinance No. 2017-437: Historic Preservation Code Amendments

Purpose

The purpose of the amendments to the Historic Preservation Ordinance is to remove the historic district designation process and all references to historic districts.

Background

At its January 23, 2018 regular meeting, the City Council held a public hearing and voted to introduce and waive further reading of Ordinance No. 2017-437 with the following amendments:

1. Retain the phrase “and structures” in Section 12.44.040;
2. Remove the definition for “Contributing resource” from Section 12.44.030;
3. Add the word “or” in front of “a historic landmark” in Section 12.44.170;
4. Determine if references to Planning Commission should include reference to the Design Review Commission as well throughout the Ordinance;
5. Modify Section 12.44.050.A to read “the owner or owners;” and
6. Add a Whereas to state that the Ordinance is being adopted due to the lack of potential historic districts within the City and the fact that the current Code language is not needed (Highlighted).

Ordinance 2017-437 was updated to incorporate the additional amendments requested by Council.

Discussion/Analysis

To ensure that the proposed amendments do not affect the City’s status as a Certified Local Government (CLG), staff consulted with the State Office of Historic Preservation (OHP) regarding the removal of the historic district designation process from the Historical Preservation Ordinance. Following a review and discussion with OHP staff, it was concluded that the amendments would not conflict with any CLG Program requirements.

Ordinance No. 2017-437 will go into effect 31 days from the date of adoption.

Options

- 1) Adopt Ordinance No. 2017-437

Advantages: The amendments simplify the Historic Preservation Ordinance and removes the ability to establish a historic district

Disadvantages: The amendments eliminate the ability to establish historic districts in the City

- 2) Decline Adoption of Ordinance No. 2017-437



Subject: Ordinance No. 2017-437: Historic Preservation Code Amendments

Advantages: The City's existing historic district designation process would be maintained

Disadvantages: A future historic district could be established by the City without a vote of the property owners within the district

Recommendation

The staff recommends Option 1 as directed by the City Council.

ORDINANCE NO. 2017-437

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS
AMENDING CHAPTER 12.44, HISTORIC PRESERVATION, OF THE LOS
ALTOS MUNICIPAL CODE**

WHEREAS, the City of Los Altos initiated an application (17-CA-03) to amend Chapter 12.44 of the Los Altos Municipal Code pertaining to the historic district designation process; and

WHEREAS, in response to recent developments regarding the historic district designation process, the City Council directed staff to work with the Historical Commission to consider amendments to Chapter 12.44 of the Municipal Code; and

WHEREAS, the Historical Commission reviewed and evaluated Chapter 12.44 of the Municipal Code, including the Los Altos General Plan Community Design and Historic Resources Element, to identify appropriate amendments to update the historic district designation process; and

WHEREAS, the Historical Commission held a public hearing on September 25, 2017 to review the proposed amendments to the historic district designation process and voted unanimously to recommend that the City Council approve amendments to Chapter 12.44 of the Municipal Code finding that the proposed amendments are in the best interest for the protection or promotion of public health, safety, comfort, convenience, prosperity, or welfare and is in conformance with the adopted General Plan of the City; and

WHEREAS, the City Council held duly noticed public hearings on amending Chapter 12.44 on November 28, 2017 and January 23, 2018; and

WHEREAS, the purpose of the Historic District requirements is to establish procedures for designation of groups of properties as historically significant, but the age of the City of Los Altos and its develop pattern have not resulted in any areas that contain concentrations of structures that can be or have been designated historically significant and thus make it unlikely that cohesive historic districts can be identified or created consistent with intent of the historic district requirements; therefore, a process for designating Historic Districts is not needed; and

WHEREAS, the City Council, after consideration of the Historical Commission recommendation, determined that the amendments to Chapter 12.44 of the Municipal Code reflect the guidance provided by this Council and that it will eliminate references to historic districts and their designation procedure; and

WHEREAS, the location and custodian of the documents or other materials which constitute the record of proceedings upon the City Council's decision are based in the Office of the City Clerk; and

WHEREAS, this Ordinance is exempt from environmental review pursuant to Section 15061(b)(3) of the State Guidelines implementing the California Environmental Quality Act of 1970, as amended.

NOW THEREFORE, the City Council of the City of Los Altos does hereby ordain as follows:

SECTION 1. AMENDMENT OF CODE: The following sections of Chapter 12.44 (Historic Preservation) of the Los Altos Municipal Code shall be revised per the following modifications that are reflected by strikethroughs indicating deletions and underlining indicating additions to read as follows:

Chapter 12.44 - HISTORIC PRESERVATION

Sections:

Article 1. - General Provisions

12.44.010 - Purpose.

It is hereby declared as a matter of public policy that the recognition, preservation, enhancement and use of historic resources within the City of Los Altos is required in the interest of health, economic prosperity, cultural enrichment and general welfare of the people. The purpose of this chapter is to:

- A. Safeguard the heritage of the city by providing for the protection of irreplaceable historic resources representing significant elements of its history;
- B. Enhance the visual character of the city by encouraging the compatibility of architectural styles which reflect established architectural traditions;
- C. Encourage public knowledge, understanding and appreciation of the city's past, and foster civic and neighborhood pride and sense of identity based upon the recognition and use of the city's historic resources;
- D. Stabilize and improve property values within the city and increase the economic and financial benefits to the city and its inhabitants derived from the preservation, rehabilitation, and use of historic resources;
- E. Integrate the conservation of historic resources into the public and private development process and identify as early as possible and resolve conflicts between the preservation of such resources and alternative land uses; and
- F. Fulfill the city's responsibilities for Federal Section 106 reviews and for the California Environmental Quality Act.

12.44.020 - Area of application.

This chapter shall apply to all historic resources listed in the historic resources inventory, historic landmarks and properties, and structures ~~within a historic district.~~

12.44.030 - Definitions.

For the purposes of this chapter, the following words and phrases shall have the meanings respectively ascribed to them in this section, unless the context or the provision clearly requires otherwise:

"Alteration" means any act or process that changes any portion of the exterior architectural appearance of a structure or object, including, but not limited to, the erection, construction, reconstruction, removal of exterior architectural features or details, or the addition of new structures, but does not include painting, ordinary maintenance and landscaping.

"California Historical Building Code" is Part 8 of Title 24 (State Building Standards Code) and applies to all qualified historic structures, ~~districts~~ and sites, designated under federal, state and local authority. It provides alternative building regulations for the rehabilitation, preservation, restoration or relocation of structures designated as qualified historic buildings.

"California Office of Historic Preservation" means the governmental agency primarily responsible for the statewide administration of the historic preservation program in California.

"California Register of Historical Resources" is a comprehensive listing of California's historical resources, including those of local, state and national significance.

"Character defining features" means the defining elements, such as prominent architectural features, materials, craftsmanship or other elements, that, individually or in combination, identify a historic property, building or landscape.

"Commission staff" means the staff liaison assigned to the historical commission.

~~"Contributing resource" means a public or private property that is not a significant historic resource individually, but contributes to the historic character of a historic district.~~

"DPR 523" means the California Department of Parks and Recreation Historic Resource Inventory Forms used for historic evaluations. The DPR 523A form provides descriptive information about a resource. The DPR 523B form provides an evaluation of the resources and includes a determination as to whether the resource is eligible for the National or State Register of Historic Places or listing on the Los Altos Historic Resources Inventory. ~~The 523D form is used to identify districts or clusters of buildings that consist of a concentration or continuity of associated historic resources. The district record is used for documenting the linkages among individual resources within the framework of an historic context.~~

"Exterior architectural feature" means the architectural elements embodying style, design, general arrangement and components of all the outer surfaces of an improvement, including but not limited to, the kind, size, shape and texture of building materials, and the type and style of windows, doors, lights, signs and other fixtures appurtenant to such improvement.

~~"Historic district" means a distinct section of the city, specifically defined in terms of geographical boundaries that has cultural, historic, architectural and/or archaeological significance and is designated as a historic district by the city council.~~

"Historic landmark" means a building, improvement, structure, natural feature, site or area of land, under single or common ownership that has significant historical, architectural, cultural, and/or aesthetic interest or value, and is designated as a historic landmark by the city council.

"Historic resource" is a property or structure that has been determined to be over fifty (50) years old, retains its physical integrity, has historical, architectural, cultural, and/or aesthetic value, and is listed on the historic resources inventory.

"Historic resources inventory" means the city's official inventory of the historic resources, as adopted and amended from time to time by resolution of the historical commission and/or the city council. A property or structure must be designated as a historic landmark; or a historic resource ~~or located within a historic district~~ in order to be listed.

"Historical commission" is a seven-member advisory commission appointed by the city council that is tasked with maintaining the historic resources inventory, making recommendations on historic landmarks ~~and historic districts~~, working with property owners on preservation, maintenance and other development activities related to historic resources, and other activities as identified in the municipal code.

"Improvement" means any building, structure, parking facility, wall, work of art or other appurtenance or addition thereto constituting a physical betterment of real property or any part of such betterment.

"Integrity" is the authenticity of the characteristics, also referred to as character defining features, from which resources derive their significance. Integrity is the composite of seven qualities: location, design, setting, materials, workmanship, feeling and association.

"Mills Act" is an economic incentive program in California for the restoration and preservation of qualified historic structures. Enacted in 1972, the Mills Act grants participating local governments the authority to enter into contracts with owners of qualified historic properties to reduce the property tax assessment in exchange for the restoration and maintenance of the historic resource.

"National Register of Historic Places" is the official inventory of districts, sites, buildings, structures and objects significant in American history, architectural, archeology and culture, maintained by the Secretary of Interior under the authority of the Historic Sites Act of 1935 and the National Historic Preservation Act of 1966.

"Preservation" means the act of identification, study, protection, reconstruction, restoration, rehabilitation or enhancement of historic and/or cultural resources.

"Reconstruction" means the act or process of reproducing by new construction, the exact form and detail of a vanished building, structure or any part thereof, as it appeared at a specific period of time.

"Rehabilitation" means the act or process of returning a property to a state of utility through repair or alteration that makes possible an efficient contemporary use while preserving those portions or features of the property which are significant to its historical, architectural and cultural value.

"Restoration" means the act or process of accurately recovering the form and details of a property and its setting as it appeared at a particular period of time by means of the removal of later work or by the replacement of missing earlier work.

"Secretary of Interior's Standards" are the Federal Standards for the Treatment of Historic Properties that are utilized in the identification, evaluation, registration and treatment of historic properties. The list of ten (10) Rehabilitation Standards, published as the Secretary of the Interior's Standards, is aimed at retaining and preserving those features and materials that are important in defining the historic character of a resource.

Article 2. - Designation of Historic Resources

12.44.040 - Criteria for designation.

A structure, property or object may be eligible for designation as a historic resource or historic landmark, ~~or a group of properties may be eligible as an historic district~~, if it/they satisfy each of the three criteria listed below:

- A. Age. A structure or property should be more than fifty (50) years in age. (Exceptions can be made to this rule if the building(s) or site(s) is/are truly remarkable for some reason - such as being associated with an outstanding architect, personage, usage or event).
- B. Determination of Integrity. A structure or property should retain sufficient historic integrity in most of the following areas:
 1. Design: The combination of elements that create the form, plan, space, structure and style of a property.
 2. Setting: The physical environment of a historic property.
 3. Materials: The physical elements that were combined or deposited during a particular period of time and in a particular pattern or configuration to form a historic property.
 4. Workmanship: The physical evidence of the crafts of a particular culture or people during any given period in history or prehistory.
 5. Feeling: A property's expression of the aesthetic or historic sense of a particular period of time.
- C. Historic Significance. A structure or property should be clearly associated with one or more of the following areas of significance:
 1. Event: Associated with a single significant event or a pattern of events that have made a significant contribution to broad patterns of local or regional history, or cultural heritage of California or the United States;
 2. Person/People: Associated with the lives of persons important to the local, California or national history;
 3. Architecture/Design: Embodies the distinctive characteristics of a design-type, period, region or method of construction, or represents the work of a master or possesses high artistic value; or
 4. Archaeology: Yields important information about prehistory or history of the local area, California or the nation.

The city's historic resource evaluation methodology, which provides more details about the above listed criteria, is available from the planning division.

12.44.050 - Applications for designation.

- A. Applications for designation as a historic landmark, ~~a historic district~~, or listing a historic resource on the historic resources inventory may be initiated by ~~any of the following:~~

- ~~1. The owner or owners of a building, improvement, structure, natural feature, site or area of land, requesting designation of their property as a historic resource or historic landmark.~~
 - ~~2. The owners of at least twenty-five (25) percent of the frontage of all recorded lots abutting a specific geographic section of the city, requesting designation as a historic district;~~
 - ~~3. The owners of at least twenty-five (25) percent of the area of all recorded lots within a specific geographic section of the city, requesting designation of the entire section as a historic district.~~
- B. The city council or the planning commission may, by resolution or motion, refer a proposed designation to the historical commission. The historical commission may also consider a proposed designation upon its own initiative or by referral by the community development director.
- C. Applications for designation as a historic landmark, ~~a historic district~~, or listing a historic resource on the historic resources inventory shall be made to the historical commission. Applications must be accompanied by such historical and architectural information as is required by the historical commission in order to make an informed recommendation concerning the request.

Applications for designation shall be acted on as set forth in sections 12.44.050, 12.44.060 and 12.44.070 of this chapter.

12.44.060 - Historic resource listing.

- A. Once the application for designating a property as a historic resource and listing it on the historic resources inventory has been received, the historical commission shall consider the request at its next available scheduled meeting.
- B. The commission shall conduct a public hearing to consider the proposed listing. Notice of the hearing shall be given at least ten (10) days prior to the date of the hearing by mail to the applicant, to the owner or owners of the property and to the owners of abutting properties, and by posting a notice on the property near the front property line in accordance with the standards set by commission staff.
- C. The commission shall consider the proposed historic resource and determine whether or not the property satisfies the three criteria outlined in Section 12.44.040. The commission shall by motion either approve or disapprove the designation of the property as a historic resource and listing it in the historic resources inventory.
- D. If the commission approves the historic resource for listing on the historic resources inventory, the listing shall become effective immediately and the designated property shall be subject to the regulations set forth in this chapter.
- E. Until final action has been taken by the commission on the request to list a property, no building, alteration, grading, demolition or tree removal permit(s) shall be issued for any work to be performed upon or within the subject property, unless approved by the historical commission or the community development director. This restriction shall become effective as of the time the application is submitted, and shall extend until the commission has taken action.

- F. Within fifteen (15) days of the action taken by the historical commission, the decision may be appealed to the city council. The appeal may be filed by the applicant or any interested party.

12.44.070 - Historic landmark designation.

- A. Once the application for the proposed designation has been received, the historical commission shall consider the request at its next available scheduled meeting.
- B. The commission shall conduct a public hearing to consider the proposed designation. Notice of the hearing shall be given at least ten (10) days prior to the date of the hearing by publication in at least one newspaper of general circulation within the city, by mail to the applicant, to the owner or owners of the property, and to the owners of abutting properties, and by posting a notice on the property near the front property line in accordance with the standards set by commission staff.
- C. The commission shall make a recommendation to the city council on the proposed designation. In order to make a positive recommendation, the commission shall make the following findings:
 - 1. That the proposed historic landmark satisfies the three criteria outlined in Section 12.44.040; and
 - 2. That the proposed landmark has special historical, cultural, archeological, scientific, architectural or aesthetic interest or value as part of the heritage or history of the city, the county, the state or the nation.
- D. The city council shall consider the proposed designation at its next available regular meeting and determine whether or not to accept the historical commission's recommendation. The city council shall by resolution either approve the proposed designation, in whole or in part or as modified, or shall, by motion, disapprove the proposal in its entirety.
- E. If the city council approves the landmark designation, the resolution shall become effective immediately and the designated property shall be subject to the regulations set forth in this chapter and to such further restrictions or controls as may be specified in the designating resolution.
- F. Adoption of a designating resolution by the city council shall be based upon the findings outlined in subsection (C) of this section.
- G. Until final action has been taken by the city council on the proposed landmark, no building, alteration, grading, demolition or tree removal permit(s) shall be issued for any work to be performed upon or within the subject property, unless approved by the historical commission or the city council. This restriction shall become effective as of the time the application is submitted, and shall extend until the designating resolution becomes effective.

~~**12.44.080 - Historic district designation.**~~

- ~~A. Following the same procedures set forth in Section 12.44.070(A) and (B), the historical commission shall hold a public hearing on any proposed historic district(s) and forward to the planning commission a report and recommendations, together with the~~

~~information and documentation pertaining thereto. In order to make a positive recommendation, the commission shall make the following findings:~~

- ~~1. That the proposed historic district satisfies the three criteria outlined in Section 12.44.040; and~~
 - ~~2. That the proposed historic district has special historical, cultural, archeological, scientific, architectural or aesthetic interest or value as part of the heritage or history of the city, the county, the state or the nation.~~
- ~~B. The planning commission shall conduct a public hearing on the proposed designation at its next available meeting after receipt of the historical commission's recommendation. Notice of the public hearing shall be given in the manner provided in this chapter.~~
- ~~C. The planning commission either shall recommend approval of the designation as originally proposed, or approval of the designation as modified by the historical commission or the planning commission, or both, or recommend that the proposed designation be rejected. If the planning commission recommends approval or modified approval of the designation, it shall also approve a proposed ordinance, for adoption by the city council, designating the historic district and establishing a zoning overlay for such district. The proposed ordinance may include such regulations or controls over the designated property as the planning commission deems reasonably necessary for the conservation, enhancement and preservation thereof.~~
- ~~D. The recommendation of the planning commission, the recommendation of the historical commission and the proposed ordinance, if any, shall be transmitted to the city council for consideration.~~
- ~~E. The city council shall schedule a public hearing at its next available meeting to consider the proposed historic district. Notice of the public hearing shall be given in all of the following methods:~~
- ~~1. Notice of such public hearing shall be given not less than ten (10) days nor more than thirty (30) days prior to the date of the hearing by publication in a newspaper of general circulation in the city.~~
 - ~~2. Mailing of notices to the recorded legal owners of all properties within the proposed district and all properties within five hundred (500) feet of the boundaries of the proposed district.~~
- ~~F. At the conclusion of the public hearing, the city council either shall adopt an ordinance designating the historic district, in whole or in part, or as modified, or shall, by motion, disapprove the proposal in its entirety.~~
- ~~G. In the event a designating ordinance is adopted by the city council, such ordinance shall become effective thirty (30) days following adoption thereof and the designated properties shall thereafter be subject to the regulations set forth in this chapter and such further regulations or controls as may be specified in the designating ordinance.~~
- ~~H. Adoption of a designating ordinance shall be based upon a finding by the city council that:~~
- ~~1. The proposed district satisfies the three criteria outlined in section 12.44.040; and~~

~~2. The proposed district has special historical, cultural, archeological, scientific, architectural or aesthetic interest or value as part of the heritage or history of the city, the county, the state or the nation.~~

~~I. Until final action has been taken by the city council on the proposed historic district, no building, alteration, grading, demolition or tree removal permit(s) shall be issued for any work to be performed upon or within the subject district, unless approved by the historical commission or the community development director. This restriction shall become effective as of the time the application is submitted, and shall extend until the city council has taken action.~~

12.44.08090 - Notice of designation.

A. Following adoption by the city council of a resolution designating a historic landmark ~~or an ordinance designating a historic district~~, the commission staff shall send notice of the designation, together with a copy of the resolution or ordinance, to the owner or owners of the designated historic landmark, ~~or to the owners of all property within the designated historic district~~. The city council also shall send notice of the designation to:

1. The Santa Clara County Historical Heritage Commission; and
2. The California State Historic Preservation Officer.

B. The designating resolution or ordinance shall be recorded with the county clerk-recorder.

12.44.090100 - Termination of designation.

The only legitimate reason for terminating the designation of a historic resource or historic landmark is when clear evidence is presented that shows the resource no longer meets the criteria of Section 12.44.040 due to loss of integrity and/or historic significance.

Article 3. - Permits

12.44.100110 - Applicability

- A. For historic landmark properties, a historical alteration permit (Section 12.44.150) is required in order to alter, demolish, remove, relocate or change any exterior architectural features of the designated landmark structure(s), or remove or relocate any improvements, structures or natural features that contribute to the integrity or the historic significance of the historic landmark.
- ~~B. For properties located within a historic district, an advisory review (Section 12.44.140) is required in order to alter, demolish, remove or relocate any building, improvement, other structure or natural feature that contribute to the integrity or the historic significance of the historic district.~~
- ~~B~~C. For historic resources listed on the historic resources inventory, an advisory review (Section 12.44.140) is required in order to alter, demolish, remove, relocate or otherwise change in any manner any exterior architectural feature or natural feature that contributes to the integrity or the historic significance of a historic resource.
- ~~C~~D. For subsections (B) ~~and (C)~~ of this section, the historical commission's review will take into account whether or not the proposed work adversely affects the physical integrity or the historic significance of the resource. The historical commission's recommendation to the community development director, design review commission, planning commission, or city council, shall be advisory only.
- ~~D~~E. For non-residential properties that are historic landmarks, or historic resources ~~or located within an historic district~~, non-permanent improvements such as signage, awnings and landscaping that do not adversely affect the physical integrity or the historic significance of the resource may be exempted from historical commission review by the community development director.
- ~~E~~F. For residential properties that are historic landmarks, or historic resources ~~or located with an historic district~~, improvements such as swimming pools, fences, minor accessory structures such as trellises or barbecues, and landscaping that do not adversely affect the physical integrity or the historic significance of the resource may be exempted from historical commission review by the community development director.

12.44.110120 - Applications.

Applications for historical alteration permits or advisory review shall be submitted to the community development director. Applications shall include the following information:

- A. A clear statement of the proposed work;
- B. A site plan showing all existing buildings, structures, trees over six inches in diameter, property lines, easements and the proposed work;

- C. Detailed plans showing both the existing and proposed exterior elevations, including a street elevation, photographs of windows and/or special features, materials and grading;
- D. Specifications describing all materials to be used and all processes that would affect the appearance or nature of the materials;
- E. Notes indicating any deviation from the Secretary of the Interior's Standards for Historic Rehabilitation; and
- F. Such other information or documents as may be requested by the community development director or the historical commission.

Applications shall be noticed as set forth in section 12.44.120 and shall be acted on as set forth in section 12.44.130 and 12.44.140 of this chapter.

12.44.120130 - Notice of public meetings.

- A. Notification shall be provided when an application for a historical alteration permit is required for a historic landmark. Applicants shall be responsible for providing notification via first class mail to the adjoining property owners, in the manner set forth by the commission staff, at least ten (10) days prior to the meeting at which the application is to be reviewed. The property owners who shall be mailed notice include, but are not limited to, the following:
 - 1. The two adjoining property owners on each side;
 - 2. The three adjoining rear property owners; and
 - 3. The five adjoining front property owners across the street.
 - 4. As deemed appropriate or necessary, the commission staff may require that notification be mailed to a greater or lesser number of property owner(s) than are identified above based on the configuration of the properties adjoining the site of the application.
 - 5. Notice shall also be posted on the project site near the front property line in accordance with the standards set by the commission staff.
- B. Notice shall be provided when an application for an advisory review is required for a historic resource ~~or a property located within a historic district~~. Applicants shall be responsible for posting a notice on the project site near the front property line in accordance with the standards set by the commission staff.

12.44.130140 - Advisory review.

- A. For projects that require an advisory review, the historical commission shall complete its review and issue a recommendation at its next available scheduled meeting. In order to recommend approval, the commission shall find that:
 - 1. The project complies with all provisions of this chapter; and
 - 2. The project does not adversely affect the physical integrity or the historic significance of the subject property.

- B. The historical commission recommendation shall be forwarded to the community development director, the design review commission, the planning commission, or the city council to be considered as part of their decision.

12.44.140150 - Historical alteration permit.

- A. For projects that require a historical alteration permit, the historical commission shall complete its review and issue a decision at its next available scheduled meeting. In order to approve a permit, the commission shall find that:
 - 1. The project complies with all provisions of this chapter; and
 - 2. The project does not adversely affect the physical integrity or the historic significance of the subject property.
 - 3. The project is in compliance with the Secretary of the Interior's Standards for the Treatment of Historic Properties.
- B. If the historical commission approves the historical alteration permit, or approves such permit subject to conditions, the community development director shall issue the permit in accordance with the recommendation, provided that no other approval is required under this code. In the event the historical commission recommends denial of the permit, the community development director shall notify the applicant that the requested permit will not be granted.

12.44.150160 - Appeal.

Within fifteen (15) days of any approval or denial by the historical commission, the decision may be appealed to the city council. The appeal may be filed by the applicant or any interested party and shall be accompanied by a fee to cover the administrative cost of handling the appeal as set by city council resolution.

Article 4. - Miscellaneous Provisions

12.44.160170 - Incentives for preserving historic resources.

- A. California Historical Building Code. It is the purpose of the state historical building code to provide regulations and standards for the rehabilitation, preservation, restoration (including related reconstruction) or relocation as applicable to all historical buildings, structures and properties deemed of importance to the history, architecture, or culture of an area by an appropriate local or state governmental jurisdiction. Such standards and regulations are intended to facilitate the restoration or change of occupancy so as to preserve their original or restored elements and features, to encourage energy conservation and a cost effective approach to preservation, and to provide for reasonable safety from fire, seismic forces or other hazards for occupants and users of such "buildings, structures and properties" and to provide reasonable availability and usability by the physically disabled. The state historical building code is defined in sections 18950 to 18961 of Division 13, Part 2.7 of Health and Safety Code (H&SC) Health and Safety Code, a part of California Law.
- B. Economic incentives. In order to carry out more effectively and equitably the purposes of this chapter, the city council may, by resolution, adopt a program of economic (i.e.,

Mills Act contracts) and other incentives to support the preservation, maintenance and appropriate rehabilitation of the city's historic resources.

12.44.170180 - Hardship.

Notwithstanding the criteria of this chapter, the community development director, on the recommendation of the historical commission; or design review commission, or the planning commission or city council on appeal, may approve an application for a permit to conduct any proposed work upon or within a historic resource; or historic landmark or property located within a historic district, if the applicant presents clear and convincing evidence demonstrating that a disapproval of the application will cause immediate and substantial hardship on the applicant because of conditions peculiar to the person seeking to carry out the proposed work or because of conditions peculiar to the particular improvement, building, structure, topography or other feature involved. If a hardship is found to exist under this section, the historical commission or the planning commission or city council shall make a written finding to that effect, and shall specify the facts and reasons relied upon in making such finding.

12.44.180190 - Fees.

- A. No fee shall be charged for the filing, processing or public noticing of any application for designation.
- B. The city council shall by resolution adopt a schedule of fees to be charged for any application for termination of a designation, for the filing and processing of applications for any permit required under this chapter, and for appeals pursuant to this chapter.

12.44.190200 - Ordinary maintenance and repair.

Nothing in this chapter shall be construed to prevent the ordinary maintenance, painting, landscaping or repair of any exterior feature in or upon any historic resource; or historic landmark or property located within a historic district that does not involve a change in design, material or the external appearance thereof, nor does this chapter prevent the construction, reconstruction, alteration, restoration, demolition or removal of any historic resource; or historic landmark or property located within any historic district which has been certified by the city building inspector, or fire chief, or other code enforcement officer as being in unsafe or dangerous condition which cannot be rectified through the use of the California State Historic Building Code.

12.44.200210 - Duty to keep in good repair.

- A. The owner, occupant or the person in actual charge of a historic resource; or a historic landmark or property located within a historic district shall keep and maintain in good condition and repair all exterior portions of the improvement or structure, and all interior portions thereof whose maintenance is necessary to prevent deterioration and decay of any exterior architectural feature or natural feature.
- B. It shall be the duty of the building official to enforce this section.

12.44.210220 - Enforcement.

The violation of any provision contained in this chapter is hereby declared to be unlawful and shall constitute a misdemeanor, subject to the penalties as prescribed in Title 1, Chapter 1.20 of this code.

SECTION 2. CONSTITUTIONALITY. If any section, subsection, sentence, clause or phrase of this code is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this code.

SECTION 3. PUBLICATIONS. This ordinance shall be published as provided in Government Code section 36933.

SECTION 4. EFFECTIVE DATE. This ordinance shall be effective upon the commencement of the thirty-first day following the adoption date.

I HEREBY CERTIFY that the foregoing ordinance was duly and properly introduced at a regular meeting of the City Council of the City of Los Altos held on the 23rd day of January 2018 and was thereafter, at a regular meeting held on March 13, 2018 passed and adopted by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Jean Mordo, MAYOR

Attest:

Jon Maginot, CMC, CITY CLERK



AGENDA REPORT SUMMARY

Meeting Date: March 13, 2018

Subject: Accessory Structure Zoning Code Amendments

Prepared by: Zachary Dahl, Planning Services Manager

Reviewed by: Jon Biggs, Community Development Director

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Ordinance No. 2018-440

Initiated by:

City Council

Previous Council Consideration:

June 27, 2017 and February 27, 2018

Fiscal Impact:

None

Environmental Review:

This Code amendment is exempt from environmental review pursuant to Section 15061(b)(3) of the State Guidelines implementing the California Environmental Quality Act of 1970, as amended, because significant impacts to the environment are not anticipated.

Policy Question(s) for Council Consideration:

- Do the amendments clarify and improve the site standards for detached accessory structures in residential districts to ensure the structures are not excessive in size and height, and have an appropriate relationship to adjacent properties while also providing property owners reasonable opportunity and flexibility to develop and enjoy the use of an accessory structure?
- Are the amendments in the best interest for the protection or promotion of the public health, safety, comfort, convenience, prosperity, and welfare of the City?

Summary:

- The amendments would update the regulations for height, size and placement of accessory structures in residential zoning districts. Specifically, the amendments would:
 - Create a new chapter in the Zoning Code, titled “Accessory Structures in R Districts,” to consolidate all the individual accessory structure regulations located in various sections of the Zoning Code;
 - Increase the minimum setback for accessory structures in a rear yard setback area from 2.5 feet to five feet;



Subject: Accessory Structure Zoning Code Amendments

-
- Require accessory structures to meet a daylight plane on both the side and rear property lines; and
 - Establish a maximum lot coverage for accessory structures in the rear yard setback area.

Staff Recommendation:

Move to adopt Ordinance No. 2018-440 to amend Title 14 of the Los Altos Municipal Code pertaining to accessory structures in residential districts



Subject: Accessory Structure Zoning Code Amendments

Purpose

Adopt Ordinance No. 2018-440 to amend Zoning Code chapters 14.06, 14.08, 14.10, 14.12, 14.16, 14.18, 14.20, 14.22, 14.24 and 14.66, and create a new chapter titled “Accessory Structures in R1 Districts” that provides site standards for detached accessory structures in residential zone districts.

Background

On February 27, 2018 the City Council held a public hearing and voted to introduce and waive further reading of Ordinance No. 2018-440. As part of the action, Council requested that new section 14.15.040 be updated to clarify that the daylight plan is measured from the property line and noted some minor edits. The Ordinance has been updated to reflect these changes.

Discussion/Analysis

This Ordinance will go into effect 31 days after adoption. Please note that due to a typographical error, this Ordinance was assigned the wrong ordinance number at introduction. However, per the City Attorney, the Ordinance can be adopted with the corrected number with no further action required.

Options

- 1) Adopt Ordinance No. 2018-440

Advantages: The City’s accessory structure regulations will be clarified and updated to ensure the structures are not excessive in size and height, and have an appropriate relationship to adjacent properties.

Disadvantages: None

- 2) Do not adopt Ordinance No. 2018-440

Advantages: None

Disadvantages: The existing accessory structure regulations, which includes some conflicting and confusing language, would be maintained.

Recommendation

The staff recommends Option 1.

ORDINANCE NO. 2018-440

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS AMENDING “TITLE 14 – ZONING” OF THE LOS ALTOS MUNICIPAL CODE PERTAINING TO ACCESSORY STRUCTURE REGULATIONS IN RESIDENTIAL DISTRICTS

WHEREAS, the City of Los Altos initiated an application (17-CA-04) to amend Title 14 of the Los Altos Municipal Code pertaining to the site standards for accessory structures in residential zoning districts, referred herein as the “CA”; and

WHEREAS, the amendments are in the best interest for the protection or promotion of the public health, safety, comfort, convenience, prosperity, and welfare of the City because they clarify and improve the site standards for detached accessory structures in residential districts to ensure the structures are not excessive in size and height, and have an appropriate relationship to adjacent properties while also providing property owners opportunity and flexibility to develop and enjoy the use of an accessory structure if desired; and

WHEREAS, the amendments are in conformance with the City of Los Altos General Plan because they will protect the privacy of neighbors and minimize the appearance of bulk for new accessory structures; and

WHEREAS, required public notices and public hearings were duly given and duly held in accordance with the applicable provisions of the California Government Code and Chapter 14.86 of the Los Altos Municipal Code; and

WHEREAS, the CA was processed in accordance with the applicable provisions of the California Government Code and the Los Altos Municipal Code; and

WHEREAS, the Planning Commission held duly noticed public hearings on the CA on November 16, 2017 and February 1, 2018, at which it recommended adoption of the CA; and

WHEREAS, the City Council held a duly noticed public hearing on the CA on February 27, 2018; and

WHEREAS, the location and custodian of the documents or other materials which constitute the record of proceedings upon the City Council’s decision are based in the Office of the City Clerk; and

WHEREAS, this Ordinance is exempt from environmental review pursuant to Section 15061(b)(3) of the State Guidelines implementing the California Environmental Quality Act of 1970, as amended, because significant impacts to the environment are not anticipated.

NOW THEREFORE, the City Council of the City of Los Altos does hereby ordain as follows:

SECTION 1. AMENDMENT OF CODE: Title 14 of the Los Altos Municipal Code is hereby amended to include a new chapter as follows:

CHAPTER 14.15 – ACCESSORY STRUCTURES IN R DISTRICTS

14.15.010 - Purpose

The purpose of this Chapter is to provide site standards for the placement of detached accessory structures in all R (residential) districts. Both enclosed and unenclosed accessory structures, as defined in Chapter 14.02, are subject to the regulations contained herein.

14.15.020 - Size, Height and Placement

- A. Accessory structures may not be located in a required front yard setback area, with the exception of a single arbor-style entry element as provided in Chapter 14.72.
- B. Accessory structures may be located on other areas of a property as outlined in Table 1:

<u>Table 1</u>			
<u>Location</u>	<u>Maximum Size</u>	<u>Max. Height</u>	<u>Minimum Setback</u>
<u>Required side yard setback area (interior and exterior)</u>	<u>120 square feet</u>	<u>6 feet</u>	<u>None</u>
<u>Required rear yard setback area</u>	<u>800 square feet</u>	<u>12 feet</u>	<u>0 feet when under 6 feet in height</u>
			<u>5 feet when between 6-12 feet in height</u>
			<u>2.5 feet for an eave overhang, or similar projection, when over 6 feet in height</u>
<u>Main structure’s building envelope (meets all required setbacks)</u>	<u>No size limit</u>	<u>12 feet</u>	<u>None</u>

- 1. When an accessory structure is located in a side yard setback area, it shall be screened from off-site view with solid fencing which is not lower in height than the accessory structure and which is constructed in conformance with the provisions of Chapter 14.72 of this title.
- 2. When an accessory structure is located in the main structure’s building envelope, the height limit may be extended up to eighteen (18) feet if the additional height is necessary to establish architectural compatibility with the main structure.

14.15.030 - Rear Yard Coverage

In addition to compliance with the maximum allowable coverage and floor area ratio as provided by the subject zone district, the maximum coverage within the required rear yard setback area for all accessory structures, or portions thereof, that exceed six feet in height shall be thirty-five (35) percent of the total rear yard setback area.

14.15.040 - Daylight Plane

No portion of an accessory structure shall extend above or beyond a daylight plane as follows:

- A. The daylight plane starts at a height of six feet at the property line and proceeds inward at a 5:12 slope to a distance of ten (10) feet from the side and rear property lines;
- B. All appurtenances, including chimneys, vents and antennas, shall be within the daylight plane;
- C. The daylight plane is not applied to a side or rear property line when it abuts a public alley or public street.

14.15.050 - Distance Between Structures

- A. When an accessory structure is located in a required side yard setback, a minimum clearance of five feet is required. The clearance may be provided between the accessory structure and the main structure, or between the accessory structure and the property line.
- B. When an accessory structure exceeds six feet in height and is located in a required rear yard setback, a minimum clearance of ten (10) feet is required between the accessory structure and the main structure, and a minimum clearance of five feet is required between accessory structures.
- C. For the purposes of this section, clearance is measured from outside edge of wall of each structure.

14.15.060 – Coverage Exception for Open Accessory Structures.

- A. Up to five percent of the lot area, but not more than five hundred (500) square feet, may be occupied by a detached accessory structure, such as an arbor (gazebo) or pergola (trellis) structure, that is open on all sides, with such area not being counted as lot coverage in residential zoning districts.
- B. No more than two hundred (200) square feet of an open accessory structure which is exempt from lot coverage, as provided in subsection (A) above, may have a solid roof.
- C. Accessory structures allowed by this section are subject to the rear yard coverage limitation as proscribed in Section 14.15.030.

SECTION 2. AMENDMENT OF CODE: Sections 14.06.120, 14.08.120, 14.10.120 and 14.12.120 in Title 14 of the Los Altos Municipal Code are hereby amended as follows:

~~Accessory structures, or~~ **Outdoor kitchens, barbeques, fireplaces and swimming pools.**

- A. ~~Accessory structures that are no more than six feet in height may be located in interior and exterior side and rear yard setbacks subject to the following provisions:~~

- ~~2. The maximum width of the accessory structure shall be five feet.~~
 - ~~3. The maximum length of the accessory structure shall be sixteen (16) feet.~~
 - ~~4. The accessory structure shall be screened from off-site view with solid fencing which is not lower in height than the accessory structure and which is constructed in conformance with the provisions of Chapter 14.72 of this title.~~
 - ~~5. In no case shall there be less than a five-foot clearance between either the accessory structure and the main structure or the accessory structure and the property line.~~
- ~~B. Accessory structures that are more than six feet in height may be located in the required rear yard setback area or in the main structure's building envelope, subject to the following provisions:~~
- ~~1. Accessory structures shall have a minimum setback of two and one-half feet from the side property line and a minimum setback from the rear property line as follows:

 - ~~i. Two and one-half feet when the structure is under eight feet in height;~~
 - ~~ii. Five feet when the structure is between eight and ten (10) feet in height;~~
 - ~~iii. Seven and one-half feet when the structure is between ten (10) and twelve (12) feet in height; and~~
 - ~~iv. Two and one-half feet when the rear property line abuts an alley.~~~~
 - ~~2. No portion of any accessory structure shall project above a daylight plane, beginning at a height of six feet at the side property line and increasing at a slope of four feet for each ten (10) feet of distance from the side property line to a distance of ten (10) feet from the side property line.~~
 - ~~3. The maximum allowable height for accessory structures shall be twelve (12) feet.~~
 - ~~4. The maximum allowable size for each accessory structure located in the required rear yard setback area shall be eight hundred (800) square feet of gross floor area.~~
 - ~~5. Notwithstanding the provisions of Section 14.66.220 of this title, no portion of an accessory structure, including but not limited to roof eaves, chimneys and vents, shall project into any required setback or daylight plane as outlined in this subsection B.~~
 - ~~6. The architectural and site review committee may approve an accessory structure located entirely within the main structure's building envelope to extend up to eighteen (18) feet in height if the committee finds and determines that the additional height is necessary in order to establish architectural compatibility with the main structure.~~
- ~~C. Outdoor barbecues, fireplaces, sinks and similar structures located within the required rear yard setback shall be set back a minimum of five feet from any property line. Said structures shall not be located in the required front or side yard setback areas.~~
- ~~D. Swimming pools, hot tubs, and spas located within the required rear yard setback shall be set back a minimum of five feet from any property line. The setback shall be measured from the outside edge of the pool structure. Said structures shall not be located in a required front or side yard setback area.~~
- ~~E. Accessory structures containing swimming pool motors and equipment shall not be located in a required interior side yard setback area.~~

- A. Outdoor kitchens, barbeques, fireplaces, and similar structures shall be allowed in the main structure's building envelope, and in the required rear yard setback with a minimum setback of five feet from any property line. Said structures shall not be located in the required front or side yard setback areas.
- B. Swimming pools, hot tubs, and spas shall be allowed within the main structure's building envelope, and the required rear yard setback with a minimum setback of five feet from any property line. Said structures shall not be located in a required front or side yard setback area.
 - 1. The setback shall be measured from the outside edge of the pool structure.
 - 2. Swimming pool motors and equipment shall be enclosed in a noise attenuating structure, as proscribed in Chapter 6.16, and shall not be located in a required interior side yard setback area.

SECTION 3. AMENDMENT OF CODE: Chapters 14.06, 14.08, 14.10, 14.12, 14.16, 14.18, 14.20 14.22 and 14.24 in Title 14 of the Los Altos Municipal Code are hereby amended to include a new section, inserted at the end of each chapter, as follows:

Accessory Structures.

As provided in Chapter 14.15 of this title.

SECTION 4. AMENDMENT OF CODE: Section 14.66.190 in Title 14 of the Los Altos Municipal Code is hereby amended as follows:

14.66.190 – ~~Reserved Distances between structures.~~

~~Where there is more than one structure on a site, the minimum distance between a main structure and an accessory structure which exceeds six feet in height shall be ten (10) feet; provided, however, if the open spaces surrounding the accessory structure conform with the regulations for the main structure in the district in which they are located, the accessory structure may be located nearer than ten (10) feet from the main structure. No minimum distance shall be required between main structures, between accessory structures, or between a main structure and an accessory structure which does not exceed six feet in height; provided, however, in no case shall there be less than a five-foot-wide unobstructed passageway adjacent to a main structure or an accessory structure. For the purposes of this section, the vertical dimension of the structure shall be measured from the elevation of the finished lot grade to the highest point of the structure.~~

SECTION 5. AMENDMENT OF CODE: Section 14.66.220 in Title 14 of the Los Altos Municipal Code is hereby amended as follows:

14.66.220 - ~~Reserved Lot coverage—Exception for arbor (gazebo) and pergola (trellis) structures.~~

~~Up to five percent of the lot area, but not more than seven hundred fifty (750) square feet (not including open eaves and/or overhangs up to four feet, may be occupied by arbor (gazebo) and pergola (trellis) structures, with such area not being counted as lot coverage in~~

~~residential zoning districts. However, no more than two hundred (200) square feet of the arbor (gazebo) structure(s) which are exempt from lot coverage on a lot may have a solid roof.~~

SECTION 6. CONSTITUTIONALITY. If any section, subsection, sentence, clause or phrase of this code is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this code.

SECTION 7. CEQA. This ordinance is not subject to review under the California Environmental Quality Act (Public Resources Code §§21000, *et seq.*, as further governed by the Guidelines for CEQA, 14 CCR §§15000, *et seq.*) because the ordinance has no potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, per 14 CCR §15378. The ordinance amends Los Altos Municipal Code provisions pertaining to the site standards for size and placement of accessory structures on a residential property. It does not commit the City of Los Altos or any other party to any direct course of action, other than to review applications for compliance with the amended site standards as described herein, and will not result in any physical changes in and of itself. Moreover, to the extent the ordinance was determined to be subject to CEQA, it would be exempt from further review pursuant to the ‘common sense’ exemption (14 CCR §15061(b)(3)), as it can be seen with certainty that there is no possibility that the adoption of the ordinance may have a significant effect on the environment.

SECTION 8. PUBLICATION. This ordinance shall be published as provided in Government Code section 36933.

SECTION 9. EFFECTIVE DATE. This ordinance shall be effective upon the commencement of the thirty-first day following the adoption date.

The foregoing ordinance was duly and properly introduced at a regular meeting of the City Council of the City of Los Altos held on February 27, 2018 and was thereafter, at a regular meeting held on March 13, 2018 passed and adopted by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Jean Mordo, MAYOR

Attest:

Jon Maginot, CMC, CITY CLERK



CONSENT AGENDA

Agenda Item # 4

AGENDA REPORT SUMMARY

Meeting Date: March 13, 2018

Subject: Accessory Dwelling Units

Prepared by: Jon Biggs, Community Development Director

Approved by: Chris Jordan, City Manager

Attachments:

1. Ordinance No. 2018-441

Initiated by:

Staff

Previous Council Consideration:

May 9, 2017, May 23, 2017, and February 27, 2018

Fiscal Impact:

None anticipated.

Environmental Review:

The proposed code amendment is exempt from environmental review in accordance with Section 15061 (b)(3) of the CEQA Guidelines since it is not foreseeable that it will cause a significant effect on the environment. Further, this code amendment is statutorily exempt from CEQA per Public Resources Code § 21080.17. Accessory dwelling units subsequently developed under the code are ministerial, single-family uses, which are statutorily exempt in accordance with Section 15268 of the CEQA Guidelines.

Policy Question for Council Consideration:

- Shall the City Council introduce an ordinance that amends the regulations for accessory dwelling units (ADU's) by incorporating State Legislation that governs the creation of the units and the direction provided by the City Council at its meetings of May 9, 2017 and February 27, 2018 at which these regulations were considered for this type of dwelling unit?

Summary:

- The attached ordinance incorporates the direction provided by a majority of the City Council at its meetings of May 9, 2017 and February 27, 2018

Staff Recommendation:

Move to adopt Ordinance No. 2018-441 amending the accessory dwelling unit regulations



Subject: Accessory Dwelling Units

Purpose

The purpose of amending the ADU regulations is to comply with recent changes to state law and to implement Housing Element Program No. 4.2.1 and Program No. 4.2.2 regarding facilitating the development of ADUs and the consideration of reducing the minimum lot size requirements for such units.

Background

On February 27, 2018 the City Council held a public hearing, following which a majority of the City Council voted to introduce and waive further reading of Ordinance 2018-441, subject to the following modifications:

1. Deletion of a lot size minimum for establishment of an ADU.
2. Exclusion of basement square footage towards the overall square footage of an ADU.
3. Amending the maximum size of ADU's to no more than eight hundred (800) square feet for detached units or additions to existing structures and no more than one thousand two hundred square feet (1,200) for the conversion of existing space within a principal or accessory structure, so long as the conversion does not exceed fifty percent (50%) of the existing square footage of the structure.
4. Deletion of the owner occupancy requirement of the principal unit of the accessory dwelling unit.

These modifications have been incorporated into Ordinance 2018-441, which is included with this agenda report as Attachment No. 1.

As noted by the City Attorney at the February 27, 2018 meeting, the original code amendment was previously reviewed by the prior City Attorney's Office. The current City Attorney did not review the ordinance, but upon a cursory review, did have general concerns about how closely the ordinance is tracking state law. The City Council is free to adopt the ordinance with the understanding that a future amendment will likely be brought forth before the Council as soon as possible in order to ensure the City's Municipal Code is consistent with state law.

Due to a typographical error, this Ordinance was assigned the wrong ordinance number at introduction. However, per the City Attorney, the Ordinance can be adopted with the corrected number with no further action required.

Discussion/Analysis

Ordinance No. 2018-441 will go into effect 31 days after adoption.



Subject: Accessory Dwelling Units

Options

- 1) Adopt the ADU regulations as modified by the City Council and as recommended by staff

Advantages: The lower lot size threshold increases the ADU potential and meets the intent of the State law. Removing the property owner's deed restriction simplifies the requirements.

Disadvantages: May increase the number of ADUs and perceived parking and density impacts. Removing the deed restriction may cause some enforceability concerns as subsequent property owners may not be aware of the residency requirement.

- 2) Adopt ADU regulations with a higher lot size threshold such as 12,000 square feet for detached accessory dwellings

Advantages: May reduce the overall number of ADUs in the community and may address perceived parking impacts.

Disadvantages: May reduce the potential number of ADUs and differ from the intent of State law to facilitate ADUs.

Recommendation

The staff recommends Option 1.

ORDINANCE NO. 2018-441

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
LOS ALTOS AMENDING THE REGULATIONS FOR
ACCESSORY DWELLING UNITS (SECOND LIVING UNITS)**

WHEREAS, the State Legislature has found that accessory dwelling units are a necessary and valuable form of housing in California; and

WHEREAS, accessory dwelling units help diversify the City's housing stock and help provide rental units that are affordable; and

WHEREAS, accessory dwelling units offer lower cost housing to meet the needs of existing and future residents within existing neighborhoods, while respecting neighborhood character; and

WHEREAS, accessory dwelling units provide housing for family members, students, the elderly, in-home health care providers, the disabled, and others within existing neighborhoods; and

WHEREAS, it is the intent of this ordinance to allow and promote the development of accessory dwelling units; and

WHEREAS, this Ordinance implements Program 4.2.1 and Program 4.2.2 of the City's 2015-2023 Housing Element by facilitating the development of new accessory dwelling units; and

WHEREAS, this Ordinance is in the best interest for the protection or promotion of the public health, safety, comfort, convenience, prosperity, or welfare and is in conformance with the adopted General Plan of the City since it implements Housing Element Programs 4.2.1 and 4.2.2; and

WHEREAS, this Ordinance is exempt from environmental review pursuant to Section 15061 and Section 15268 of the California Environmental Quality Act Guidelines, as amended.

NOW THEREFORE, the City Council of the City of Los Altos hereby ordains as follows:

SECTION 1. AMENDMENT OF CODE: Adding and amending the following definitions to Chapter 14.02.070 of the Municipal Code:

“Accessory dwelling unit” means an attached or detached residential dwelling unit which provides complete independent living facilities for one or more persons. It shall include permanent provision for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling unit is situated. Accessory dwelling

units also include efficiency units as defined by Section 17958.1 of the Health and Safety Code.

“Manufactured home” is as defined in Section 18007 of the Health and Safety Code.

“Passageway” means a pathway that is unobstructed, clear to the sky, and extends from a street to one entrance of the accessory dwelling unit.

“Second living unit” means a second dwelling on a single-family residential lot; refer to the definition of “accessory dwelling unit.”

SECTION 2. AMENDMENT OF CODE: Renaming the Permitted Uses sections of the single-family zoning districts in the Municipal Code as follows:

14.06.020 – Permitted uses (R1-10)

B. Accessory dwelling ~~Second living~~ units as provided in Chapter 14.14 of this title;

14.08.020 – Permitted uses (R1-H)

B. Accessory dwelling ~~Second living~~ units as provided in Chapter 14.14 of this title;

14.10.020 – Permitted uses (R1-20)

B. Accessory dwelling ~~Second living~~ units as provided in Chapter 14.14 of this title;

14.12.020 – Permitted uses (R1-40)

B. Accessory dwelling ~~Second living~~ units as provided in Chapter 14.14 of this title;

SECTION 3. AMENDMENT OF CODE: Amending Chapter 14.14 of the Municipal Code regarding Accessory Dwelling Units in R1 Districts as follows:

Chapter 14.14 - ~~SECOND LIVING~~ ACCESSORY DWELLING UNITS IN R1 DISTRICTS

14.14.010 – Purpose.

A. The Legislature found that accessory dwelling units are a valuable form of housing in California.

B. Accessory dwelling units provide housing for family members, students, the elderly, in-home health care providers, the disabled, and others within existing neighborhoods.

C. Homeowners who create accessory dwellings units benefit from added income, and an increased sense of security.

D. Allowing accessory dwelling units in single-family districts provides additional rental housing stock in California.

E. Accessory dwelling units offer lower cost housing to meet the needs of existing and future residents within existing neighborhoods, while respecting architectural character.

F. Accessory dwelling units are, therefore, an essential component of California's housing supply.

G. It is the intent of this ordinance to allow and promote the development accessory dwelling units.

14.14.020 14.14.010 - Permitted uses.

In accordance with the provisions of this chapter ~~and upon the granting of design review as provided in Chapter 14.76, one second living accessory dwelling unit may be permitted on a lot or parcel within a single-family residential zoning district. ~~that has a minimum of the greater of: (1) one hundred fifty (150) percent of the lot area required in the residential zoning district in which the second living unit is proposed to be located; or (2) fifteen thousand (15,000) square feet of lot area 10,000 square feet except as specified herein. A second living~~ An accessory dwelling unit may be established through:~~

A. The conversion of existing floor space in a ~~conforming, principal or accessory~~ single-family structure ~~regardless of lot size; in which case the figures of one hundred fifty (150) percent and fifteen thousand (15,000) square feet set forth above shall be reduced to one hundred thirty (130) percent and thirteen thousand (13,000) square feet respectively in the R1-10 zoning district, and reduced to one hundred (100) percent of the minimum required lot area in the R1-20, R1-II, and R1-40 zoning districts;~~

B. An integral addition to a principal single-family structure; ~~in which case the figures of one hundred fifty (150) percent and fifteen thousand (15,000) square feet set forth above shall be reduced to one hundred thirty (130) percent and thirteen thousand (13,000) square feet respectively in the R1-10 zoning district, and reduced to one hundred (100) percent of the minimum required lot area in the R1-20, R1-II, and R1-40 zoning districts;~~

C. The ~~conversion~~ addition to an existing accessory structure ~~provided its location on the property is in conformance with present setback regulations and that has side and rear setbacks that are sufficient for fire safety; or~~

D. The construction of a new accessory structure.

E. Accessory dwelling units do not exceed the allowable density for the lot upon which it is located, and that such units are a residential use consistent with the general plan and zoning designation for the lot.

F. Accessory dwelling units may not be sold separately from the primary residence and may be rented.

14.14.030 - Required findings for approval. (Reserved)

~~In addition to the findings required by Chapter 14.76, the following findings shall be made prior to approval of a second living unit:~~

~~A. That public benefit will result because the proposed second living unit will be maintained as affordable for a lower- or very low-income household;~~

~~B. That appropriate administrative measures, including disclosure of the maximum rent allowed and the income level of the occupant(s), have been required which will ensure that if the second living unit is rented or leased, it will be at a rate which is affordable to a person or persons of lower- or very low-income levels as required by Section 14.14.040, and that the income level of the resident(s) of the second living unit meets the appropriate limits for a lower- or very low-income household as determined by the city based on state and federal guidelines;~~

~~C. That required parking areas are located on the site;~~

~~D. That the parcel size is adequate in size to maintain a second unit and related parking in terms of its status as an accessory use both visually and functionally;~~

~~E. That when a property has frontage on more than one street, the access for the main residence and second living unit has been combined in such a way as to reduce the prominence and visibility of the second living unit parking to the surrounding neighborhood; provided, however, that on a corner lot, the appropriateness of combining the access of the main residence and the second living unit shall be determined on a case-by-case basis;~~

~~F. Appropriate conditions have been applied as necessary to ensure that the second living unit will not adversely impact neighboring property owners due to:~~

- ~~1. Inappropriate location, amount, and/or design of on-site parking;~~
- ~~2. Inappropriate location with respect to the character of the existing neighborhood;~~
- ~~3. Excessive noise potential, particularly when neighboring homes are in close proximity;~~
- ~~4. An excessive number of second living units in the vicinity;~~
- ~~5. Insufficient screening of the unit; and~~
- ~~6. Lack of compliance with the floor area ratio, setback, lot coverage, and other development standards of the R1 zoning districts.~~

14.14.040 - Unit size and ~~occupancy~~ residency requirements.

A. The maximum size of a ~~second living~~ an accessory dwelling unit, not including basements or any covered parking, shall be no more than eight hundred (800) square

feet for new detached units. However, a second living ~~accessory dwelling~~ unit of greater than the maximum size, may be considered only within a residential or accessory structure which existed prior to March 1, 1995, and subject to the required findings in Section 14.14.030. The maximum size of ~~an~~ a new attached accessory dwelling unit shall not exceed 50 percent of the existing living area of a principal living unit, or one thousand two hundred (1,200) square feet, whichever is less.

~~B. No more than two persons shall reside in a second living unit. Accessory dwelling units may not be rented for terms of less than 30 days.~~

~~C. Either the principal living unit or the second living accessory dwelling unit shall be the principal residence of at least fifty (50) percent of record owners of the property.~~

~~D. If the property owner resides in the second living unit, then the primary residence can be rented at market rate, but shall have no effect on the affordability requirement for the second living unit for future occupancies.~~

~~E. If rented or leased, second living units with a size of greater than six hundred forty (640) square feet shall be affordable to a person or persons of very low income levels, and the income level of the person(s) renting the second living unit shall not be greater than the limits for a very low income household as determined by the city based on state and federal guidelines.~~

~~F. If rented or leased, second living units with a size of not more than six hundred forty (640) square feet shall be affordable to a person or persons of low income levels, and the income level of the resident(s) of the second living unit shall not be greater than the limits for a lower income household as determined by the city based on state and federal guidelines.~~

~~G. The resident income limits in subsections E and F of this section shall not apply if the second living unit is occupied by an immediate family member.~~

14.14.050 - Development and design standards.

~~A. A second living~~ An accessory dwelling unit shall meet all the current development standards of the residential zoning district in which the ~~second living accessory dwelling~~ unit is located, except as may be modified by the criteria set forth in this chapter.

~~B. A second living unit shall be clearly subordinate to the principal living unit by size and location. No passageway shall be required in conjunction with the construction of an accessory dwelling unit.~~

~~C. The exterior design appearance of a second living~~ an accessory dwelling unit shall be compatible with the principal living unit.

~~D. Entrances to a second living~~ an accessory dwelling unit shall be screened from street view.

E. ~~A second living unit~~ Accessory dwelling units shall not be allowed in mobile housing units, including, but not limited to, mobile homes, trailers, and motor homes. Accessory dwelling units shall be allowed in manufactured homes.

F. Accessory dwelling ~~Second living~~ units that are constructed by the conversion of existing floor space in a single-family structure or by an integral addition to a single-family structure ~~shall~~ may include a common wall with, and internal access to, the main residence to the degree determined appropriate by the City.

G. Notwithstanding the setback requirements in the R1 Districts, no setback shall be required for an existing garage that is converted into an accessory dwelling unit. A setback of five feet shall be required from the side and rear property line for an accessory dwelling unit constructed above a garage; and in such cases, no second story window shall be located within 17.5 feet of the side property line and/or 25 feet from the rear property line.

H. In existing principal dwellings and existing accessory structures, new or separate utilities may be allowed but not subject to connection or capacity fees.

I. In new structures separate utilities may be permitted subject to connection and capacity fees.

J. Notwithstanding Title 12 (Buildings and Construction) of the Municipal Code, fire sprinklers shall not be required in accessory dwelling units if they are not required in the principal residence.

14.14.060 - Parking requirements.

~~(As provided in Chapter 14.74 of this title.)~~ Notwithstanding Chapter 14.74 of this title, accessory dwelling units shall meet the following parking standards:

1. No parking is required if the accessory dwelling unit complies with any of the following:
 - a. Located within ½ mile of public transit stop;
 - b. Located within an historic district;
 - c. The accessory dwelling unit is part of an existing principal residence or an existing accessory structure;
 - d. In an area requiring on-street parking permits but they are not offered to accessory dwelling unit occupants; or
 - e. Within one block of car-share vehicle pick-up and drop-off location.
2. One (1) off-street parking space shall be required per accessory dwelling unit and the parking may be provided as tandem parking on an existing driveway or in a paved parking space within the front yard.

3. When an existing garage or carport required for the principle living unit is removed or converted into an accessory dwelling unit, the required covered parking shall be replaced in conformance with the district requirements.

14.14.070 - Required conditions.

~~A. At the time the initial rental contract or lease is executed, the owner shall furnish the tenant(s) with a written disclosure of the maximum rent allowed in order for the unit to meet the requirements of the use permit and this chapter. The maximum rent disclosure shall be signed by the tenant(s) and a copy retained by the property owner.~~

~~B. At the time the initial rental contract or lease is executed with a tenant, the tenant(s) shall execute an affidavit certifying that their household income level currently meets the requirements of the use permit and this article. The affidavit shall be signed by the tenant(s) and a copy retained by the property owner.~~

~~C. Upon request, the property owner shall furnish a copy of the signed rent disclosure, rental contract/lease and tenant affidavit to the city.~~

~~D-A. The property owner shall ensure that the property and improvements thereon are maintained in a commonly acceptable manner as determined by the planning department division.~~

~~E-B. The property owner shall ensure that unreasonable noise disturbances do not occur.~~

~~F-C. A deed restriction shall be recorded setting forth the occupancy requirements that not more than two persons shall reside in the second living unit and that the principal residence of the property owner shall be maintained on the property.~~

~~G. The affordability of the second living unit shall be maintained at all times.~~

SECTION 4. AMENDMENT OF CODE: Amending Chapter 14.74 of the Municipal Code regarding R1 Parking Requirements as follows:

14.74.010 – R-1 District requirements.

A. Not less than two parking spaces, one of which shall be covered, shall be required for the single-family dwelling each living unit, including second living units developed under the provisions of Chapter 14.14 of this title.

SECTION 5. CONSTITUTIONALITY. If any section, subsection, sentence, clause or phrase of this code is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this code.

SECTION 6. PUBLICATION. This ordinance shall be published as provided in Government Code section 36933.

SECTION 7. EFFECTIVE DATE. This ordinance shall be effective upon the commencement of the thirty-first day following the adoption date.

The foregoing ordinance was duly and properly introduced at a regular meeting of the City Council of the City of Los Altos held on February 17, 2018 and was thereafter, at a regular meeting held on _____, 2018 passed and adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jean Mordo, MAYOR

Attest:

Jon Maginot, CMC, CITY CLERK



CONSENT CALENDAR

Agenda Item # 5

AGENDA REPORT SUMMARY

Meeting Date: March 13, 2018

Subject: Friends of Stevens Creek Trail funding request

Prepared by: Jon Maginot, City Clerk/Assistant to the City Manager

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Letter from Friends of Stevens Creek Trail dated February 18, 2018

Initiated by:

Friends of Stevens Creek Trail

Previous Council Consideration:

None

Fiscal Impact:

The request is for the City of Los Altos to contribute \$5,000. There are sufficient funds in the General Fund.

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- Does the Council wish to contribute \$5,000 toward a project intended to remove upstream barriers in Stevens Creek?

Summary:

- Friends of Stevens Creek Trail has submitted a request for the City to contribute \$5,000 toward an overall project

Staff Recommendation:

Move to appropriate \$5,000 from the General Fund to contribute towards a grant project intended to remove upstream barriers in Stevens Creek



February 18, 2018

Los Altos City Council

Dear Mayor Mordo,

The Friends of Stevens Creek Trail have been working for the past two years to implement a grant project to study improvements for steelhead trout passage along Stevens Creek, with the goal of restoring the natural annual fish run to and from the ocean. Support and funding provided by the cities of Mountain View, Cupertino, Sunnyvale, and the Mid-Pen Open Space District enabled us to implement a \$75,000 feasibility study for eight such barriers from Mountain View to Cupertino. We are now trying to garner enough resources to eliminate one significant upstream barrier, whose removal would help restore the annual steelhead trout run through all four cities along the creek, including Los Altos.

You recently received a letter summarizing the results of that study and the next steps towards its implementation, including some details about the project we are pursuing from the Santa Clara County Creeks Coalition. They have been providing essential technical assistance to us in achieving our goals.

I am writing to clarify that the Friends of Stevens Creek Trail will be the applicant for grants for this project and so any letters of commitment should be addressed to us, the Friends of Stevens Creek Trail, 22221 McClellan Road, Cupertino, CA 95014.

Our engineers estimate this project total cost at \$140,000 to \$160,000. The local share of a grant from the SC Valley Water District is 25%, or \$40,000. We are asking each of the four cities along Stevens Creek and the Open Space District to share in raising this matching portion to help restore the annual fish run to Stevens Creek. Our own organization has pledged up to \$5,000, almost 8% of our annual budget, towards this goal as well. We request that Los Altos contribute \$5,000 towards this grant project. That, incidentally, is the amount we contributed ten years ago to the City of Los Altos to enable it to conduct a major study of bicycle routes.

As the Water District grant submission deadline is March 30, we hope you will be able to consider us at a council meeting by March 14 and respond affirmatively to our request. I'm happy to report the City of Cupertino will consider our request on March 6.

Please contact me with any questions.

Best regards,

Aaron Grossman, Executive Director
Friends of Stevens Creek Trail

Board of Directors

Officers

Tim Oey
President

Steve Garrity
Vice President

Garth Williams
Treasurer

Andrea Stawitcke
Secretary

Directors

John Brazil
Ross Heitkamp
Anne Ng
Alan Ross
Scott Trappe
Greg Unangst

Associate Director
Husam Chekfa

Executive Director
Aaron Grossman

Assistant Director
Chris Mendible

Advisory Board

Kathy Bettman
Kevin Duggan
Art Takahara
Roy Verley



DISCUSSION ITEMS

Agenda Item # 6

AGENDA REPORT SUMMARY

Meeting Date: March 13, 2018

Subject: Hillview Community Center Schematic Design

Prepared by: Theresa A. Yee, Project Manager

Reviewed by: Susanna Chan, Director of Public Works

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Hillview Community Center, Schematic Design by Noll & Tam, dated March 1, 2018

Initiated by:

Staff

Previous Council Consideration:

- December 12, 2017 Hillview Community Center Project Task Force Concluding Report
- September 26, 2017 Study Session; Directed to proceed with interior space allocation and site placement; allocating an additional \$9,700,000 to the project budget
- August 22, 2017; Approval of Agreement to retain Noll & Tam Architects design team
- April 25, 2017; Approved Capital Improvement Project for design and construction of a new Community Center with a project budget of \$25,000,000; directed City staff to begin selection of a qualified architect to begin design; adopted Resolution 2017-15 establishing the Hillview Community Center Project Task Force

Fiscal Impact:

FY 2017/2020 Council approved \$25,000,000 Capital Improvement Project fund CF-01002; Council added \$7,700,000 for enhanced features and approximately \$2,000,000 for site Option 4, for a project total of \$34,700,000.

Environmental Review:

Environmental review of the Hillview Community Center project is currently underway.

Policy Question(s) for Council Consideration:

- Does the Council wish to receive the Hillview Community Center Schematic Design documents and direct Noll & Tam Architects to proceed with design?

Summary:

- Council received the Hillview Community Center Task Force Concluding Report on December 12, 2017 and provided feedback on the concept design and provided direction to the design team to move forward with the Schematic Design phase



Subject: Hillview Community Center Schematic Design

-
- The Noll & Tam design team has completed the Schematic Design following the direction and input from Council and the Task Force

Staff Recommendation:

Receive the Hillview Community Center Schematic Design documents and direct Noll & Tam Architects to proceed with design



Subject: Hillview Community Center Schematic Design

Purpose

Receive the Hillview Community Center Schematic Design documents and direct Noll & Tam Architects to proceed with design.

Background

On February 28, 2017, the Los Altos City Council approved their priorities for 2017, which included a goal to build a new or refurbish the community center. On April 25, 2017, the City Council unanimously approved the creation of a Capital Improvement Project for the design and construction of a new Community Center with a project budget of \$25,000,000. Additionally, Council unanimously adopted Resolution No. 2017-15 establishing the Hillview Community Center Project Task Force (Task Force) with the mission to recommend to Council the interior space allocation and exterior design and layout of the Community Center.

The Hillview Community Center Project Task Force has carried out its mission of providing recommendations to Council in the interior space allocation, exterior design and layout of the Community Center. On December 12, 2017 Hillview Community Center Project Task Force presented its Concluding Report to Council wherein Council supported and provided feedback to the Concluding Report and directed the design team to move forward with the Schematic Design.

The seven design elements identified by City Council at the September 26, 2017 Study Session are:

1. Increasing building quality
2. Increasing building functionality
3. Upgrading from LEED Silver equivalent to LEED Gold equivalent
4. Providing improved pedestrian connectivity
5. Increasing building square footage
6. Increasing outdoor program space
7. Refinishing existing parking lot

The Council committed to raising the project budget to \$34,700,000 at the September 26, 2017 Study Session and confirmed this commitment as part of the 10-year Capital Improvement Plan and Priorities Discussion at its November 14, 2017 Study Session.

Discussion/Analysis

Following Council's direction on December 12, 2017 recommending interior space allocation, layout and interior design, staff formed a working group to meet regularly with the design team to ensure that these recommendations and visions are followed.

The working group continues to receive input has been received from the Recreation and Community Services Department, Information Technology Department, Facilities, and the Public Works Department. Staff will continue to solicit input with members and representatives of neighboring



Subject: Hillview Community Center Schematic Design

buildings including the Library, Bus Barn Theater, Police Station, and the History Museum. The Working Group is on-going and will remain involved in the design process moving forward.

There have been several outreach events to solicit feedback from teens and senior groups. Meetings to provide project updates to neighborhood groups, community center users groups, and the community at large are being planned. The purpose of these outreach events is to inform the public on the progress of the project and solicit input on potential impacts at key points during the design. Staff will continue to regularly engage, solicit feedback, and provide information at intervals throughout the design process.

With the feedback from the outreach events, the design team of Noll & Tam Architects have integrated both the Task Force Concluding Report and Council recommendations for interior space allocation, layout and exterior design into the Schematic Design documents.

Options

- 1) Receive the Hillview Community Center Schematic Design documents and direct Noll & Tam Architects to proceed with design.

Advantages: The design team has incorporated the Task Force Concluding Report elements and Council's feedback on the concept design and direction into the Schematic Design documents. Receiving the Schematic Design documents moves the building design forward and keeps the project on schedule.

Disadvantages: None identified

- 2) Council provide additional feedback and direction on the Schematic Design documents.

Advantages: Incorporation of additional design elements that have not been previously stated.

Disadvantages: Potential cost associated with added elements and a delay in the project schedule.

Recommendation

The staff recommends Option 1 - Receive the Hillview Community Center Schematic Design documents and direct Noll & Tam Architects to proceed with design.

DRAFT!
NOT FOR
CONSTRUCTION

PROJECT TITLE

Los Altos Hillview Community Center

97 Hillview Ave.
Los Altos, CA 94022

ISSUE TITLE

SCHEMATIC DESIGN

ISSUE DATE 03/01/2018

NOLL & TAM JOB NUMBER 21730

REVISIONS

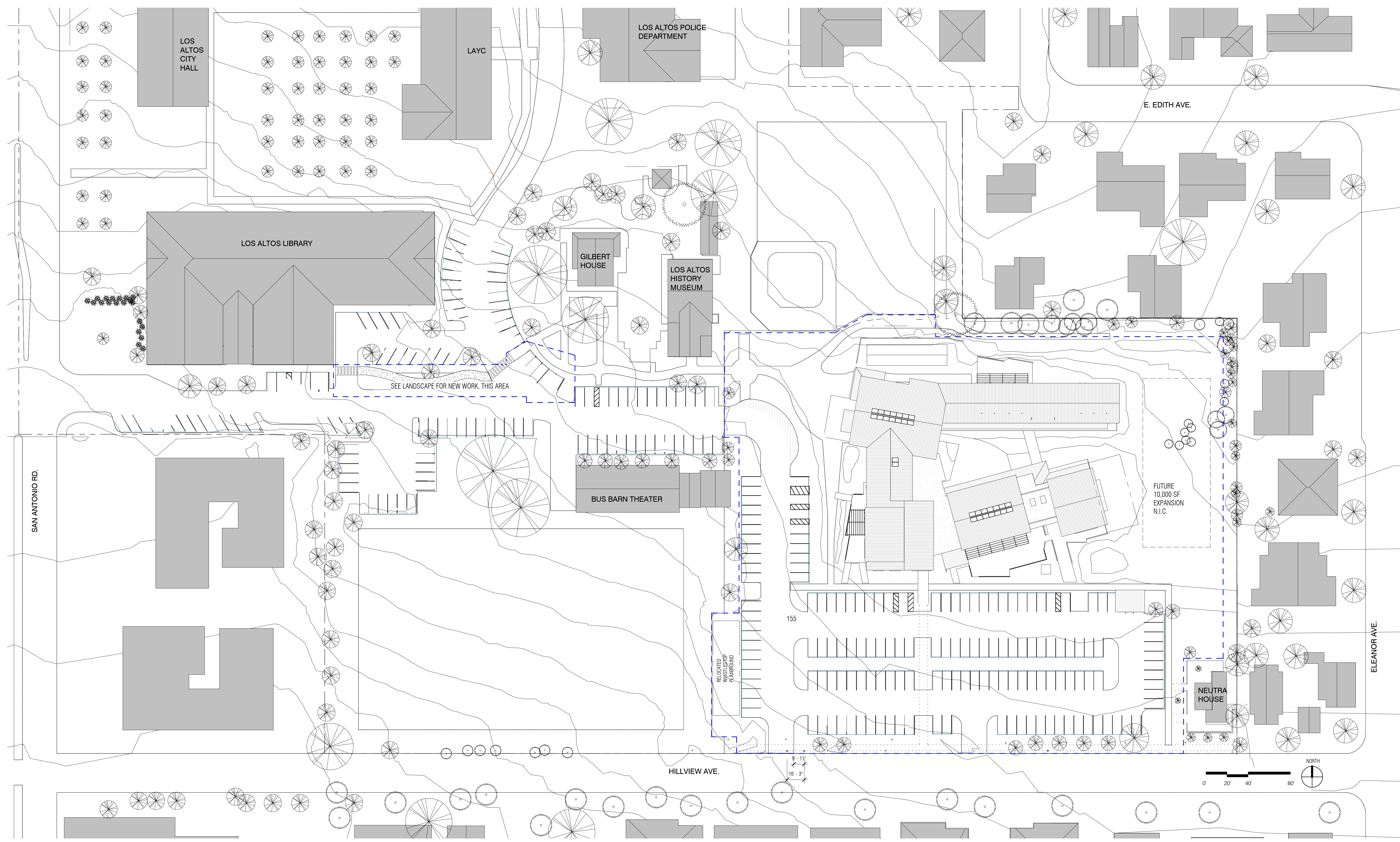
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SHEET TITLE

SITE PLAN

SHEET NUMBER

A2.01

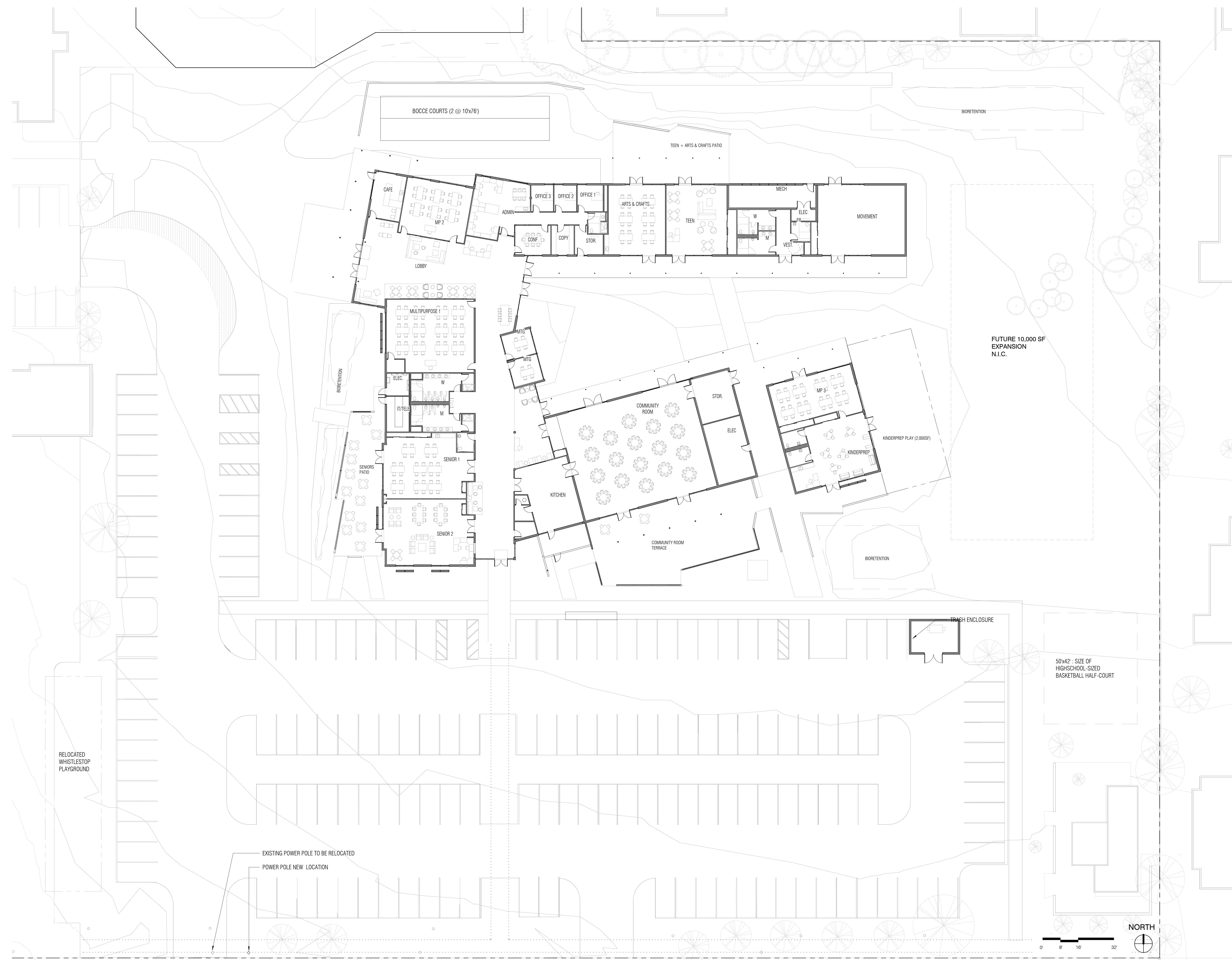


1 01 - SITE PLAN
A2.01 1" = 40'-0"

----- INDICATES BOUNDARY OF SITE AREA IMPACTED:

AT LIBRARY CONNECTOR - 8,250 SF
AT COMMUNITY CENTER SITE - 184,500 SF

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CONSTRUCTION



PROJECT TITLE

**Los Altos Hillview
Community Center**

97 Hillview Ave.
Los Altos, CA 94022

ISSUE TITLE

SCHEMATIC DESIGN

ISSUE DATE 03/12/18

NOLL & TAM JOB NUMBER 21730

REVISIONS

DATE	DESCRIPTION

SHEET TITLE

ENLARGED SITE PLAN

SHEET NUMBER

A2.03

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PROJECT TITLE

**Los Altos Hillview
Community Center**

97 Hillview Ave.
Los Altos, CA 94022

ISSUE TITLE

SCHEMATIC DESIGN

ISSUE DATE 03/01/2018

NOLL & TAM JOB NUMBER 21730

REVISIONS

DATE	DESCRIPTION

SHEET TITLE

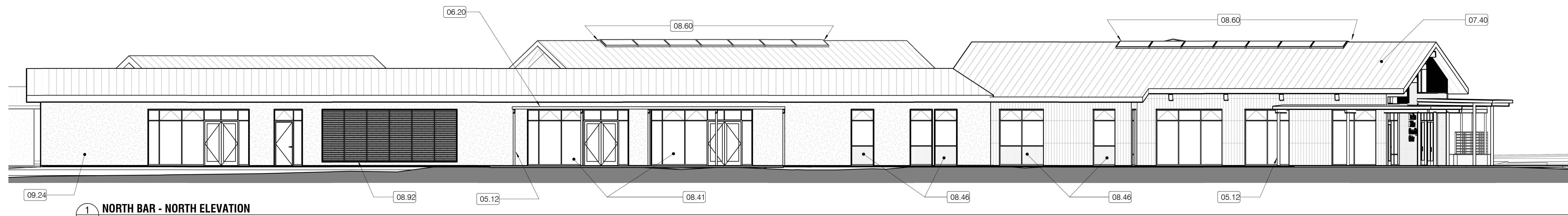
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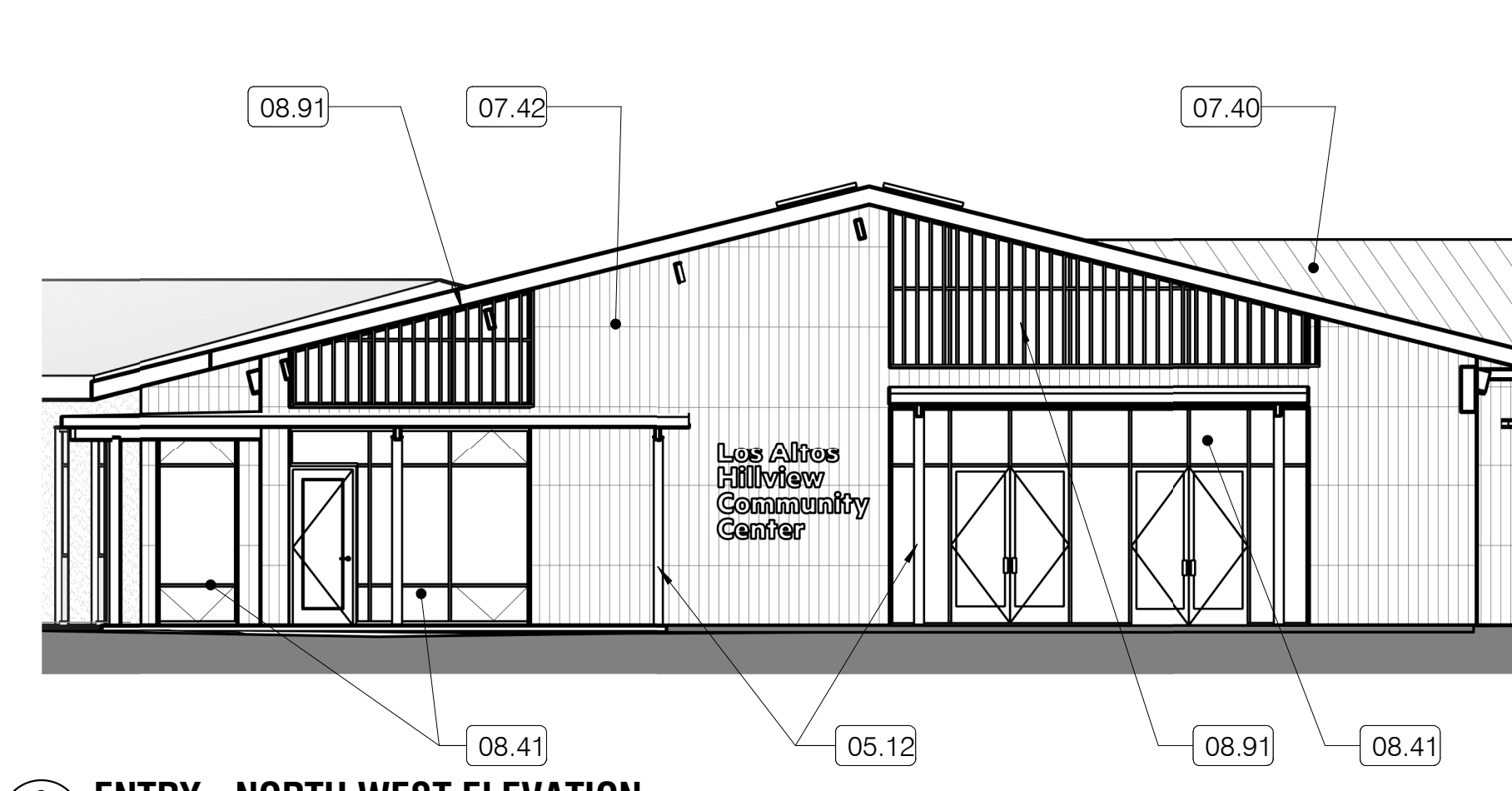
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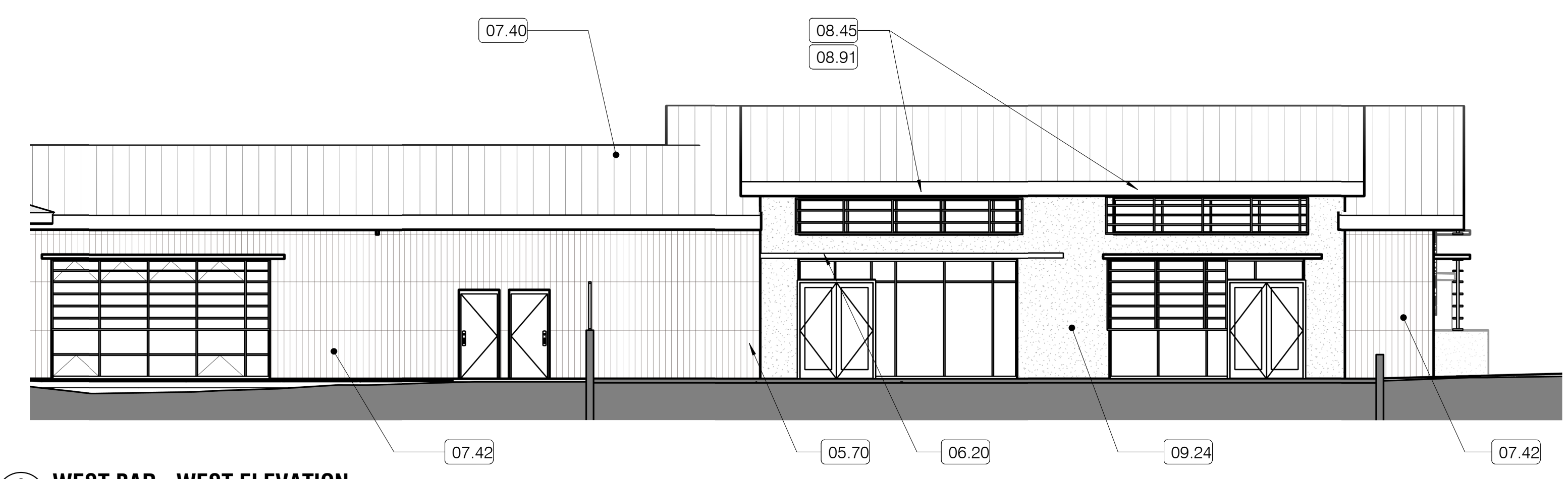
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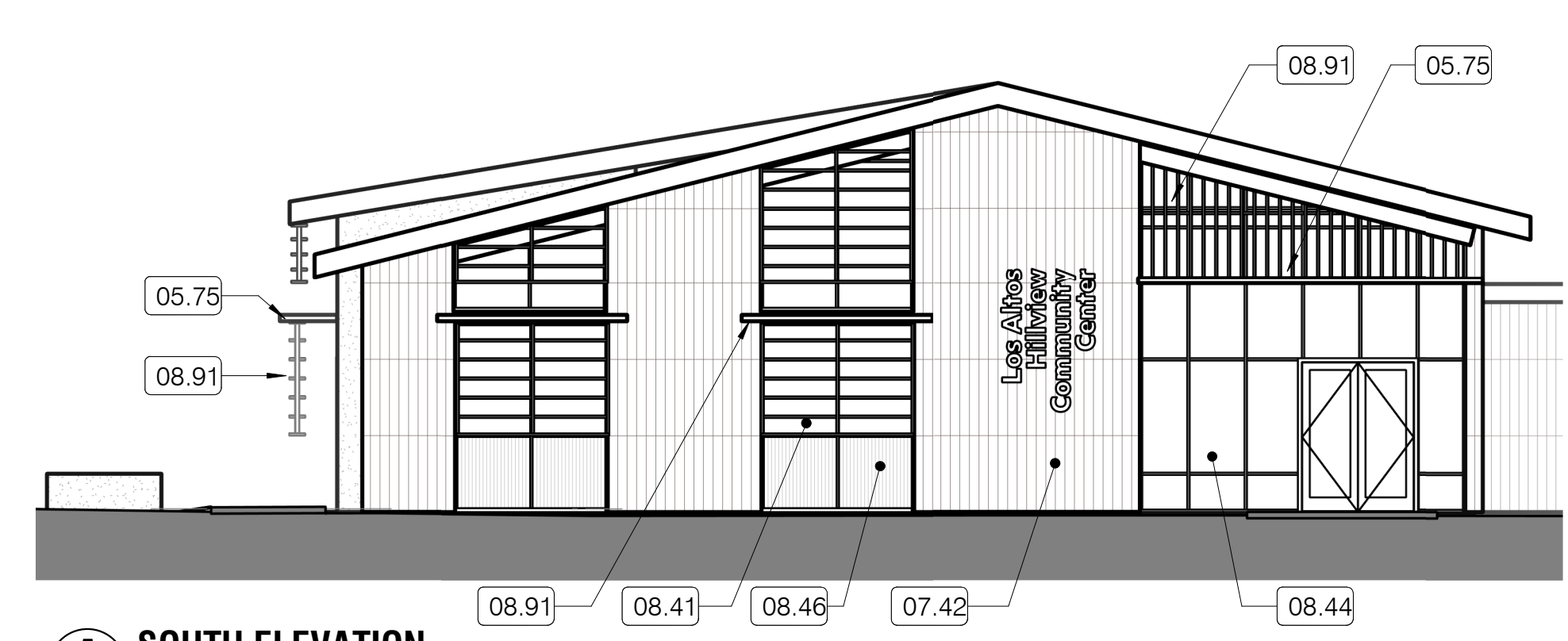
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A3.11 1/8" = 1'-0"



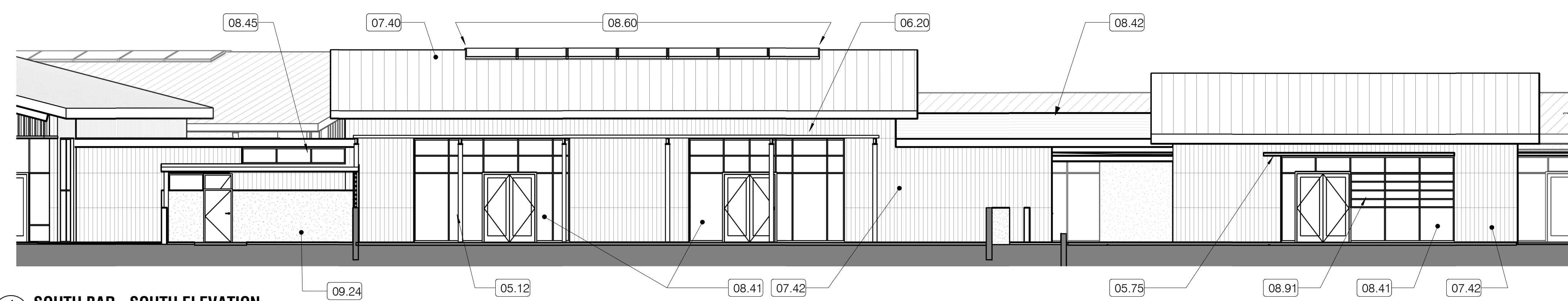
3 ENTRY - NORTH WEST ELEVATION
A3.11 1/8" = 1'-0"



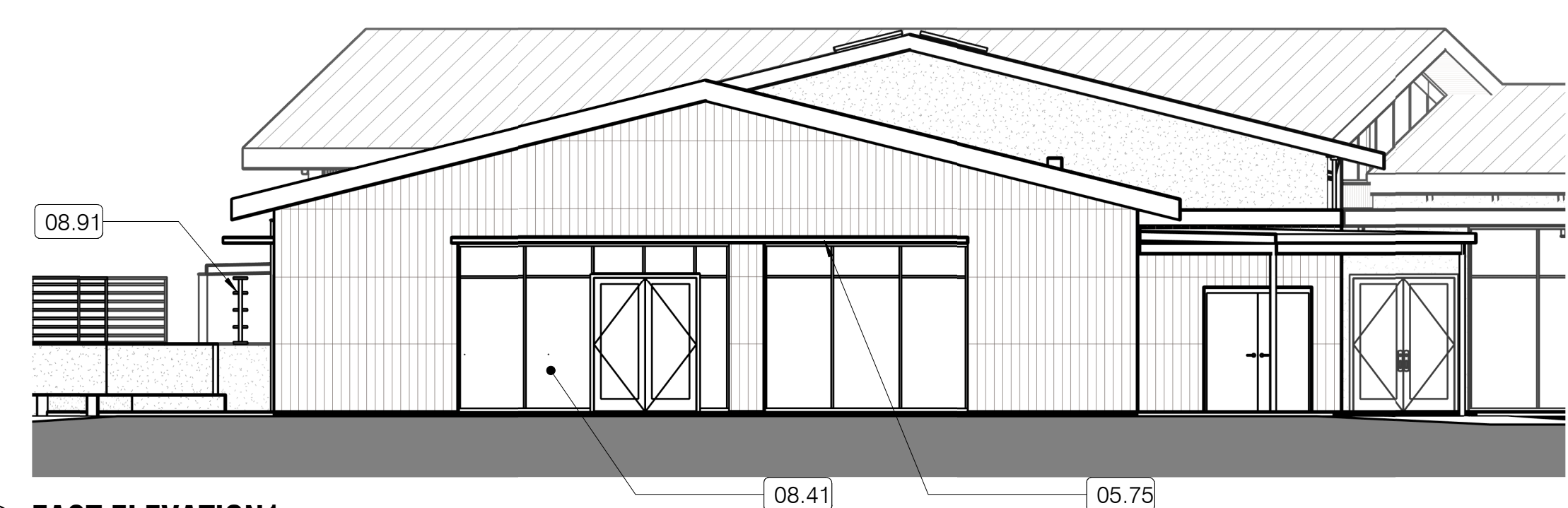
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A3.11 1/8" = 1'-0"



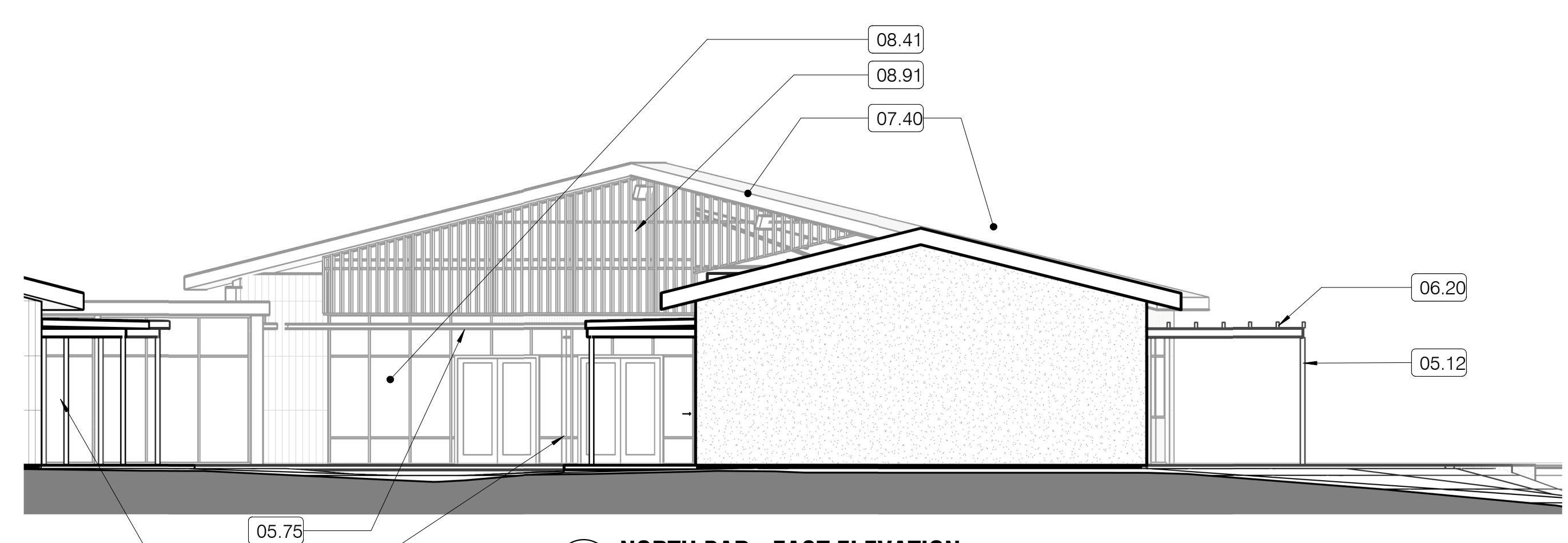
5 SOUTH ELEVATION
A3.11 1/8" = 1'-0"



4 SOUTH BAR - SOUTH ELEVATION
A3.11 1/8" = 1'-0"



7 EAST ELEVATION1
A3.11 1/8" = 1'-0"



8 NORTH BAR - EAST ELEVATION
A3.11 1/8" = 1'-0"

KEY NOTES

- 05.12 ARCHITECTURAL EXPOSED STR. STL. - CORR. ROOF OR TRELLIS ABOVE
- 05.70 POWDER COATED METAL SCREEN
- 05.75 FORMED METAL SUNSHADE
- 06.00 WOOD SOFFIT - PRODEMA PANELS
- 06.20 WOOD TRELLIS
- 07.40 STANDING SEAM METAL ROOF
- 07.42 RAIN SCREEN EQUITONE CEMENT PANEL
- 08.41 STOREFRONT
- 08.42 METAL PARAPET COPING
- 08.45 ALUMINUM FRAMED GLAZING - CLERESTORY
- 08.46 SPANROREL GLAZING
- 08.60 FRAMED ALUMINUM SKYLIGHT
- 08.91 POWDER COATED ALUMINUM LOUVERED SHADE
- 08.92 POWDER COATED ALUMINUM FIXED LOUVER
- 09.24 CEMENT PLASTER SMOOTH FINISH

PROJECT TITLE

**Los Altos Hillview
Community Center**

97 Hillview Ave.
Los Altos, CA 94022

ISSUE TITLE

SCHEMATIC DESIGN

ISSUE DATE 03/01/2018

NOLL & TAM JOB NUMBER 21730

REVISIONS

DATE	DESCRIPTION

SHEET TITLE

**EXTERIOR
ELEVATIONS**

SHEET NUMBER

A3.11

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CONSTRUCTION

PROJECT TITLE

**Los Altos Hillview
Community Center**

97 Hillview Ave.
Los Altos, CA 94022

ISSUE TITLE

SCHEMATIC DESIGN

ISSUE DATE **03/01/2018**

NOLL & TAM JOB NUMBER **21730**

REVISIONS

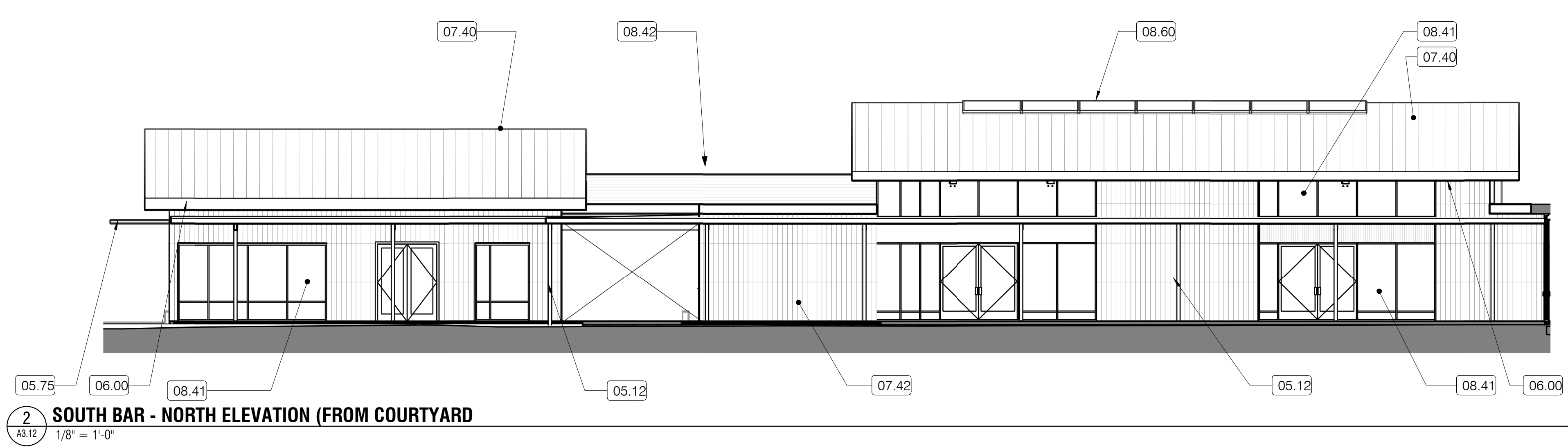
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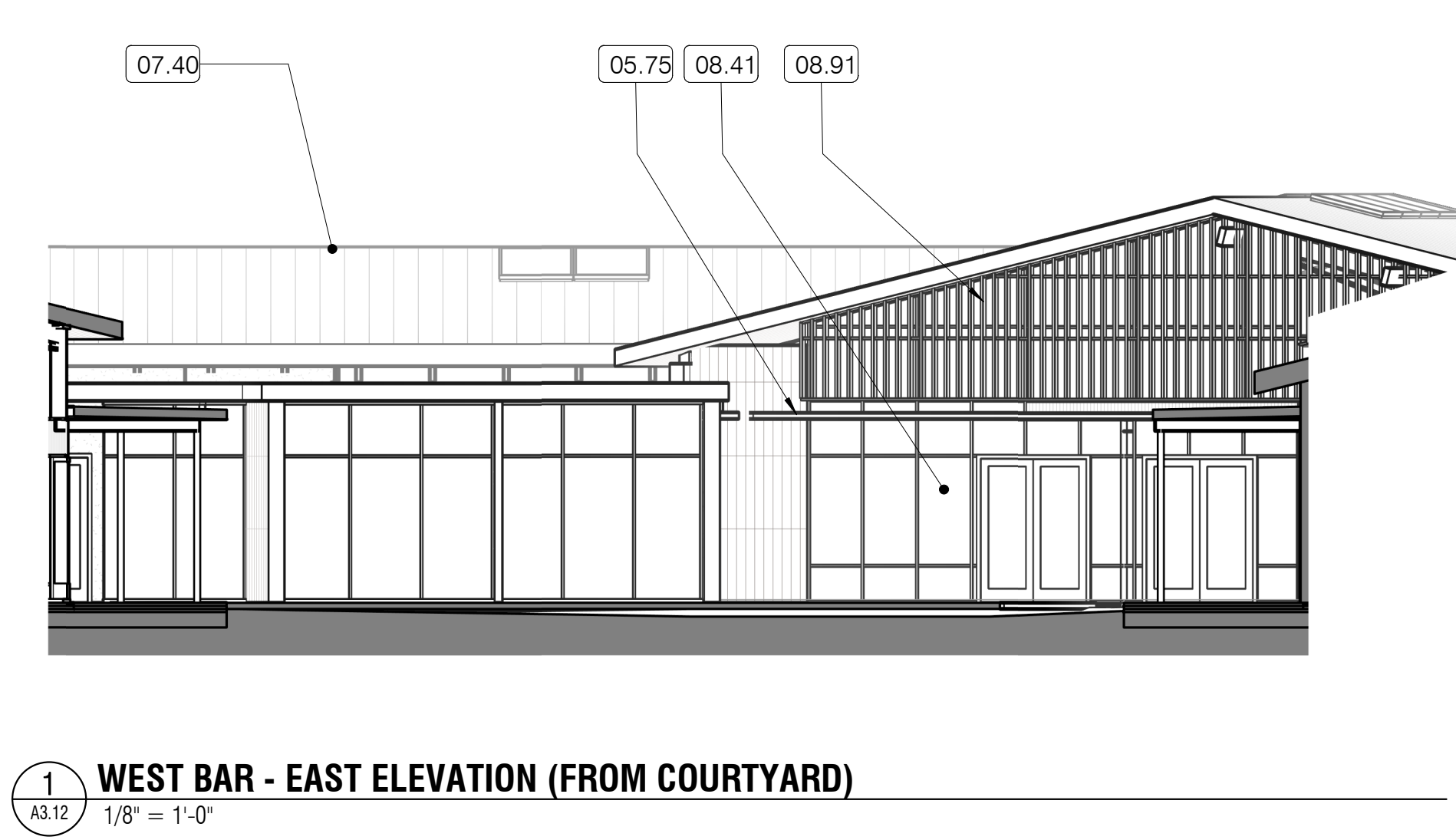
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SHEET NUMBER

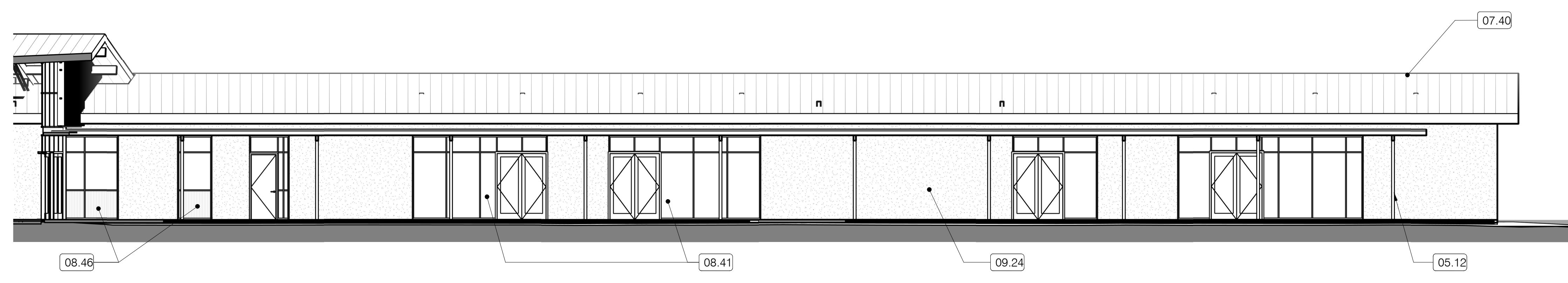
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2 SOUTH BAR - NORTH ELEVATION (FROM COURTYARD)
A3.12 1/8" = 1'-0"



1 WEST BAR - EAST ELEVATION (FROM COURTYARD)
A3.12 1/8" = 1'-0"



3 NORTH BAR - SOUTH ELEVATION (FROM COURTYARD)
A3.12 1/8" = 1'-0"

KEY NOTES

- 05.12 ARCHITECTURAL EXPOSED STR. STL. - CORR. ROOF OR TRELLIS ABOVE
- 05.70 POWDER COATED METAL SCREEN
- 05.75 FORMED METAL SUNSHADE
- 06.00 WOOD SOFFIT - PRODEMA PANELS
- 06.20 WOOD TRELLIS
- 07.40 STANDING SEAM METAL ROOF
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- 08.42 METAL PARAPET COPING
- 08.45 ALUMINUM FRAMED GLAZING - CLERESTORY
- 08.46 SPANRDREL GLAZING
- 08.60 FRAMED ALUMINUM SKYLIGHT
- 08.91 POWDER COATED ALUMINUM LOUVERED SHADE
- 08.92 POWDER COATED ALUMINUM FIXED LOUVER
- 09.24 CEMENT PLASTER SMOOTH FINISH

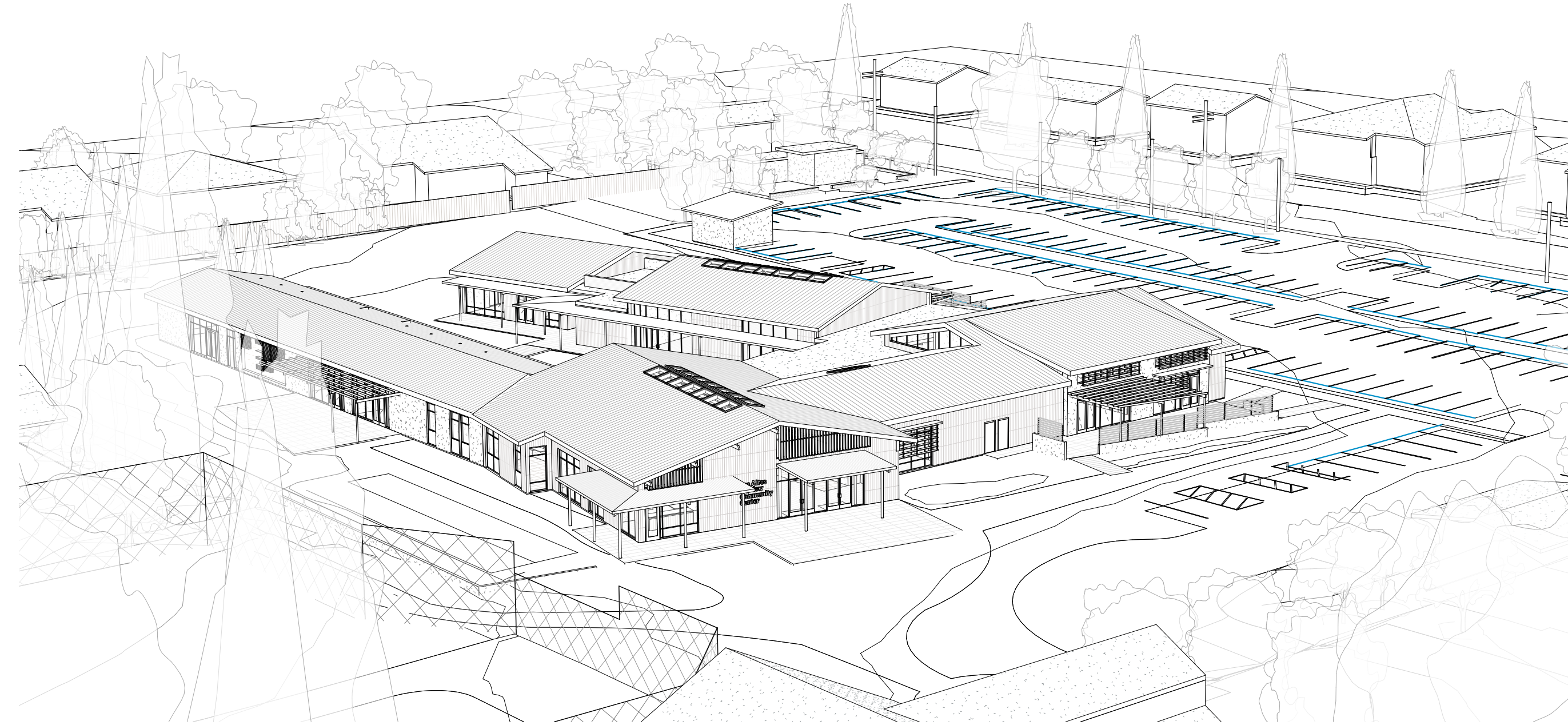
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CONSTRUCTION**



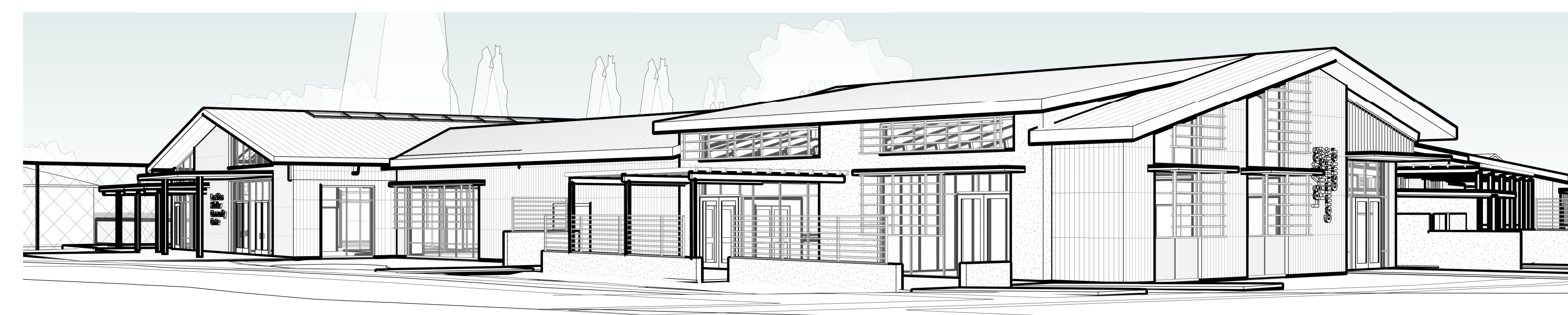
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D1.01



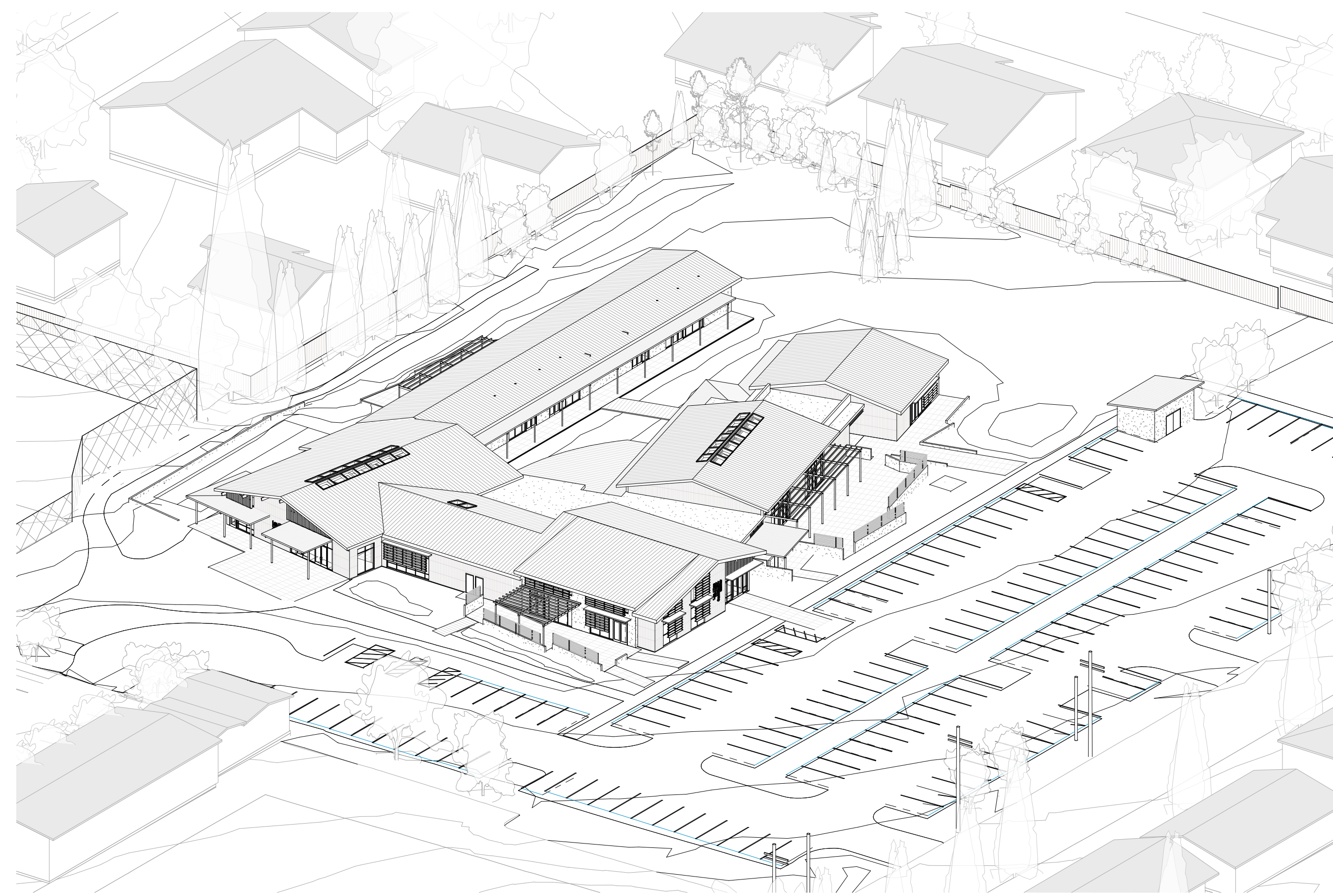
3 NORTHWEST
D1.01



2 MASSING AERIAL PERSPECTIVE
D1.01



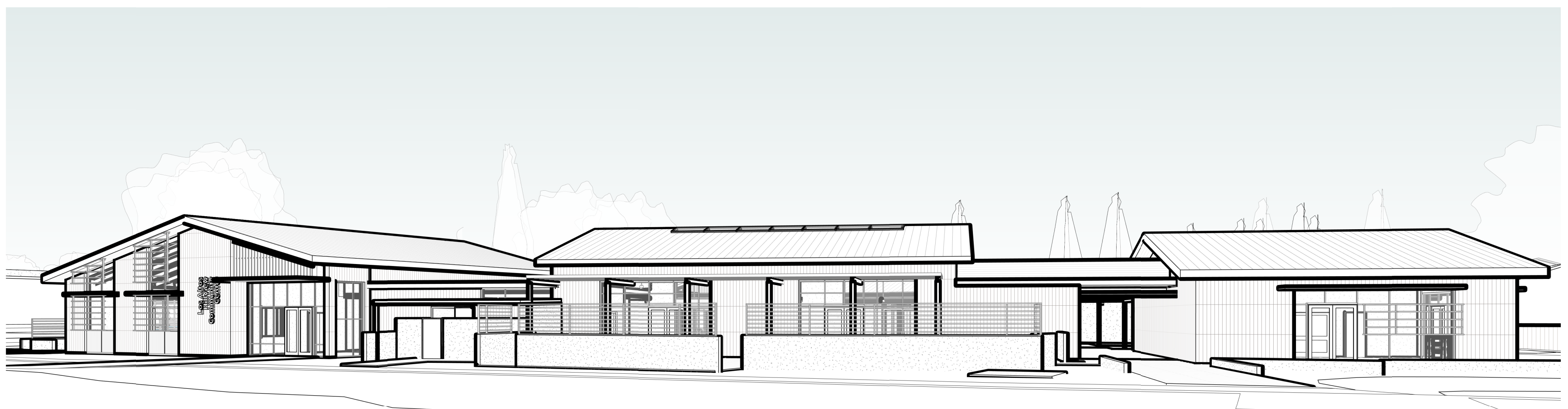
6 SOUTHWEST
D1.01



1 MASSING
D1.01



7 SOUTH
D1.01



5 SOUTHEAST
D1.01

PROJECT TITLE

**Los Altos Hillview
Community Center**

97 Hillview Ave.
Los Altos, CA 94022

ISSUE TITLE

SCHEMATIC DESIGN

ISSUE DATE 03/01/2018

NOLL & TAM JOB NUMBER 21730

REVISIONS

DATE	DESCRIPTION

SHEET TITLE

MASSING & VIEWS

SHEET NUMBER

D1.01



DISCUSSION ITEMS

Agenda Item # 7

AGENDA REPORT SUMMARY

Meeting Date: March 13, 2018

Subject: Ordinance No. 2018:442: Smoke-Free Environments and Breathe California of the Bay Area MOU

Prepared by: Sarah Henricks, Management Analyst Fellow
Jennifer Quinn, Economic Development Manager

Reviewed by: J Logan, Assistant City Manager

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Ordinance No. 2018-442
2. Breathe California of the Bay Area Memorandum of Understanding
3. Open City Hall Survey Data

Initiated by:

City Council

Previous Council Consideration:

December 13, 1979; July 26, 2017; August 23, 2017; October 24, 2017

Fiscal Impact:

The adoption of this ordinance will result in a fiscal impact for the cost and installation of “No Smoking” signs. In addition, the City will need to replace or modify trash receptacles that also serve as ashtrays in locations where smoking is proposed to be prohibited. Estimated project costs not to exceed \$5,000.

Environmental Review:

None required

Policy Question(s) for Council Consideration:

- Does City Council wish to expand the scope of the existing smoking restrictions and provide fewer exceptions for smoking or, as an alternative, create regulations that include principles of a “Smoke Free” City?
- Does City Council wish to authorize City Manager to sign Memorandum of Understanding with Breathe California of the Bay Area to assist with implementation and enforcement of the new ordinance?



Subject: Ordinance No. 2018:442: Smoke-Free Environments and Breathe California of the Bay Area MOU

Summary:

- City Council is asked to consider repealing Chapter 6.28 of the City of Los Altos Municipal code in its entirety and replacing it with a new Chapter 6.28 to increase smoke-free environments in the City of Los Altos and to extend the definition to include cannabis
- Exceptions to the smoking restrictions apply in some enclosed and unenclosed areas, as defined within the ordinance, within the City of Los Altos
- Smoking tobacco products, cannabis products, and other controlled substances is prohibited
- City Council is asked to authorize the City Manager to sign the Memorandum of Understanding with Breathe California of the Bay Area to assist in implementation and enforcement of the new ordinance

Staff Recommendation:

Move to introduce and waive further reading of Ordinance No. 2018:442 replacing Chapter 6.28 of the City of Los Altos Municipal Code with a new Chapter 6.28 to further restrict smoking in the City of Los Altos with certain exceptions; and authorize City Manager to sign Memorandum of Understanding with Breathe California of the Bay Area



Subject: Ordinance No. 2018:442: Smoke-Free Environments and Breathe California of the Bay Area MOU

Purpose

Consider expansion of the scope of current smoking restrictions to include both enclosed and unenclosed publicly accessible areas, with certain exceptions, thus increasing the number of smoke-free environments within Los Altos; authorize the City Manager to sign the Memorandum of Understanding with Breathe California of the Bay Area to secure assistance in implementation and enforcement of the new ordinance.

Background

Tobacco use causes death and disease and continues to be an urgent public health challenge. Secondhand smoke is repeatedly identified as a health hazard. California Air Resources Board placed secondhand smoke in the same category as the most toxic automotive and industrial air pollutants by categorizing it as a toxic air contaminant. Exposure to secondhand smoke caused health problems that resulted in the death of approximately 2.5 million nonsmokers since 1964. The U.S. Surgeon General warns that while more research is needed to understand more fully the risks associated with aerosols from e-cigarettes or vaporizers, the aerosols can contain potentially harmful chemicals, including nicotine, ultrafine particles, volatile organic compounds, and heavy metals.

To provide for the public health, safety and welfare, the City of Los Altos Municipal Code Chapter 6.28 has governed smoking by discouraging the inherently dangerous behavior of smoking around non-smokers, especially children, those with lung health conditions and pets. Over the years, City Council continually supported expanding the reach of the Municipal Code as it relates to smoking restrictions.

- December 13, 1979, Ordinance 79-26: Prohibits smoking in “Certain Places,” such as elevators; public meetings; health facilities; theaters, auditoriums, pavilions, and exposition halls; retail stores; eating establishments; and places of employment
- July 26, 2011, Ordinance No. 2011-372: Prohibits smoking in Recreational Areas
- August 23, 2017, Ordinance No. 2017-432: Prohibits smoking on Civic Center Campus

October 24, 2017 Council considered Ordinance No. 2017-437 to extend the smoking ban to outdoor dining locations. However, Council felt the ordinance did not address all its concerns about smoking and asked staff to broaden the scope to a more comprehensive approach. City Council specifically cited criteria from the Santa Clara County Healthy Cities Initiative, which includes: outdoor dining areas, entryways, service lines and areas, multi-unit housing (must include units), and public events.

Discussion/Analysis

The City of Los Altos prioritizes the health and safety of its residents, employees and visitors, and has already made several strides to ensure smoke-free environments in some public spaces. The proposed ordinance expands the scope of the current smoking ban to include entryways, service areas, public events, and outdoor dining and bar locations, as well as prohibits smoking within 25-feet (25’) of these



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areas. Adoption of the ordinance further ensures the health and safety of Los Altos residents, visitors, and workforce.

This ordinance expands the scope of the existing bans to include:

- Enclosed areas
 - Places of employment
 - Public places with exceptions
 - Recreational areas including sports facilities, community centers and library plazas
 - Common areas of multi-unit residences
- Unenclosed areas
 - Service areas such as bus stops, automatic teller machines, ticket lines
 - Outdoor dining areas
 - Outdoor bar or tavern areas
 - Downtown Triangle, with exceptions
 - Common areas of multi-unit residences
 - Within twenty-five feet (25') of all enclosed or unenclosed areas where smoking is prohibited, including entryways and exits, windows, openings, or vents
 - Public events
 - City-owned facilities and associated parking lots, streets, and sidewalks

Smoking is prohibited in all unenclosed areas that are within twenty-five feet (25') of any enclosed or unenclosed areas where smoking is prohibited by local, state, or federal law. This prohibition does not apply to unclosed areas of private residential properties including single family dwellings and multi-unit residences.

Smoking is prohibited *everywhere* in the Downtown Triangle except for the ten (10) City-owned parking plazas, provided the smoking does not occur within the 25-foot requirement.

Community Outreach

City staff created and implemented an outreach plan to inform the community on the development of a new smoking ordinance. While feedback was collected from anyone interested in contributing, the outreach plan specifically targeted the business community to gauge interest and level of support.

Business-specific outreach:

- Presented to Los Altos Chamber of Commerce Government Affairs Committee February 7, 2018
- Presented to Los Altos Property Owners Downtown (LAPOD) Board of Directors February 14, 2018
- Presented to Los Altos Village Association (LAVA) Board of Directors February 21, 2017
- Presented to Los Altos Chamber of Commerce Board of Directors February 21, 2017



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The feedback collected at these meetings proved helpful to shape the proposed ordinance. Through conversations with the business organizations, staff went through several iterations of the proposed ordinance, with a focus on meeting the requests of City Council to address the criteria listed on the Santa Clara County Healthy Cities Initiative Dashboard. Staff also considered the implications of a smoking prohibition on the business community, specifically the recruitment and retention of employees in Los Altos as well as the impact on attendance at public events.

Additional business-specific outreach:

- February 26, 2018 mailed postcards to all businesses holding a business license in the City of Los Altos, excluding home-based businesses
- Visited restaurants in Los Altos business districts, presented flyers and encouraged survey participation and City Council meeting attendance or communication
 - February 23, 2018- Foothill Crossing and Woodland Plaza
 - February 24, 2018- El Camino Corridor, Village Court, Loyola Corners, and Rancho Shopping Center
 - February 26 & 27, 2018- Downtown Village

General Outreach:

- Posted articles in City Manager Weekly Updates- January 26, 2018; February 9, 2018; February 16, 2018; February 23, 2018; March 2, 2018; March 9, 2018
- Created and published *Smoke-Free Los Altos* webpage with information about the ordinance, outreach materials, a survey link, and smoking cessation resources January 26, 2018; Updated webpage as the scope of the ordinance changed
- Posted to KMVT February 1, 2018
- Created and published City of Los Altos Smoking Ordinance survey on Open City Hall February 6, 2018 to gauge community support or opposition; Survey open through midnight, March 9, 2018
- Provided press release to Town Crier February 20, 2018; article published February 28, 2018
- Posted to social media channels February 28, 2018: Facebook, Twitter, Nextdoor, Los Altos Patch

Enforcement

The proposed smoking prohibition ordinance is designed to be self-enforcing and to obtain voluntary compliance through visible signage and community outreach materials. Partnering with Breathe California of the Bay Area, the City will develop an educational campaign to inform residents, employees, and visitors of Los Altos of the new smoking prohibitions. As described in the attached Memorandum of Understanding (MOU), Breathe California will provide window decals to all businesses as well as tabletop placards to those with outdoor dining areas. Each window decal provides



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a toll-free Secondhand Smoke Helpline, from which community members can receive information about the ordinance and assistance in obtaining compliance. Callers can also report violations on the Helpline. Per the MOU, Breathe California will track complaints, inform businesses of reported violations, provide compliance education, and report violations to the Los Altos Police Department. It is recommended that City Council authorize the City Manager to sign the MOU to secure assistance with implementation and enforcement of the proposed ordinance. Los Altos Police officers will also take an educational approach to enforcement of this ordinance; however, officers and Code Enforcement personnel may issue citations of up to \$500 for repeat offenders.

Community Comparisons

Many Santa Clara County cities have adopted similar ordinances to reduce community exposure to secondhand smoke. The Cities of Palo Alto, Los Gatos, and Sunnyvale, and County of Santa Clara adopted the most comprehensive bans. These jurisdictions prohibit smoking in parks and trails, outdoor dining areas, entryways, service areas, common areas and individual units of multi-unit housing, and at public events. Santa Clara County provided the table below.

10/2017: Tobacco-Free Communities - Policies Across Santa Clara County Jurisdictions							
Jurisdiction	Reducing Exposure to Secondhand Smoke						
	Parks & Trails	Outdoor Dining Areas	Entryways	Service Areas	Public Events	Multi-Unit Housing	Common Areas of Multi-Unit Housing
<i>% of County population covered by policy</i>	88.9%	91.4%	31.2%	77.8%		17.8%	73.2%
County of Santa Clara							
Campbell							
Cupertino							
Gilroy							
Los Altos							
Los Altos Hills				n/a*		n/a*	n/a*
Los Gatos							
Milpitas							
Monte Sereno	n/a*		n/a*	n/a*			
Morgan Hill							
Mountain View							
Palo Alto							
San Jose							
Santa Clara							
Saratoga							
Sunnyvale							

* Not included in denominator of % of county population covered by policy because don't have the specific venues/areas covered by policy (Ex. Monte Sereno & Los Altos Hills do not have any tobacco retailers)

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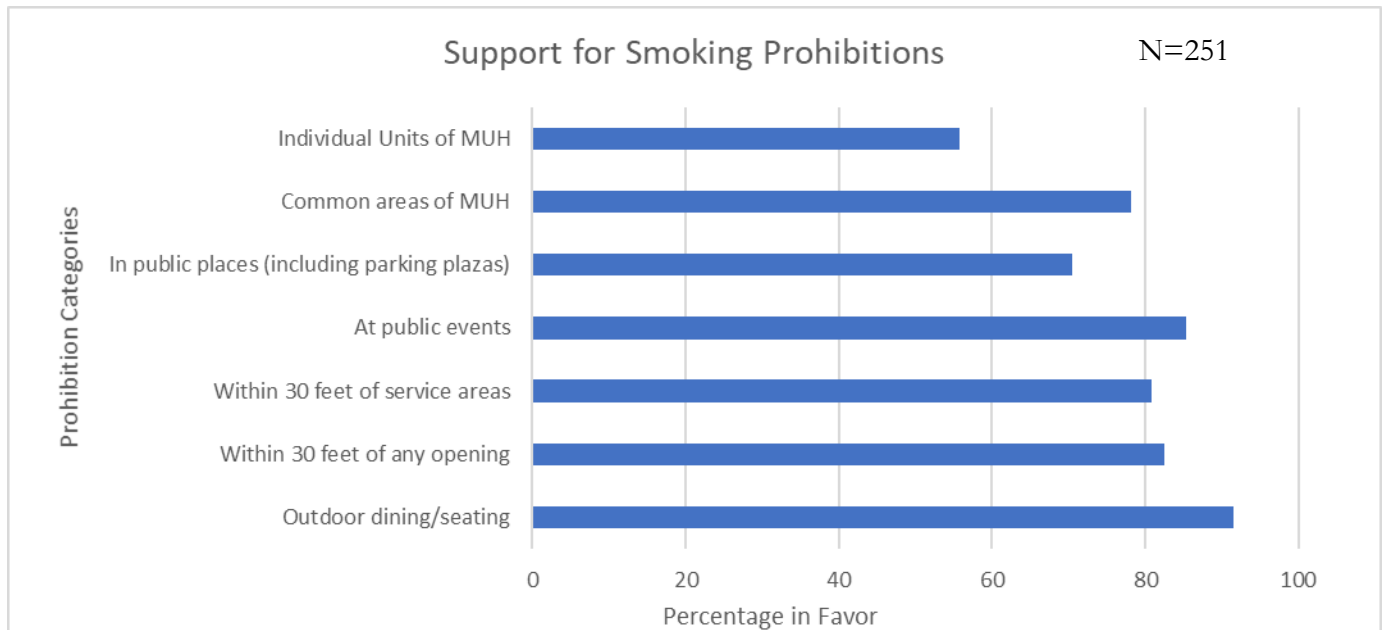
Community Response

Utilizing Open City Hall, staff collected feedback via a community survey. The survey was available from February 6 to March 9, 2018.

As of March 2, 2018, 12:01 PM the Open City Hall survey had 251 responses:

- 88.8% live in Los Altos
- 19.2% work in Los Altos
- 4.4% manage/own a business in Los Altos
- 0.8% manage/own a multi-unit residence in Los Altos

- 92.8% of respondents are non-smokers.



Survey results reveal a high level of support for the expansion of the City’s smoking prohibitions, particularly in outdoor dining areas, at public events, and within 30-feet of entryways and service areas (80% - 91%). Support decreases slightly for prohibitions in common areas of multi-family housing (78%). Support further decreases for prohibitions in *all* public places (e.g.; streets and sidewalks, parking plazas) (70%) and in individual units of multi-unit housing (55%).

Based on outreach efforts, public comments, and adoption of smoking prohibitions in surrounding jurisdictions, staff proposes an ordinance that increases smoke-free environments but provides for certain exceptions that permit smoking.



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Options

- 1) Repeal Chapter 6.28 of the City of Los Altos Municipal Code in its entirety and replace it with a new Chapter 6.28 to increase smoke-free environments in the City of Los Altos; Authorize City Manager to sign Memorandum of Understanding with Breathe California of the Bay Area

Advantages: Smoking restrictions increase the environments wherein smoking is prohibited thereby providing greater health protection to the public from effects of secondhand smoke. Action supports Santa Clara County Healthy Cities initiatives. Action provides certain exceptions that permit smoking in areas that are the least harmful to others. Action is responsive to many of the concerns of the business community. Action permits City to partner with Breathe California to assist in implementation and enforcement

Disadvantages: Restrictions to those who desire to smoke may inhibit their ability to participate in outdoor activities and dine outdoors, as well as their use of public spaces, which may curb attendance and their ability to purvey establishments in Los Altos; Likewise, an ordinance that prohibits smoking near establishments may deter current or potential employees from continuing or seeking employment in the City

- 2) Further expand the scope of the ordinance to prohibit smoking in individual units of Multi-Unit Residences and in City parking plazas within the Downtown Triangle. Authorize City Manager to sign Memorandum of Understanding with Breathe California of the Bay Area

Advantages: Greater protections from secondhand smoke to individuals and families residing in multi-unit residences; Greater protections from secondhand smoke to visitors to Downtown Triangle; Action permits City to partner with Breathe California to assist in implementation and enforcement

Disadvantages: Regulation of activities within individuals' private residences and within private property; Provides for no designated smoking areas within the Downtown Triangle; May negatively impact employee recruitment and retention for Downtown merchants

- 3) Fully expand the scope of the ordinance to create a comprehensive ban on smoking City-wide, permitting smoking only in private, single-family, detached residences and private vehicles. Authorize City Manager to sign Memorandum of Understanding with Breathe California of the Bay Area



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Advantages: Prohibits smoking anywhere within the City of Los Altos that is accessible by the public. Action permits City to partner with Breathe California to assist in implementation and enforcement

Disadvantages: Limits ability of smokers who work, reside or visit Los Altos to participate in City activities, which may include attendance at City events

4) Keep Chapter 6.28 with no modification

Advantages: Those seeking the option to smoke while participating in outdoor activities, dining outdoors, and visiting Los Altos would continue to be able to do so.

Disadvantages: Establishments would be left to regulate smoking on their own on a voluntary basis

Recommendation

The staff recommends Option 1

ORDINANCE NO. 2018-442

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS REPEALING CHAPTER 6.28 OF THE CITY OF LOS ALTOS MUNICIPAL CODE IN ITS ENTIRETY AND REPLACING IT WITH A NEW CHAPTER 6.28 DEFINING “SMOKE FREE ENVIRONMENTS” IN LOS ALTOS

WHEREAS, tobacco use causes death and disease and continues to be an urgent public health challenge, as evidenced by the following:

480,000 people die prematurely in the United States from smoking-related diseases every year, making tobacco use the nation’s leading cause of preventable death; and

Tobacco use can cause disease in nearly all organ systems and is responsible for 87 percent of lung cancer deaths, 79 percent of all chronic obstructive pulmonary disease deaths, and 32 percent of coronary heart disease deaths; and

WHEREAS, secondhand smoke has been repeatedly identified as a health hazard, as evidenced by the following:

The U.S. Surgeon General concluded that there is no risk-free level of exposure to secondhand smoke; and

The California Air Resources Board placed secondhand smoke in the same category as the most toxic automotive and industrial air pollutants by categorizing it as a toxic air contaminant for which there is no safe level of exposure; and

The California Environmental Protection Agency (EPA) included secondhand smoke on the Proposition 65 list of chemicals known to the state of California to cause cancer, birth defects, and other reproductive harm; and

WHEREAS, exposure to secondhand smoke anywhere has negative health impacts and exposure to secondhand smoke occurs at significant levels outdoors, as evidenced by the following:

Levels of secondhand smoke exposure outdoors can reach levels attained indoors depending on direction and amount of wind and number and proximity of smokers; and

To be completely free from exposure to secondhand smoke in outdoor places, a person may have to move nearly 23 feet away from the source of the smoke, about the width of a two-lane road; and

WHEREAS, exposure to secondhand smoke causes death and disease, as evidenced by the following:

Since 1964, approximately 2.5 million nonsmokers have died from health problems caused by exposure to secondhand smoke; and

Secondhand smoke is responsible for an estimated 41,300 deaths related to heart disease and lung cancer among adult nonsmokers each year in the United States; and

Exposure to secondhand smoke increases the risk of coronary heart disease by about 25 percent to 30 percent and increases the risk of stroke by 20 percent to 30 percent; and

WHEREAS, laws restricting use of electronic smoking devices also have benefits to the public as evidenced by the following:

Research has found at least ten chemicals known to the State of California to cause cancer, birth defects, or other reproductive harm, such as formaldehyde, acetaldehyde, lead, nickel, and toluene, in electronic smoking devices; and

The State of California's Tobacco Education and Research Oversight Committee (TEROC) "opposes the use of e-cigarettes in all areas where other tobacco products are banned;" and

WHEREAS, cigarette butts are a major and persistent source of litter, as evidenced by the following:

In an observational study of nearly 10,000 individuals, after cigarettes were smoked, 45 percent of cigarettes ended up as litter; and

In 2011, 22.6 percent of all debris collected from beaches and coastal areas are smoking related products; and

Cigarette butts are often cast onto sidewalks and streets, and frequently end up in storm drains that flow into streams, rivers, bays, lagoons, and ultimately the ocean; and

WHEREAS, cigarette butts pose a health threat to young children, as evidenced by the following:

In 2012, American poison control centers received 8,648 reports of poisoning by the ingestion of cigarettes, cigarette butts, and other tobacco products and 84.5 percent of these poisonings were in children ages five and younger; and

Children who ingest cigarette butts can experience vomiting, nausea, lethargy, and gagging; and

WHEREAS, despite limited research on the long-term effects of secondhand exposure to cannabis smoke, it is considered an irritant to the throat and lungs and contains levels of volatile chemicals and carcinogens that are similar to tobacco smoke, raising concerns about the risk for cancer and lung disease; additionally, some research suggests that cannabis Ordinance No. 2018-442

smoke is more harmful to the circulatory system than tobacco smoke; and

WHEREAS, state law prohibits smoking within 25 feet of playgrounds and tot lots and expressly authorizes local communities to enact additional restrictions, including authority to completely ban smoking (Health & Safety Code §118910); and

WHEREAS, there is broad public recognition of the dangers of secondhand smoke and support for smoke free air laws, as evidenced by the following:

A 2008 survey of California voters found that 97 percent thought that secondhand smoke was harmful, 88 percent thought secondhand smoke was harmful even outdoors, 65 percent were bothered by secondhand smoke, and 73 percent support laws restricting smoking in outdoor public places; and

WHEREAS, as of January 2015, there are at least 348 California cities and counties with local laws restricting smoking in recreational areas, 129 with local laws restricting smoking in outdoor dining places, and 48 with local laws restricting smoking on sidewalks in commercial areas; and

WHEREAS, there is no Constitutional right to smoke.

WHEREAS, this Ordinance is exempt from environmental review pursuant to Section 15061(b)(3) of the State Guidelines implementing the California Environmental Quality Act of 1970, as amended.

NOW THEREFORE, it is the intent of the City Council, in enacting this ordinance, to provide for the public health, safety, and welfare by discouraging the inherently dangerous behavior of smoking and tobacco and cannabis use around non-users of either substance, especially children; by protecting the public from exposure to secondhand smoke where they live, work, and play; by reducing the potential for children to wrongly associate smoking and tobacco and cannabis use with a healthy lifestyle; and by affirming and promoting a healthy environment in the City of Los Altos.

The City Council of the City of Los Altos does hereby ordain as follows:

SECTION 1. AMENDMENT OF CODE: Chapter 6.28 of the Los Altos Municipal Code entitled “Smoke Free Recreation Areas” is hereby repealed in its entirety and replaced with a new Chapter 6.28 entitled “Smoke-Free Environments” to read as follows:

6.28.010 DEFINITIONS. The following words and phrases, whenever used in this Chapter shall have the meanings defined in this section unless the context clearly requires otherwise:

- A. “Bar” or “tavern” means any business licensed or required to be licensed by the Department of Alcoholic Beverage Control for alcoholic beverage on-sale privileged

as a “public premise” as defined by California Business and Professions Code section 23039.

- B. “Business” means any sole proprietorship, partnership, joint venture, corporation, associations, landlord, or other entity formed for profit-making purposes.
- C. “Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. For purposes of this Chapter, the term “cannabis” shall include “cannabis,” “cannabis concentrate” and “cannabis products” as those terms are defined by California Business and Professions Code section 26001, and specifically includes hashish, dabs, or similarly mildly euphorogenic and hallucinogenic drugs are prepared from the plant genus *Cannabis*.
- D. “City” means the City of Los Altos.
- E. “Civic Center Campus” means the publicly owned property bounded by San Antonio Road and Hillview Avenue, including the Hillview Community Center, Los Altos Library, Los Altos Police Department, Los Altos History Museum, Los Altos Apricot Orchard, Los Altos City Hall, and all recreation and parking areas on this property.
- F. “Common area” means every enclosed or unenclosed area of a multi-unit residence that residents of more than one unit of that multi-unit residence are entitled to enter and/or use, including but not limited to, halls and paths, lobbies and courtyards, elevators and stairs, community rooms and playgrounds, gym facilities and swimming pools, parking garages and parking lots, shared restrooms, shared laundry rooms, shared cooking areas, and shared eating areas.
- G. “Dining area” means any area, including streets and sidewalks, that is available to or customarily used by the general public or an employee, and which is designed, established, or regularly used for consuming food or drink.
- H. “Downtown Triangle” means the geographic area bordered by W. Edith Avenue, S. San Antonio Road, and Foothill Expressway and includes streets, sidewalks, and public plazas.
- I. “Electronic Smoking Device” means an electronic or battery-operated device that can be used to deliver an inhaled dose of nicotine, cannabis, or other substances, including any component, part, or accessory of such a device, whether or not sold separately. “Electronic Smoking Device” includes any such device, whether manufactured, distributed, marketed, or sold as an electronic cigarette, an electronic

cigar, an electronic cigarillo, an electronic pipe, an electronic hookah, vape pen, or any other product name or descriptor.

- J. “Employee” means any person who is employed or retained as an independent contractor by any employer in consideration for direct or indirect monetary wages or profit, or any person who volunteers his or her services for an employer.
- K. “Employer” means any business or nonprofit entity that retains the services of one or more employees.
- L. “Enclosed Area” means an area in which outside air cannot circulate freely to all parts of the area, and includes an area that has
 - (1) Any type of overhead cover whether or not that cover includes vents or other openings and at least three (3) walls or other vertical constraint to airflow including, but not limited to, vegetation of any height, whether or not those boundaries include vents or other openings; or
 - (2) Four (4) walls or other vertical constraints to airflow including, but not limited to vegetation that exceeds six (6) feet in height, whether or not those boundaries include vents or other openings.
- M. “Multi-Unit Residence” means property containing two (2) or more dwelling units, including, but not limited to, apartment buildings, condominium complexes, senior and assisted living facilities, and long-term health care facilities. Multi-unit residences do not include the following:
 - (1) a single-family home; or
 - (2) a single-family home with a detached or attached in-law, second unit, or accessory dwelling unit permitted pursuant to California Government Code sections 65852.1, 65852.150, 65852.2 or an ordinance of the City adopted pursuant to those sections.
- N. “Nonprofit Entity” means any entity that meets the requirements of California Corporations Code section 5003 as well as any corporation, unincorporated association, or other entity created for charitable, religious, philanthropic, educational, political, social, or similar purposes, the net proceeds of which are committed to the promotion of the objectives or purposes of the entity and not to private gain. A government agency is not a “Nonprofit Entity” within the meaning of this Chapter.
- O. “No smoking sign” means a sign containing the words “no smoking” or the international “no smoking” symbol (consisting of a pictorial representation of a burning cigarette in a red circle or red heart with a red bar across it).
- P. “Open space” means any lot or area of land or water essentially unimproved and set aside, dedicated, designated or reserved for public or private use or enjoyment, or for

the use and enjoyment of owners and occupants of land adjoining or neighboring such open space.

- Q. “Person” means any natural person, individual, partnership, employer, cooperative association, corporation, personal representative, receiver, trustee, assignee, or any other legal entity.

- R. “Place of employment” means any area under the legal or de facto control of an employer that an employee or the general public may have cause to enter in the normal course of operation, regardless of the hours of operation, including, but not limited to, vehicles used in employment or for business purposes, taxis, employee cafeterias, lounges and restrooms, hotels, conference and banquet rooms – or other dining areas, warehouses, long-term health care facilities, and lobbies and hallways. A private residence is not a “place of employment” unless it is used as a day services center or a child care, health care, board and care, or community foster care facility, licensed by the State of California.

- S. “Public event” means any event which is open to and may be attended by the general public, including but not limited to such events as farmers’ markets, parades, craft fairs, festivals, concerts, performances or other exhibitions, regardless of any fee or age requirement.

- T. “Public place” means any area publicly or privately owned, to which the public has access by right or by invitation, expressed or implied, whether by payment of money or not and regardless of any age requirement. Examples of “public places” include but are not limited to places of business or employment, restaurants, restaurant/bar combinations, bars, outdoor dining or seating areas, offices, waiting rooms, entryways and exits, lobbies, service areas, theatres, museums, hotels, recreation areas, sports arenas, parks, city facilities, plazas, parking lots and garages, and open spaces.

- U. “Reasonable Distance” means a distance of twenty-five (25) feet in any direction from an area in which smoking is prohibited.

- V. “Recreational Area” means any area that is publicly owned, controlled, or used by the City and open to the general public for recreational purposes, regardless of any fee or age requirement. The term “Recreational Area” includes, but is not limited to, open spaces, parks, picnic areas, playgrounds, sports fields, golf courses, walking paths, gardens, hiking trails, bike paths, riding trails, swimming pools, roller- and ice-skating rinks, and skateboard parks. For the purposes of this Chapter, “recreational area” also includes any associated parking lot or other area designated or primarily used for parking vehicles of persons accessing a recreational area.

- W. “Service Area” means any publicly or privately-owned area, including streets and sidewalks, that is designed to be used or is regularly used by one or more persons to receive a service, wait to receive a service, or to make a transaction, whether or not such service or transaction includes the exchange of money. The term “Service Area” includes but is not limited to areas including or adjacent to information kiosks, automatic teller machines (ATMs), ticket lines, bus stops or shelters, mobile vendor lines, or cab stands.
- X. “Smoke” means the gases, particles, or vapors released into the air as a result of combustion, electrical ignition, or vaporization, when the apparent or usual purpose of the combustion, electrical ignition, or vaporization is human inhalation of the byproducts, except when the combusting or vaporizing material contains no tobacco or nicotine or cannabis or other controlled substances *and* the purpose of inhalation is solely olfactory, such as, for example, smoke from incense. The term “Smoke” includes, but is not limited to, tobacco smoke, electronic smoking device vapors, and cannabis smoke or vapors.
- Y. “Smoking” means inhaling, exhaling, emitting, burning, possessing, holding, or carrying any lighted, heated, or ignited cigar, cigarette, cigarillo, pipe, hookah, electronic smoking device, any other smoke or vapor inhalation device, lighted smoking equipment, or accessory used for burning or vaporizing any tobacco product, cannabis, plant, or other combustible substance. “Smoking” includes smoking cannabis or marijuana for medical purposes.
- Z. “Sports arena” means enclosed or unenclosed sports pavilions, gymnasiums, health spas, swimming pools, roller and ice rinks, baseball stadiums, bowling alleys and other similar places where members of the general public assemble either to engage in physical exercise, participate in athletic competition, or witness sports events.
- AA. “Tobacco Product” means:
- (1) any substance containing, made, or derived from tobacco or nicotine that is intended for human consumption, whether smoked, heated, chewed, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, including, but not limited to cigarettes, cigars, little cigars, chewing tobacco, pipe tobacco, snuff; and
 - (2) any electronic smoking device, and
 - (3) any product or formulation of matter containing biologically active amounts of nicotine that is manufactured, sold, offered for sale, or otherwise distributed with the expectation that the product or matter will be introduced into the human body, including but not limited to cartridges for electronic cigarettes or electronic smoking devices.
 - (4) Notwithstanding any provision of subsections (1), (2), and (3) to the contrary, “Tobacco Product” includes any component, part, or accessory of a tobacco product, whether or not sold separately. “Tobacco Product” does not include any product that has been approved by the United States Food and Drug Administration for sale as a tobacco cessation product or for other

therapeutic purposes where such product is marketed and sold solely for such an approved purpose.

BB. "Unenclosed area" means any area that is not an enclosed area, defined in this section.

6.28.020 PROHIBITION OF SMOKING IN ENCLOSED PLACES

A. Smoking is prohibited in the enclosed areas of the following places within the City of Los Altos:

- (1) Public places;
- (2) Places of employment in accordance with California Labor Code section 6404.5, as may be amended;
- (3) Other businesses that have a common or shared air space with an enclosed area in which smoking is prohibited by law, such as, without limitation, openings, cracks, air ventilation systems, doorways, hallways, and stairways. Notwithstanding any other provisions, the fact that smoke enters one enclosed area from another enclosed area is conclusive proof that the areas shared a common or shared air space;
- (4) Common areas of multi-unit residences; and
- (5) City-owned vehicles and facilities.

B. Smoking is prohibited by this Chapter in all enclosed places of employment exempted by the California smoke-free workplace law (Labor Code section 6404.5 (e), as that section may be amended from time to time) except as provided below:

- (1) Smoking inside a tobacco shop is not prohibited by this subsection if (a) the tobacco shop does not sell edible products, including, for example, food, water, or drinks, or allow such products to be consumed on the premises; (b) the tobacco shop prohibits minors from entering the store at all times; and (c) the premises of the tobacco shop is an independent freestanding building unattached to any other building, establishment, or use. For the purposes of this exception, "Tobacco Shop" means any tobacco retailer that derives more than seventy-five percent (75%) of gross sales receipts from the sale or exchange of tobacco products and tobacco paraphernalia.
- (2) Smoking in a theatrical production by the actors is not prohibited by this subsection if smoking is an integral part of the story and the use of a fake, prop, or special effect cannot reasonably convey the idea of smoking in an effective way to a reasonable member of the anticipated audience.

6.28.030 PROHIBITION OF SMOKING IN UNENCLOSED AREAS

A. Smoking is prohibited in the unenclosed areas of the following places within the City of Los Altos:

- (1) Recreational areas and associated parking areas
- (2) Service areas

- (3) Dining areas
- (4) Bar or tavern areas
- (5) Civic Center Campus
- (6) Downtown Triangle
 - i. Exception. The prohibition in this subsection (6) shall not apply to the ten (10) City-owned parking plazas located within the Los Altos Downtown Triangle, provided that smoking permitted by this subparagraph (i) may not occur within the reasonable distances required by Section 6.28.040 of this Chapter.
- (7) Common areas of multi-unit residences, provided, however, that a person with legal control over a common area may designate a portion of an unenclosed common area as a designated smoking area if the designated smoking area meets all of the following criteria:
 - i. the area must be located a reasonable distance from any unit or enclosed area where smoking is prohibited by this Chapter or other law;
 - ii. the area must not include, and must be a reasonable distance from, unenclosed areas primarily used by children and unenclosed areas with improvements that facilitate physical activity including, for example, playgrounds, tennis courts, swimming pools, school campuses, and sandboxes;
 - iii. the area must be no more than ten percent (10%) of the total unenclosed area of the multi-unit residence for which it is designated;
 - iv. the area must have a clearly marked perimeter; and
 - v. the area must be identified by conspicuous signs.
- (8) City facilities
 - i. Unenclosed facilities owned or controlled by the city, such as corporation yards, service yards, and parking lots, and including streets and sidewalks.
- (9) Public events

B. Nothing in this Chapter prohibits any person or employer, with legal control over any property from prohibiting smoking on any part of such property, even if smoking is not otherwise prohibited in that area.

6.28.40 REASONABLE SMOKING DISTANCE REQUIRED

A. Smoking in all unenclosed areas shall be prohibited within a reasonable distance from any doorway, window, opening, crack, or vent into an enclosed area in which smoking is prohibited by this Chapter or state or federal law.

B. Smoking in unenclosed areas shall be prohibited within a reasonable distance from any unenclosed areas in which smoking is prohibited by this Chapter or state or federal law.

C. The prohibitions in subdivisions (a) and (b) shall not apply to unenclosed areas of private, residential properties including single-family dwellings and multi-unit residences.

6.28.050 OTHER REQUIREMENTS AND PROHIBITIONS.

- A. No person, employer, or nonprofit entity shall knowingly permit smoking in an area which is under the legal or de facto control of that person, employer, or nonprofit entity and in which smoking is prohibited by law.
- B. No person, employer, or nonprofit entity shall knowingly or intentionally permit the presence or placement of ash receptacles, such as, for example, ash trays or ash cans, within an area under the legal or de facto control of that person, employer, or nonprofit entity and in which smoking is prohibited by law, including, without limitation, within a reasonable distance required by this Chapter from any area in which smoking is prohibited. Notwithstanding the foregoing, the presence of ash receptacles in violation of this subsection shall not be a defense to a charge of smoking in violation of any provision of this Chapter.
- C. A person, employer, or nonprofit entity that has legal or de facto control of an area in which smoking is prohibited by this Chapter shall post a clear, conspicuous and unambiguous “No Smoking” or “Smoke-free” sign at each point of ingress to the area, and in at least one other conspicuous point within the area. The signs shall have letters of no less than one inch in height and shall include the international “No Smoking” symbol (consisting of a pictorial representation of a burning cigarette enclosed in a red circle with a red bar across it). Signs posted on the exterior of buildings to comply with this section shall include the reasonable distance requirement set forth in Section 6.28.040. For purposes of this section, the City Manager or his / her designee shall be responsible for the posting of signs in regulated facilities owned or leased by the City. Notwithstanding this provision, the presence or absence of signs shall not be a defense to a charge of smoking in violation of any other provision of this Chapter.
- D. No person, employer, business, or nonprofit entity shall intimidate, threaten any reprisal, or effect any reprisal, for the purpose of retaliating against another person who seeks to attain compliance with this Chapter.
- E. Each instance of smoking in violation of this Chapter shall constitute a separate violation.
- F. This Chapter shall not be interpreted or construed to permit smoking, including smoking cannabis, where it is otherwise restricted by other applicable laws.

6.28.060 PENALTIES AND ENFORCEMENT.

A. The remedies provided by this Chapter are cumulative and in addition to any other remedies available at law or in equity. Enforcement of this Chapter shall be the responsibility of the City. In addition, any peace officer or any enforcement officer designated by the City Manager also may enforce this Chapter.

B. Each incident of Smoking in violation of this Chapter is an infraction subject to the following fines:

- (1) up to one hundred dollars (\$100) for the first violation;
- (2) up to two hundred dollars (\$200) for a second violation within one year;
- (3) up to five hundred dollars (\$500) for a third violation within one year.

C. Violations of this Chapter are subject to a civil action and/or administrative citation brought by the City in accordance with Chapter 1.30 of the City Code as applicable.

D. Causing, permitting, aiding, abetting, or concealing a violation of any provision of this Chapter shall also constitute a violation of this Chapter.

Except as otherwise provided, enforcement of this Chapter is at the sole discretion of the City. Nothing in this Chapter shall create a right of action in any person against the City or its agents to compel public enforcement of this Chapter against any party.

SECTION 2. CONSTITUTIONALITY. If any section, subsection, sentence, clause or phrase of this code is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this code.

SECTION 3. PUBLICATION. This ordinance shall be published as provided in Government Code section 36933.

SECTION 4. EFFECTIVE DATE. This ordinance shall be effective upon the commencement of the thirty-first day following the adoption date.

The foregoing ordinance was duly and properly introduced at a regular meeting of the City Council of the City of Los Altos held on _____, 2018 and was thereafter, at a regular meeting held on _____, 2018 passed and adopted by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Jean Mordo, MAYOR

Attest:

Jon Maginot, CMC, CITY CLERK



MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding "MOU", dated as of _____ is made by and between the City of Los Altos and Breathe California of the Bay Area.

Recitals

WHEREAS the City of Los Altos is adopting an ordinance to prohibit individuals from smoking and using tobacco products in certain areas in the City of Los Altos ("proposed ordinance");

WHEREAS the City of Los Altos values community education and health promotion as first step in lieu of penalties and fines;

WHEREAS Breathe California of the Bay Area has operated a Secondhand Smoke Helpline for over 20 years for individuals to lodge complaints about smoking occurring in places where it is prohibited by law;

WHEREAS Breathe California of the Bay Area's Secondhand Smoke Helpline has been particularly valuable in fielding complaints and educating the public since the 1998 enactment of a statewide policy for smoke-free bars;

WHEREAS Breathe California of the Bay Area has also served a major role in the adoption of the City of Milpitas, Saratoga, Cupertino, and San Jose's smoke-free outdoor dining policy;

WHEREAS the City of Los Altos desires the assistance of Breathe California of the Bay Area in supporting implementation of the ordinance;

WHEREAS Breathe California of the Bay Area wishes to provide assistance to the City of Los Altos to support implementation of the ordinance.

Agreement

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree to following:

- The City of Los Altos may print Breathe California of the Bay Area's Secondhand Smoke Helpline number on outreach materials so that City of Los Altos residents and

visitors may report incidences of smoking and tobacco use in violation of the City of Los Alto’s ordinance and any other secondhand smoke concerns;

- Breathe California of the Bay Area will receive and track calls from individuals in the City of Los Altos regarding concerns about secondhand smoke;
- Breathe California of the Bay Area will educate callers about applicable smoke-free and tobacco-free laws;
- Breathe California of the Bay Area will inform business owners and landlords ("responsible parties") about complaints of smoking and tobacco use on their premises, while keeping the identities of complainants anonymous, if anonymity has been requested;
- Breathe California of the Bay Area will educate responsible parties, by telephone or via in-person visits, regarding the hazards of secondhand smoke and their responsibilities under smoke-free and tobacco-free laws.
- Breathe California of the Bay Area will report responsible parties to the City of Los Altos Code Enforcement staff if violation complaints persist after the below described intervention;
 - Breathe California will contact the “responsible parties” directly via telephone or in-person visits up to two (2) times, to provide support and resources in obtaining compliance, accompanied with official notification in the form of a letter that a violation of smoke-free and tobacco-free laws has been reported.
 - Upon the third violation complaint for “responsible parties”, Breathe California of the Bay Area will provide final notification that the “responsible parties” will be reported to City of Los Altos Code Enforcement staff for penalties and fines.
- Between the time that the ordinance becomes effective and July 2020, the City of Los Altos and Breathe California of the Bay Area will communicate bi-annually regarding Breathe California of the Bay Area’s activities under this MOU;

After July 2020, the City of Los Altos and Breathe California of the Bay Area will discuss future timelines for this MOU to be in effect and/or renewed.

In witness whereof, the parties hereto have caused this MOU to be executed and delivered by their duly authorized officers as of the date written above.

City of Los Altos

Breathe California of the Bay Area

By: _____

By: _____

Name:

Name: Margo Sidener

Title:

Title: Acting Executive Director

City of Los Altos Smoking Ordinance

The City of Los Altos wants your feedback on the potential expansion of its smoking ordinance.

All Responses sorted chronologically

As of March 2, 2018, 12:01 PM



Open City Hall is not a certified voting system or ballot box. As with any public comment process, participation in Open City Hall is voluntary. The responses in this record are not necessarily representative of the whole population, nor do they reflect the opinions of any government agency or elected officials.

City of Los Altos Smoking Ordinance

The City of Los Altos wants your feedback on the potential expansion of its smoking ordinance.

As of March 2, 2018, 12:01 PM, this forum had:

Attendees: 332

All Responses: 251

Hours of Public Comment: 12.6






This topic started on February 6, 2018, 1:50 PM.

City of Los Altos Smoking Ordinance

The City of Los Altos wants your feedback on the potential expansion of its smoking ordinance.




Responses

1. What is your affiliation with the City of Los Altos (Check all that apply)




		%	Count
I live in Los Altos		88.8%	222
I work in Los Altos		19.2%	48
I manage and/or own another type of business in Los Altos		4.4%	11
I manage and/or own a building with two or more residential units in Los Altos		0.8%	2
None of the above		4.0%	10

Do you support banning smoking in the following locations?

2. Outdoor patios and seating areas where food or drink are consumed

		%	Count
Yes		91.6%	230
No		7.2%	18
Not Sure		1.2%	3




3. Within 30 feet of any operable doorway, window, opening or vent of a building

		%	Count
Yes		82.5%	207
No		14.3%	36
Not Sure		3.2%	8




4. Within 30 feet of “service areas,” such as transit stops or ATMs

City of Los Altos Smoking Ordinance




The City of Los Altos wants your feedback on the potential expansion of its smoking ordinance.

		%	Count
Yes		80.9%	203
No		15.9%	40
Not Sure		2.4%	6




5. At outdoor public events, such as farmers' markets and concerts

		%	Count
Yes		85.3%	214
No		13.1%	33
Not Sure		1.2%	3

6. In public places, including city-owned parking plazas

		%	Count
Yes		70.5%	177
No		24.7%	62
Not Sure		4.0%	10

7. In common areas of any multi-family housing unit as well as balconies and patios located within 30-feet of any doorway, window, opening, or other vent opening into an enclosed area where smoking is prohibited (this would apply to apartments, condominiums and townhomes or any other building with two or more attached residences)

		%	Count
Yes		78.1%	196
No		15.5%	39
Not Sure		4.4%	11

8. Do you smoke cigarettes, e-cigarettes, cigars, or other tobacco or cannabis products?

City of Los Altos Smoking Ordinance

The City of Los Altos wants your feedback on the potential expansion of its smoking ordinance.


		%	Count
Yes		7.2%	18
No		92.8%	233

Please share any additional comments you may have about the potential expansion of the City of Los Altos Smoking Ordinance.

Answered 91
Skipped 160

all also **altos** area **areas** ban banning cigarette do don from
health idea just **like** **los** more ordinance outside **people** places **public**
s smell **smoke** smoker **smokers** **smoking** so t they
those **time** units use **was** where **who** within years

9. Do you support banning smoking in individual units of multi-unit housing?

		%	Count
Yes		55.8%	96
No		24.4%	42
Not Sure		19.8%	34

Please share any additional comments you may have about the potential expansion of the City of Los Altos Smoking Ordinance.

<p>If a complex is new construction and is designated non smoking from the beginning that's ok, but to change the designation later is like someone buying a home close to an airport and then complaining about the noise.</p>
<p>Consider this: alcohol is considered detrimental to public health. As a result, one cannot consume alcohol in public. Tobacco is known - not considered- to kill the smoker and or seriously impact the health of the smoker or of those around the smoker. Smoking is a threat to the public health, and should be banned in public places because of its effects. An outright ban on public smoking is necessary because smoking is not a choice, it is an addiction, the neural implications of which compromise the ability of smokers like myself to make responsible decisions regarding personal and public well being. This is not a legal issue because smoking is not a right, it is a privilege that should be enjoyed (if a smoker can honestly call it that) in private, and this privilege can be curtailed or rescinded if smokers cannot be responsible. The question is not whether or not to ban smoking in public places, the question is do we have the respect and the responsibility to ban such a hazardous item from use in public.</p>
<p>30 feet is excessive especially near service areas. Employees deserve their right to relax. If public venues like Farmers Market etc. are restricted there should be at least a designated area for smoking.</p>
<p>I feel the expansion is heavy handed goes way too far! Especially when it includes vape tobacco and cannabis products. Cigarette smoke smells and can be annoying to others. It's not the same with e-cigs and the like. These products are legal and should not be overly restricted as to their use in public. People who smoke are ostracized as it is. Allow for compassion.</p>
<p>A smoke free environment is cleaner, safer, healthier, and more likely to be being frequented by people of all ages.</p>
<p>I'm very sensitive to smoke in general.</p>
<p>However, vaporizers (used by others) are not nearly as disturbing to me as normal cigarettes or cigars.</p>
<p>I am not a smoker, but I feel the City is going too far in restricting personal rights. I think smoking should only be banned indoors and at restaurants who have outdoor seating.</p>
<p>Employment of workers for restaurants is difficult at best. They all smoke and need to be allowed to light up out back in the parking lots during breaks. This will impact business in a negative way if passed.</p>
<p>Too much nanny government</p>
<p>This include no on smoking for those who use any type of electronic cigarettes.</p>
<p>Thank you for doing this.</p>
<p>What kind of support with the city have to enforce this once passed?</p>
<p>This is essential. I grew up with a smoker and know how dangerous second-hand smoke can be. People/children should not have to be exposed to this smoke when in a park, walking into a building, etc. Additionally, smokers have a belief that cigarette butts decompose and don't seem to see it as littering when they leave their butts on the ground.</p>
<p>I do not support a city-wide ban on smoking. A lot of our service people do smoke. If they couldn't smoke close to the building, they might just go to their car and smoke with their windows down so what has good been accomplished? This ban is too far reaching. Not many people smoke in Los Altos now so I do not think this is a burning (pun intended) issue.</p>
<p>Concern: Los Altos drastically needs to attract workforces to Los Altos businesses. Smoking is a legal addiction. Those that do smoke should be restricted, not prohibited from Los Altos. I am DownTown daily & rarely see smokers on Main & State. I do see more smoking in the plazas, away from the</p>

public. Please be cautious as you consider laws that might impact current & potential employee decisions.
I smoked cigarettes for 40 years, beginning at age 16. There was a lot of peer pressure and many adult smokers. I stopped smoking 25 years ago and now realize how polluting smoke is. I would hope that making Los Altos a smoke free city will discourage our youth from starting the unhealthy habit.
It is a poor idea and another case where govt. wants to run your life!
Stop the ban on cannabis delivery in our town.
Apart from restaurant open areas and playgrounds, it is overreach for the City to ban smoking. I fear it will put enforcement officers in an impossible position.
I was a smoker for 40 years - started at 16. Peer pressure. I regret it. If smoking is not a part of the community culture maybe young people won't start
Today's restrictions are enough. More feels like persecution. Is 2nd hand vape exposure proven to be dangerous?
Are we the New Bible Belt?
Although those who smoke feel their rights are being taken away, there are still ample private areas where they can still smoke without impinging on the rights of non-smokers.
Great idea!
I particularly like the idea of banning smoking in multi-unit housing. There is no way a neighbor can escape from smoke that infiltrates their indoor and outdoor living space. My son tried to put up fans to deflect the smoke from a neighbor who thought smoking outside would be better than inside. Smoke just wafted inside my son's condo, so windows had to be constantly shut.
I own 20 apartments in Sunnyvale (live in Los Altos) and began no smoking in my units and also anywhere on my property many years ago -long before the City took action on no smoking. I had found that smokers left smoking odors in the apartments -- on walls, carpet, etc. and getting it cleaned up was expensive. I gave the tenants a 30 day notice to stop smoking in their unit and on the property (had to go out into the street if they wanted to smoke) and it has worked with no problems. When I advertise a vacancy I specify no smoking and the city now has laws.
While I don't smoke and don't like to smell smoke or have people smoking near me, we do have to provide places for those who do smoke, to do it without having to drive out of town. Parking plazas are places where most people are just passing through so they would be a suitable location for smoking.
The wider the smoking the ban can be, the better for our entire population. As the spouse of an ex-smoker who has survived lung cancer, the more the community can do to assist in preventing exposure to smoke, the better off we will be. Our children in particular do not need to be subject to second hand smoke.
consider banning smoking except in city-owned parking plazas so retail and restaurant workers addicted to nicotine have someplace near their workplace to smoke
Vaporizer should be treated separately. Smoking is not a crime. It is important to be a friendly town to all. Employees will have even more difficulty hiring people if you ban smoking. Whole families will not visit if one person smokes.
I support limitations but think this draft goes to far especially in the multi unit housing.
I'd like also to ban smoking in parks and on streets near schools
At public events it may be helpful to have designated smoking areas
I know it is very difficult to stop smoking, but I feel that smokers must respect the rights of others who don't wish to have the effects of secondhand smoke. Perhaps there could be one single place in town, away from the centre, where smokers could gather??

Great idea. We should also increase the enforcement of existing Smoking ordinances. Many people continue to smoke at the entrance of restaurants without any consequence.
If a property owner of a unit in a multi dwelling complex is currently a smoker, I don't think it is fair to that person to not be able to have the option of smoking somewhere on their complex property. Perhaps an area of the these complexes can find a designated smoking area to accommodate the smokers that live within the complex.
The proposed ordinance is simply good public health and is supported by incontrovertible scientific evidence gathered over the past 50+ years.
Can the owner of a multi-unit residential building choose to make building non-smoking? Or is an ordinance needed? Can ordinance give developer/owner the option?
We have no means to enforce this unless we rely on neighbors reporting each other which is a waste of limited law enforcement personnel . Too much encroachment of govt on private liberties
2-3 Not clear if public and/or private areas
7 not clear if this would prevent any smoking in some units, and if so, whether the units would have to be sold or rented as "non-smoking"
9 I understand the problem is common air ducts between units, but perhaps there should be someplace where someone can smoke at home with minimal contamination in other units that's allowed. Perhaps smoking can be banned within 10 feet of a vent, and use of a water-filled ash tray required.
The health aspect of smoking is very well documented especially 2nd hand smoke. I did live in an apartment at one time and the smoke came through the vents - it is quite disgusting.
I quit smoking in August, 1983 and wished I had never started. I was able to quit smoking when I substituted exercise for a cigarette. I current have lung issues and when I am around someone's smoke I have a difficult time of breathing. It is a horrible habit and we need to discourage people of all ages to stop smoking. We need to keep Los Altos a healthy place to live, shop, and visit.
Second hand smoke is dangerous
Being near people smoking marijuana gives me severe headaches.
I am in favor of banning smoking of tobacco and cannabis in all outdoor public spaces (Q2-6). However, e-cigarettes should NOT be included in the ban since they produce no harmful by-products, just water vapor and ethylene glycol (same as theater smoke).
Should find various smoke free locations in in downtown areas, perhaps like parking lots. My check marks in the survey is meant to exclude the smoking ban from external parking areas (to enable smokers to find a public area where they can smoke without "impacting" other people.
I think an expansion is definitely needed.
According to the Centers for Disease Control and Prevention (CDC), e-cigarette aerosol that users breathe from the device and exhale can contain harmful and potentially harmful substances, including:
Nicotine, which is especially harmful to adolescent brain development
Ultrafine particles that can be inhaled deep into the lungs
Flavoring such as diacetyl, a chemical linked to a serious lung disease

<p>Volatile organic compounds</p> <p>Cancer-causing chemicals</p> <p>Heavy metals such as nickel, tin, and lead</p> <p>It's not good for anyone.</p>
<p>Think of the children and the health of all people on our planet</p>
<p>Will city council also ban internal combustion engines from the city? How about backyard barbecues? Fireplaces? What about all the smoke that issues from Palo Alto Grill? If those items aren't on the banned list, then this isn't about protecting peoples' health.</p>
<p>Los Altos is a family friendly community, and I hope it continues to be so. Smoking is a horrible habit which should not be flaunted in front of our impressionable youth. While smokers may find this ordinance restrictive, I hope it's a wake-up call to quit this disgusting and unhealthy lifestyle choice.</p>
<p>I would prefer if smoking was banned 100% in the entire city. Residential neighborhoods also. The smoke travels outside from house to house. Only allow smoking indoors in your own house.</p>
<p>The proposed ordinance is oppressive. Smoking is legal. The ordinance is unwelcoming to our City. People of all races and religions are welcome, but not smoker. The enforcement arm is horrible. The City wants neighbors to call the police on their neighbors. The City Council set their priorities for the year and this is a waste of time for staff, the police and all the residents.</p>
<p>I was a heavy smoker for years, and quit 40 years ago. Since then, I am increasingly allergic to cigarette smoke and would not like to encounter it anywhere in public.</p>
<p>Regarding banning smoking in individual units of multi-unit housing: I recommend banning smoking in individual units that share forced air HVAC/ventilation systems. If the HVAC is vented directly to the outdoors for each individual unit, so no air is exchanged between units, then I recommend that smoking continue to be allowed.</p>
<p>Yes. This is long overdue and much needed protection for the health of residents and visitors to the City of Los Altos.</p>
<p>Good idea!</p>
<p>I used to smoke cigarettes, 35 years ago. I have been to hotel where people would smoke under the balcony - outside - with wind blowing it into our room. I use medicinal marijuana. With marijuana now ok for recreational use, it is more difficult for those who use it medicinally. All use is now grouped with any type of smoke. I have always been discreet and respectful of others.</p>
<p>I live in Los Altos Hills only a mile from downtown Los Altos. I frequently go to Los Altos for shopping, banking and to restaurants, so I am very much in favor of smoking bans EVERYWHERE.</p>
<p>Was this triggered by the cigar-smoking man who sits on the comfy green upholstered wood chair/sofa area in front of the bank at the corner of 3rd & Main streets? Just curious! I've walked that area frequently when he's there smoking a cigar - the smell is obnoxious.</p>
<p>People smoke. They are not bad people. There must be safe places for smokers to smoke. Many Vaporizing devices have no odor or no offensive odor and might be treated differently. I don't like my kids having to smoke. Parks should also be smoke free. The problem of cigarette butt pollution should also be addresses.</p>
<p>I worry that there will be a backlash against including e-cigs outside, but definitely favor the idea, and am especially concerned about cannabis smoking in public. Really smelly and very bad idea to normalize this.</p>

But I did smoke for many years and know how difficult it is to stop. But much better off for having stopped, thirty years ago.

Smoking is proven to be harmful at any level. The less exposure people get, the better.

I support Los Altos becoming a smoke-free city, especially in conjunction with the World Health Organization's definition of such. My concern is that the 30 foot limit proposed is outside of traditional 15-25 foot recommendations (<http://no-smoke.org/learnmore.php?id=669>) and may be seen as so restrictive as to invite a lawsuit.

I support banning smoking in areas, including city-owned public places, when dense crowds are present, such as concerts and street fairs, or in areas that have children present, such as parks, playgrounds, or multi-tenant housing common areas. If a citizen decides to smoke in a city owned public area that is not within 15-25 feet of a restricted area and there are no other citizens nearby, I think that should be allowed.

The really big question is, how are you planning to support and uphold such an ordinance?

I do feel that this has to be treated somewhat carefully. I do not smoke, have never smoked and hate the smell of cigarette smoke. When I was pregnant I felt really defenseless if I was in for example a restaurant waiting area and someone was smoking outside and I could smell the smoke every time someone opened the door because I was unable to really remove myself from the situation. But at the same time I hate to see smokers vilified. I have friends who are smokers. They aren't bad people, they just have a bad habit and I know many if not all of them want to quit. Until they are able to get there I hate to see them have to walk a mile out of their way to smoke when they are out somewhere. My husband used to smoke and now he vapes. I'm proud of him for finding something that works for him that's not smoking. And because of the addictive properties of nicotine, he needs it. He is courteous about vaping but if you shut down every opportunity for him to politely excuse himself for 5 minutes to go outside and vape, I can see it affecting our willingness to eat in los altos.

This is non-sense. I don't smoke and I really hate the smell of a cigar, BUT we are talking about outdoor places. Where are they going to smoke then? Aren't they paying taxes? Why they can't enjoy their time outside? If you don't want to smell a cigar, just walk away a little bit and problem solved.

Banning smoking doesn't make any sense. It is an attempt against their rights.

As a family of four with young kids, I fully support the expansion of smoking ordinance. and no smoking should be allowed near schools, parks, where kids frequent.

I do not smoke but I respect the right of others to smoke with reasonable limits. Some of the restrictions proposed here are not reasonable.

Moreover, I have never seen smoking cause problems in Los Altos. I'd rather the City Council focus on other matters.

I am very strongly in favor of further limiting smoking.

While I don't smoke, making something that is legal impossible for ppl to do anywhere but their own home is just not the right approach. In places with food or you at sitting for a long time, sure but keep it within reason.

Also, given that e-cigarettes and vaporizers don't produce any kind of real smoke or side effects, I would not include them in this ordinance (or at least be a lot more strict with real smoke and allow e-devices in more places).

In open areas and parks, the smell of cigarette smoke is not overly bothersome, but with the recent legalization of marijuana, the smell of smoke from this product seems to carry long distances and is highly offensive, so I am now in favor of a total ban on smoking products.

I don't want Los Altos to be known for being the Nazi of the cigarette. Let people be free! Focus on more important stuff, like the beautification of the city, and making the town more lively.

Thank you for considering the health and safety of our community!

I QUIT smoking about 10 years ago, for our health we all need to quit, never start or reduce our smoking...huge health impact on everyone near smoker as well as smoker.

Great idea.

I do not smoke tobacco. Smoking is bad. I occasionally vape cannabis at private parties

So you are saying you are banning all smoking in multifamily housing, because there is virtually always a window or exterior door within 30 feet in a residence. I don't believe in outlawing legal behaviour within a person's own home. We just need to work on educating people to not smoke in the first place. It has certainly gotten better over the past 50 years of public education on this topic, and society needs to continue doing that. Even your 'Outdoor patios and seating areas...' does not specifically state that is refers to businesses. Is this in someone's own back yard too?

I have been against legalization of marijuana since the beginning because I knew people would be walking around smoking and it would be infringing on my ability to breathe clean air, so i applaud the city for considering banning smoking of all types in public places. If people want to smoke in their cars or in the privacy of their homes, then fine, but not when i am outdoors trying to enjoy fresh air. Next please consider banning people from taking dogs inside stores! I don't want to be shopping with a dog. They belong in parks and on walks, not inside clothing and grocery stores.

Thank you.

We know that second hand smoke is bad! Please reduce our exposure for everyone who does not want it!

Maybe a sign in Los Altos that says: For those ignoring our smoking laws, please take your butts with you!

The proposed rules are overly stringent. Also, whatever applies to cigarettes should also apply to cigar and pipe smoking.

We don't have a smoking problem in Los Altos. This ban would only further our unfriendly reputation.

The only place where there should be prohibited smoking is outdoor dining areas.

People are going to smoke. Outdoors or within the confines of their own "home/space", be it a house apartment or car should remain open to them. In addition, enforcement of such restrictions would

be difficult, time consuming and would seem a waste of taxpayer money. To date, I have not noticed a problem with smokers in Los Altos or anywhere else in our general area.

There are quite a few marijuana smokers appearing on the sidewalks of the city around my neighborhood. The smell is unmistakably clear and i am worried that it is a negative influence on the community.

Smoking, by its nature, affects bystanders. There is no way to avoid secondhand smoke, and the associated health risks, except by avoidance. This measure protects non-smokers, and will likely have the added benefit of reducing cigarette butt litter.

Please take thuis small step to help keep us all healthy!

I grew up with smokers and my father-in-law died of emphysema. Smokers can smoke in their own homes but shouldn't have the right to make me or my children inhale their smoke. When I am behind a car that has a smoker in it, I have to close my air vents so my car doesn't fill with smoke. In addition, smokers leave cigarette butts all over the streets, creating litter.

Yes! Go for it! Smoking is so 1980's. We live in the 21st century, it is time to do away with this nonsense in public spaces.

Those "Second Hand Smoke commercials say it all...even smoke we cannot see is dangerous (and annoying) to our heath...especially children! Also, smoking is a bad example to set for children.

Thank you for this new Ordinance

There already is a smoking law prevents people from smoking in bars and restaurants as well as within 30 feet of any establishment that serves food. If you are to tell a smoker or someone who Vape™s; which is not smoke, that they are not welcome to walk and smoke/vape on the sidewalks regardless if they are abiding by the current law and no restaurant is within 30 feet of them, then they are essentially being told that they are not welcome in the downtown area. That would have an impact on businesses not to mention it would be discriminatory. Think of all the people at an art and wine festival. It would be better to have dedicated smoking areas off the beaten path. And I™m not talking about having it at Hillview or Lincoln Park. Talk about feeling ostracized! People would not want to attend. So much for patronage. Just consider how social media works. That would be some bad press. People who complain about asthma or other respiratory issues should carry an inhaler at all times if not an oxygen tank. Smoking/secondhand smoke is small in comparison to exhaust from vehicles either idling or driving by. I assure you that there are far more vehicles than there are smokers in Los Altos. You just have to take a look around and count.



DISCUSSION ITEMS

Agenda Item # 8

AGENDA REPORT SUMMARY

Meeting Date: March 13, 2018

Subject: Disaster Council and Emergency Preparedness Program

Prepared by: Ann Hepenstal, Community Emergency Preparedness Coordinator

Reviewed by: J. Logan, Assistant City Manager

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Timeline: Prior City Council's Consideration of Disaster Council
2. Briefing: Disaster Service Worker Volunteers
3. Los Altos Municipal Code Chapter 2.28, Emergency Plan
4. Ordinance No. 2018-443 (to be provided under separate cover)
5. Community Emergency Preparedness Program Report

Initiated by:

Staff

Previous Council Consideration:

Attachment 1 summarizes previous Council actions on related ordinances.

March 15, 1955: Disaster Service Worker Resolution and establishment of Disaster Council, Ordinance No. 64

April 11, 1967: Emergency Ordinance amended Disaster Council, Ordinance No. 67-16

September 22, 1987: Los Altos Emergency Plan adopted and Disaster Council repealed, Ordinance No. 87-176

March 22, 2016: Approved the City of Los Altos Emergency Operations Plan. Prior policy was the 2009 Emergency Operations Plan (updated annually with last prior update in October 2015)

June 12, 2017 Update on Los Altos PREPARES and Community Emergency Preparedness

Fiscal Impact:

None

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- Does the Council wish to adopt an ordinance that will reestablish the Los Altos Disaster Council and thereby, qualify volunteers for the State Disaster Service Worker (DSW) Program benefits?
- Does Council wish to provide further direction to staff pursuant to Community Emergency Preparedness (CEP)?



Subject: Disaster Council and Emergency Preparedness Program

Summary:

- City Council is asked to consider approving Ordinance 2018-443 [Attachment 4] to amend Chapter 2.28 of the City of Los Altos Municipal Code [Attachment 3] to reestablish the Los Altos Disaster Council and related additions to the code.
- An accredited Disaster Council will enable 1) the City of Los Altos to qualify for reimbursement for provisions afforded under the Labor Code §4351 and 2) the DSW Volunteers in the City to qualify for benefits as specified in California Labor Code §4351 and §8657.
- City Council is asked to receive a report on the Community Emergency Preparedness (CEP) Program [Attachment 5] and provide direction as needed.
- This report will reflect progress and coordination of activities by the part-time Community Emergency Preparedness Coordinator since commencing work in 2017.

Staff Recommendation:

Move to introduce and waive further reading of Ordinance No. 2018-443 approving amendments to Chapter 2.28 of the City of Los Altos Municipal Code to reestablish the Los Altos Disaster Council and related additions to the code, and to receive a report on the CEP Program and provide direction as needed



Subject: Disaster Council and Emergency Preparedness Program

Purpose

Reestablish a City of Los Altos Disaster Council; provide a report on Community Emergency Preparedness and receive direction as needed.

Background

Historically, the notion of volunteer recruitment for local disaster assistance started with the War Powers Act of 1943 which created the California War Council in response to concerns of military action along the Pacific border of the United States. Local War Councils recruited civilian volunteers and provided Workmen's [sic] Compensation benefits to volunteers to help with the volunteer recruitment. Legislation required that volunteers be registered with a local War Council certified by the State.

In 1955, City Council approved Ordinance No. 64 to establish a plan of Civil Defense and the Los Altos Civil Defense and Disaster Council. City Council approved resolutions establishing Mutual Aid Agreement and providing volunteers in the Civil Defense Program coverage under Workmen's [sic] Compensation.

In 1967, City Council amended the Civil Defense Ordinance to appoint the Chief Administrative Officer as Director of Civil Defense (Ordinance 67-16, effective May 25, 1967)

In 1987, City Council amended the Civil Defense Ordinance in its entirety and adopted Ordinance 87-176, effective October 22, 1987. This Ordinance adopted the "City of Los Altos Emergency Plan" dated September, 1987 and amended Chapter 1, Title 3 of the Municipal Code. Specifically, it repealed sections 3-1.03 through 3-1.08, inclusive:

- Section 3-1.03 Civil Defense and Disaster Council: Membership
- Section 3-1.05 Director of Civil Defense and Disaster Powers and Duties
- Section 3-1.06 Director of Civil Defense and Disaster: Powers and Duties following Proclamation of Disaster

As a result of this action, City Council repealed the provision for a Los Altos Disaster Council.

Attachment 1 summarizes the history of these Council actions.

Discussion/Analysis

Community Disaster Service Workers

Currently, community volunteers are recruited and their services utilized by local agencies to assist in times of local disaster or upon activation by authorized agency officials. State legislation provides for benefits, similar to those discussed above, to the volunteer worker if the local agency adopts a proper disaster ordinance and properly qualifies volunteer workers, now referred to as DSWs. Attachment 2 provides further background on the State DSW program and requirements.



Subject: Disaster Council and Emergency Preparedness Program

Disaster Council

Staff analyzed DSW Volunteer registrations and City procedures and concluded that the Community Emergency Response Team (CERT) and emergency communications (Los Altos Amateur Radio Emergency Service, or Ham) volunteers in the City of Los Altos do not meet the requirements of the DSW Volunteers (California Labor Code §4351) and do not qualify for benefits as DSW Volunteers as specified in California Labor Code §4351 and §8657. Hence, the City of Los Altos would not qualify for reimbursement for provisions afforded under the Labor Code §4351.

Disaster Council

To qualify for benefits under the State of California DSW Program, 1) City of Los Altos must have established an accredited Disaster Council, and 2) DSW Volunteers must be properly registered with the local Disaster Council. Certification by the Governor's Office of Emergency Services requires a city ordinance establishing a Disaster Council and agreeing to abide by the Mutual Aid Agreement. These actions would enable the protections offered by the State to the City for CERT and Ham volunteers and would provide State of California Workers' Compensation coverage and liability coverage to qualified DSW Volunteers. Under the State Program, registered DSW Volunteers enjoy the same immunities as officers and employees of the state and its political subdivisions for:

- Personal injury or property damage sustained by a DSW Volunteer
- Personal injury or property damage sustained by a third party

The Disaster Council would develop and recommend for adoption by the City Council, emergency and Mutual Aid Plans and agreements and such ordinances, resolutions, rules and regulations as are necessary to implement such plans and agreements.

Community Emergency Preparedness (CEP)

In June 2017, resident Sherie Dodsworth presented an update to City Council on the Los Altos PREPARES program, reviewed progress of the CEP Program, the status of each of the volunteer programs (Block Action Team, CERT, Ham) and noted strong collaboration between the volunteers, Santa Clara County Fire Department, Los Altos Police Dept, and City. She requested that the City fund a part-time position to support the Community Emergency Preparedness Program. Commencing with the hire of the part-time Emergency Preparedness (EP) Coordinator in November 2017, the following progress has occurred:

- EP Coordinator became familiar with and integrated into EP programs and established partnerships and communications with key colleagues, city staff and surrounding local agencies including the CERT, Ham, Block Action Team (BAT) Programs; Los Altos Community Foundation; Los Altos Police and Santa Clara Co Fire Departments; and City staff. Examples include:
 - Studied emergency management best practices with several neighboring jurisdictions: Palo Alto, Sunnyvale, Los Altos Hills, County of Santa Clara



Subject: Disaster Council and Emergency Preparedness Program

- Observed the Statewide Medical/health functional exercise at El Camino Hospital. Attended the San Francisquito Creek Multi Agency Coordination Taskforce's workshop and exercise. Attended Earthquake Country Alliance Bay Area Workshop
- Toured the Emergency Operations Centers (EOC) at Palo Alto, Los Altos, County of Santa Clara
- Joined the Emergency Managers Association and the Earthquake Country Alliance
- Began representing the City to the Operational Area Signatories emergency managers meeting and its CERT Subcommittee
- Accepted to attend the class "Building a Roadmap to Resilience: a Whole Community Training" at FEMA's Emergency Management Institute in Maryland, May 21-23

In addition, the EP Coordinator analyzed the State DSW Program requirements and current City procedures, identified gaps; and began steps to update City procedures. Staff benchmarked Disaster Council ordinances from neighboring cities to identify best practices and prepared the Disaster Council Ordinance for Council's consideration.

The EP Coordinator increased the emergency preparedness communications from the City to the community, and engaged with the Los Altos Public Information Coordinator to send out messages via NextDoor, Facebook, City Manager Weekly Update, et. al. These included a timely reminder about earthquake preparedness after the January tremor and encouragement for residents to register for CERT and Personal Emergency Preparedness training classes.

The EP Coordinator convened the Los Altos PREPARES Steering Committee on February 28, 2018 and conducted discussions to reaffirm its role, set quarterly meetings and drive future activities. The PREPARES Steering Committee guides community volunteers and coordinates program efforts with Police and Fire Departments and City staff to develop policies and programs for community emergency preparedness in the City of Los Altos. The PREPARES Steering Committee reaches out for broad stakeholder input and incorporates these ideas and initiatives into the CEP plans.

In the next few months, CEP plans include:

- Launch the Disaster Council (if reestablished) and approve the Los Altos DSW Volunteer training calendar
- Seek approval for a project to improve Ham radio emergency communications capability across the City
- Engage the business community in emergency preparedness discussion and planning
- Review the City's emergency plans and disaster shelter plan and identify gaps
- Further engage neighboring cities for a regional approach to EP planning, especially around CERT training
- Increase communications to raise awareness for emergency preparedness and help recruit volunteers. Ideas include:



Subject: Disaster Council and Emergency Preparedness Program

- April – Earthquake Preparedness display at the Los Altos libraries encouraging families to use library materials and other resources to prepare, and encouraging BAT and CERT sign-ups (for Los Altos and Los Altos Hills)
- April – National Volunteers Week: City communications thanking our EP volunteers and encouraging sign-ups as BAT/CERT/Ham
- May - City entry in the Pet Parade: pet disaster preparedness
- May – National Small Business Week: encourage business EP
- May – National Police Week: help our Los Altos Police by getting your family prepared

As a result of the partnerships between CEP volunteers, support from Council, assistance from staff, engagement with the local agencies such as County Fire and neighboring agencies, the Los Altos CEP Program has made great strides and is receiving support from the community. This is a multi-faceted program and the EP Coordinator is providing the coordination and leadership needed to expand and promote disaster preparedness in the City.

Staff recommends that Council adopt Ordinance No. 2018-443 approving amendments to Chapter 2.28 of the City of Los Altos Municipal Code to reestablish the Los Altos Disaster Council and related additions to the code, receive the report above on the CEP Program and provide direction as needed.

Options

- 1) Adopt Ordinance 2018-443 to reestablish the Los Altos Disaster Council and accept report on the Los Altos Community Emergency Preparedness Program.

Advantages: By reestablishing a Disaster Council, the City is able to qualify its CERT and Ham volunteers under the State of California's DSW program, which provides benefits from the State of California for liability protections and Workers' Compensation coverage to City DSW Volunteers. This enables the City to transfer the risk of Workers' Compensation claims to the State of California program, thereby reducing the City's potential liability. City DSW Volunteers gain protection from claims from personal injury or property damage sustained by a third party while carrying out their volunteer duties during an event as properly registered DSW Volunteers and will enjoy the same immunities as officers and employees of the State and its political subdivisions. Having these DSW protections is anticipated to help in recruitment efforts for emergency preparedness volunteers.

Disadvantages: Although City must adhere to the requirements for State certified local Disaster Councils, no disadvantages to the City are identified.



Subject: Disaster Council and Emergency Preparedness Program

- 2) Take no action on Ordinance 2018-443 to reestablish the Disaster Council and accept report on the Los Altos Community Emergency Preparedness Program.

Advantages: No additional ordinances required.

Disadvantages: Our CERT and Ham volunteers will not qualify under the State of California's DSW program. This exposes the City to potential Workers' Compensation claims. This also leaves City volunteers exposed to potential liability should they injure a third party while carrying out their volunteer duties during an event. Lacking these DSW protections may negatively impact recruitment of emergency preparedness volunteers.

Recommendation

The staff recommends Option 1.

Timeline: Prior City Council's consideration of Disaster Council

1955

1967

1987

2018

March 15, 1955 Council Mtg:

City Clerk/Chief Admin Officer Hope presented resolutions:

- No. 47: Mutual Aid Agreement - passed
- No. 71: people in Civil Defense program will be covered under Workmen's [sic] Compensation - passed
- No. 73: structure of Civil Defense organization – held for later consideration

And

- Ordinance No. 64, Civil Defense, approved by voice vote

Ordinance 64:
Established a plan of Civil Defense, disaster council, and participation of City in program of civil defense

Chapter 1, Civil Defense
Codified by Ord. 65 consisting of Sections 3-1.01 - 3.1.09

April 11, 1967 Council Mtg:

1st reading
2nd reading waived

April 25, 1967 Council Mtg:

Adopted Ordinance 87-176

Ordinance 67-16:
Appointed Chief Admin Officer as Director of Civil Defense

Chapter 1, Civil Defense
Amended by Ord. 67-16, effective May 25, 1967

Sept 8, 1987 Council Mtg:

- Staff report by Police Commander Jones recommending adoption of Emergency Plan and amending Chapter 1, Title 3 of the municipal code
- 1st reading of Ordinance

Sept 22, 1987 Council Mtg:

2nd reading and adopted Ordinance 87-176

Ordinance 87-176:
Adopted Emergency Plan
Repealed Code 3-1.03-1.08 repealed

Chapter 1, Civil Defense
Amended in entirety by Ord. 87-176, effective Oct 22, 1987

March 13, 2018 Council Mtg:

- Staff report by Ann Hepenstal recommending adoption of Ordinance to re-establish Disaster Council and Mutual Aid agreement

Decision today



Briefing: Disaster Service Workers

ANN HEPENSTAL
EMERGENCY PREPAREDNESS COORDINATOR
CITY OF LOS ALTOS

Disaster Service Worker - Definition

Disaster Service Workers (DSW):

City employees engaged in disaster response

Registered volunteers engaged in disaster response or in planning or training for such response

Importance of Registration of DSW Volunteers:

Personal injury or property damage sustained by DSW Volunteer:

- Workers' Compensation is the exclusive remedy of a DSW Volunteer for injury or death as against the state, disaster council with which he/she is registered, and the county which has empowered the disaster council to register and direct his/her activities
- Does not address liability of third parties who causes injury to a DSW Volunteer
- To qualify: DSW Volunteer must be properly registered with the jurisdiction's disaster council (California Labor Code § 3600.6)

Personal injury or property damage sustained by a third party:

- Registered DSW Volunteers and unregistered persons duly impressed into service during emergency enjoy the same immunities as officers and employees of the state and its political subdivisions

Disaster Service Workers

DSW Volunteer	Registered	Unpaid for disaster service duties
Volunteer	Registered with an Accredited Disaster Council	Receive no pay or compensation, monetary or otherwise, for the service being provided (allowable: food and lodging; reimbursed expenses)
Impressed into Service	Not registered Emergency official orders a bystander to assist in emergency situation	No pay

Disaster Service Worker:

Public employee who work within the scope of their regular job and receive pay are Disaster Service Workers, not DSW Volunteers. They are activated by their supervisors.
Benefits and liability protections through his/her employer and Workers' Compensation, not the DSW program

Spontaneous Volunteers: Must register as DSW Volunteer to be eligible for Program benefits

Spontaneous Unaffiliated Volunteers	Registered	Unpaid for disaster service duties
Volunteer	No pre-registered Not impressed into service	Receive no pay or compensation

SUVs:

May be registered as DSW Volunteers for the duration of that single event

To be eligible for Workers' Compensation: must meet all program requirements

- proper registration
- appropriate training
- working under official supervision

Qualification Requirements Registered DSW Volunteer

City must have an accredited **Disaster Council**, certified by the Governor's Office of Emergency Services

Accredited Disaster Council or authorized registering entity must approve, document, and supervise the volunteer

Volunteer must register:

- Complete registration form
- Certify to loyalty oath
- Disaster Council maintain registration form/oath on file

For Workers' Compensation coverage: volunteer must engage in **eligible activities**

Non-Residents

Residents of Unincorporated Areas

City may swear them in as DSWs

City may activate these DSWs to work within the City boundaries

City may not activate these DSWs to work outside of the City boundaries

Residents of other Cities

City may swear them in as DSW

Similarly: may activate them only to work within the City boundaries

Residents of unincorporated areas may want to get training as Community Emergency Response Team (CERT) and volunteer to work in their home neighborhoods

Work outside of City jurisdiction does not qualify as City DSW Volunteers

Back-up

Eligible Activities

- Accredited Disaster Council or authorized registering entity must approve, document, and supervise
- Proclaimed emergencies
- Official deployments
- Activities when mitigating an *imminent threat of extreme peril* to life, property, and resources
- Vaccinations clinics during a pandemic
- Search and Rescue (SAR) missions and evidence searches conducted by SAR
- Travel directly to and from incident site
- Training – must be authorized in advance

Ineligible Activities

- Unapproved training. Out-of-state training not conducted in a manner geographically and functionally specific to cross-border emergency response
- Meetings
- Equipment/supply maintenance
- Educational fairs
- First aid booths at concerts, races, etc.
- Vaccinations clinics, traffic control in non-imminent threat environment
- Parades
- Celebrations, ceremonies, community events
- Fire safety events
- Travel to and from training
- Self deployment

Volunteers working for the betterment of the City are covered by City of Los Altos Workers' Compensation (parades, festivals, et. al.)

Sources

- *Disaster Service Worker Volunteer Program: Guidance*, October 2016, California Governor's Office of Emergency Services
- California Emergency Services Act; California Disaster Assistance Act. 2015 edition. Downloaded 12/1/17
- Jan 23, 2018 meeting: Ann Hepenstal and David Flamm, Deputy Director of Emergency Management, Office of Emergency Services, County of Santa Clara
- California Emergency Management Agency Administrative Regulations dated December 17, 2012. Title 19, Division 2, Chapter 2, Subchapter 3: “Disaster Service Worker Volunteer Program”

Chapter 2.28 - EMERGENCY PLAN

Sections:

2.28.010 - Purposes.

The purposes of this chapter are to provide for the preparation and carrying out of plans for emergencies to persons and property within the city in the event of a disaster and to provide for the coordination of the emergency functions of the city with all other public agencies and affected private persons, corporations, and organizations. Any expenditure made in connection with such emergency activities, including mutual aid activities, shall be deemed conclusively to be for the direct protection and benefit of the inhabitants and property of the city.

(Prior code § 3-1.01)

2.28.020 - Emergency Plan adopted.

The City of Los Altos Emergency Plan," dated September, 1987, is hereby adopted by reference as if fully set forth in this chapter and shall have the full force and effect of law for the purposes set forth therein.

(Prior code § 3-1.02)

2.28.030 - Violations—Penalties.

It shall be a misdemeanor for any person during an emergency:

- A. To willfully obstruct, hinder, or delay any emergency service worker in the enforcement of any lawful rule or regulation issued pursuant to this chapter or in the performance of any duty imposed upon him by virtue of this chapter;
- B. To do any act forbidden by any lawful rule or regulation issued pursuant to this chapter if such act is of such a nature as to give, or be likely to give, assistance to the enemy, or to imperil the lives or property of inhabitants of the city, or to prevent, hinder, or delay the defense or protection thereof; or
- C. To wear, carry, or display, without authority, any means of identification specified as being authorized for emergency service workers.

(Prior code § 3-1.03)

ATTACHMENT 4 WILL BE DISTRIBUTED
UNDER A SEPARATE COVER SHEET




Community Emergency Preparedness Program Report

ANN HEPENSTAL, CBCP

MARCH 13, 2018



Community Emergency Preparedness



Going Forward – Our Ask to Council

- Fund a part-time staff position to advance the City-Community emergency preparedness efforts
- Continue funding additional purchases of key emergency supplies
- Initiate a Neighborhood Grant Program to encourage emergency preparedness and connectivity
- Further develop the Stakeholder Team involvement and actions

June 13, 2017: Update from Los Altos Prepares

- Reviewed recent history of Los Altos community emergency preparedness (CEP)
- Requested a part-time staff position for emergency preparedness (EP)



Hired November 9, 2017:
Ann Hepenstal, CBCP*

Projects Include:

- Review and compliance of City ordinances for disaster emergency workers and Disaster Council
- Outreach with identified community stakeholders and steering committee for annual meetings and to review budget and identify budget projects; work with volunteers on budget expenditures
- Outreach to the business community, downtown and shopping districts to start emergency preparedness procedures and activities
- Enhance the emergency preparedness information on the City website
- Support efforts and community recruitment for BATs, CERTs and HAMs
(Block Action Team, Community Emergency Response Team, and amateur radio operators)
- Provide support to City staff, Police Department and County Fire for internal and community EP matters

Disaster Service Worker Volunteers



- Analyzed Disaster Service Worker (DSW) program and requirements vs. City practices
- Benchmarked disaster council/DSW ordinances across 11 neighbor cities to identify best practices
- Assessed Disaster Council requirements and structure
- Identified gaps and began action item

Draft ordinance to establish a Los Altos Disaster Council

Submitted for
your approval

Implement volunteer registration procedures to bring City into compliance

Done

Renew our DSW Volunteer registrations to bring into compliance

In
progress

Community Stakeholders and Steering Committee

- Steering Committee last met in 2017. Updated Steering Committee membership and reaffirmed its role and activities
- City has a budget to fund Community Emergency Preparedness projects

Initiate 2018 meetings of Los Altos Prepares Steering Committee

Met Feb 28th

Engage City and volunteers in emergency preparedness projects

In progress: project to improve emergency radio communications

Engage Stakeholders in community Emergency Preparedness

In progress: engage a Whole Community approach

Outreach to Business Community

Engage the business community, downtown, and shopping districts in emergency preparedness

Emergency Preparedness for businesses

In development

Emergency Preparedness presentation and safety tips

Piloted presentation
on March 2nd

Community Communications and Engagement

- Enhance the emergency preparedness information on the City website
- Support efforts and community recruitment for BATs, CERTs and HAMs

Strengthen emergency preparedness information on City volunteer website and recreation activities guide

Done

Partner with Los Altos Community Foundation to guide the Block Action Team (BAT) program

Member of BAT Leadership Team

Partner with Santa Clara County Fire Department and CERT volunteers to guide the Los Altos CERT program

Work in progress
Attended CERT train-the-trainer class

Increase visibility of emergency preparedness to City residents

Partnering with City PIC on communications
Events under development

Support to City staff, Police Department and County Fire for internal and community EP matters

- Represent City to emergency preparedness events and groups
- Support City staff to improve emergency preparedness at work

Emergency Preparedness kits for City employees

In progress

Emergency Preparedness presentation for Tiny Tots staff

March 2

Represent Los Altos to Emergency Managers Association, CERT subcommittee, Organization of Area Signatories, et. al.

Done

Sharing meetings with neighboring cities

Met with Palo Alto, Los Altos Hills, Sunnyvale, County

Participate in/observe drills and exercises with neighboring jurisdictions

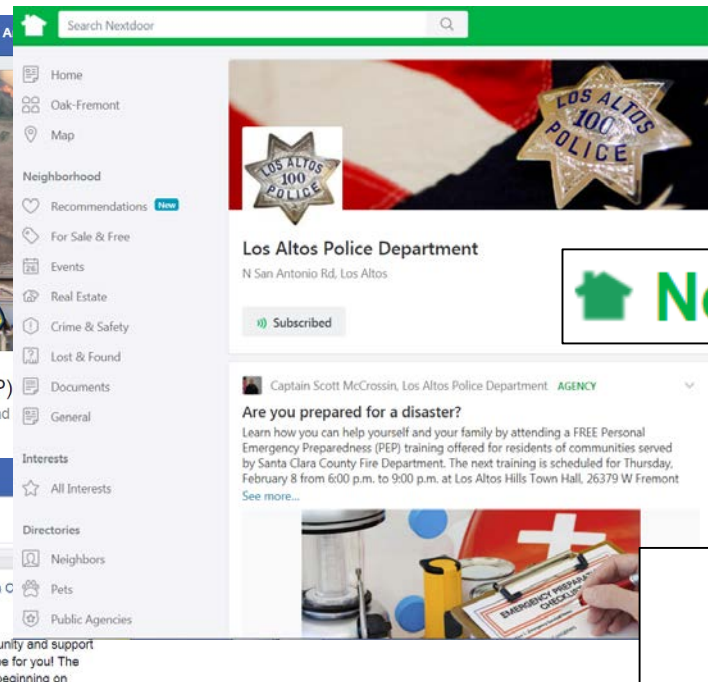
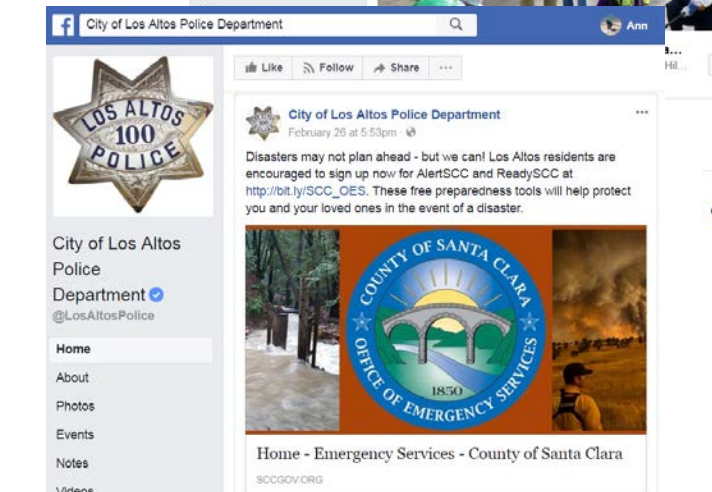
Attended drill at El Camino Hospital et. al.

Communications Plans

Continue encouraging Emergency Preparedness by our community members and their engagement in classes and volunteer roles

Seek out external events we can leverage for our messages

Create new ways to meet community members where they are and encourage Emergency Preparedness





DISCUSSION ITEMS

Agenda Item # 9

AGENDA REPORT SUMMARY

Meeting Date: March 13, 2018

Subject: Sanitary Sewer Rate Study

Prepared by: Christopher Lamm, Engineering Services Manager

Reviewed by: Susanna Chan, Public Works Director

Approved by: Chris Jordan, City Manager

Attachment:

1. Sewer Rate Study

Initiated by:

City Council

Previous Council Consideration:

April 23, 2013

Fiscal Impact:

Sewer charges constitute the majority revenue for the City's sanitary sewer enterprise fund. The attached report describes the fund and impacts of the recommended rate increases.

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- None

Summary:

- The City of Los Altos retained NBS in 2017 to perform a comprehensive Sewer Rate Structure Analysis and for the administration of Proposition 218 Process.
- It is recommended that the existing methodology (annual fixed or based charge per equivalent dwelling unit plus a single volumetric rate based on average winter water consumption) be used to calculate the sewer rate charges for FY 2018/19 through FY 2022/23. Rate increases per year will be 2.5% the first year and 3% the four following years.
- Sub metering would allow the City's multi-family residential and commercial condominium customers to have more control over their annual sewer bills by promoting awareness of actual water consumption. Sub metering could apply to 9 percent of the City's sewer accounts.

Staff Recommendation:

Move to approve the Sewer Rate Study Report prepared by NBS



Subject: Sanitary Sewer Rate Study

Purpose

Approve the Sewer Rate Study Report prepared by NBS.

Background

On April 23, 2013, Council approved a Sewer Rate Study Report prepared by Harris and Associates, using a hybrid sewer service charge model. The 5-year rate study report recommended rate increases from FY 2014/15 – FY 2017/18 ranged from 5.0% - 7.0% per year. These rates were adopted and adjusted through the Proposition 218 process. The hybrid methodology approved in 2013 includes a fixed or base charge plus a water consumption charge that is calculated using the three wettest months of the previous calendar year. The sewer charges calculated with the hybrid model ensure that operation and maintenance (O & M) costs as well as Capital Improvement costs for the City's sanitary sewer system are being met. Additionally, the sewer charges cover the old and new debt service obligations from revenue bonds issued by Palo Alto for the Regional Water Quality Control Plant (RWQCP). Fiscal year 2017/18 is the last year of the approved sewer charges that were adopted by Council in 2013. The City must conduct a new sewer rate study in order to be able to charge sewer rates. A sewer rate study can establish new rates for up to the next five fiscal years (FY 2018/19 through FY 2022/23).

Discussion/Analysis

The City of Los Altos retained NBS in 2017 to perform a comprehensive Sewer Rate Structure Analysis and for the administration of Proposition 218 Process. The City recommends adopting rate increases for the next five years to ensure that all O & M and Capital Improvement costs are funded. It is recommended that the existing methodology (annual fixed or based charge per equivalent dwelling unit plus a single volumetric rate based on average winter water consumption) be used to calculate the sewer rate charges for FY 2018/19 through FY 2022/23.

Due to existing reserve levels exceeding reserve targets, rate increases per year will be 2.5% the first year and 3% the four following years with capital improvement costs being funded primarily by reserves until the 5th year of the rate study.

Sub Metering

Some residential customers have expressed interest in using water sub meter data used for sewer billing purposes. Currently, only water usage information obtained from the water supplier (California Water Service Company or Purisima Water District) is used when calculating sewer charges. Overall charges are then divided equally among condominium dwelling units. Water sub meters would allow the City's multi-family residential and commercial condominium customers to have more control over their sewer bills, and encourages water conservation. Sub metering will also improve sewer billing equity for multifamily residents and commercial condominium customers.



Subject: Sanitary Sewer Rate Study

Customers that want to have unit-specific property tax bills would need to satisfy all the sewer sub metering requirements:

- Customers must have an existing assessor's parcel number (APN) associated with it. If a sub meter does not have an APN, only the property owner will receive a charge from the City.
- Monthly water consumption data for each submetered unit for the entire prior calendar year is required to apply sub metered sewer charges to each dwelling unit's bill.
- Sub metering service providers must submit data to the City no later than March 15th each year.
- All condominiums, apartments or otherwise individual units served by one master meter should be sub metered (i.e. there should not be a mixture of units that are metered and not metered).
- Water consumption data reported for all sub meters must equal master meter water consumption for the same time period. The City is not responsible for reconciliation of water consumption data for sub metered units.
- Sub meters shall be inspected, tested, and verified for commercial purposes pursuant to all California state laws.

The Financial Commission approve the sewer rate study report prepared by NBS at their February 15, 2018 meeting.

Options

- 1) Approve the Sewer Rate Study Report prepared by NBS.

Advantages: Rate increases per year will be 2.5% the first year and 3% the four following years. The sewer fund will use some existing reserves to fund annual capital improvement projects through year 5 of the rate study when goal reserves are met.

Disadvantages: None

- 2) Don't approve the Sewer Rate Study Report prepared by NBS.

Advantages: Sewer rates for FY 2018/19 would remain unchanged.



Subject: Sanitary Sewer Rate Study

Disadvantages: While reserves would allow the City to continue to operate the sanitary system program in the short term, eventually, greater rate increases would be needed to ensure financial stability within the sewer fund.

Recommendation

The staff recommends Option 1.



Los
Altos

CITY OF LOS ALTOS

Report for:

Sewer Rate Study

February 27, 2018

OFFICE LOCATIONS:

Temecula – Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

San Francisco – Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102

California Satellite Offices
Atascadero, Davis
Huntington Beach,
Joshua Tree, Riverside
Sacramento, San Jose

www.nbsgov.com

Prepared by:



ATTACHMENT 1

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Section 1. EXECUTIVE SUMMARY

Background

The City of Los Altos has a sewer collection system that serves the residents and business within the City, as well as a portion of the Town of Los Altos Hills. The sewer collection system has 140 miles of pipes; wastewater is then conveyed via a sewer trunk line to the Palo Alto Regional Water Quality Control Plant (RWQCP) for treatment. The City is one of several partner agencies that send wastewater to the RWQCP for treatment and disposal.

Purpose

The City of Los Altos (City) retained NBS in 2017 to perform a comprehensive sewer rate study for a number of reasons, including developing rates that support the sewer utility's long-term financial health, reflect the cost of providing service to each customer class, and are defensible and equitable. This report is provided in part to assist the City in its effort to communicate transparently with the residents and businesses it serves.

In developing new sewer rates, NBS worked cooperatively with City staff in selecting appropriate rate alternatives. Based on input from City staff, the proposed rates are summarized in this study.

Key Findings

REVENUE REQUIREMENTS

As a part of this rate study, NBS projected revenues and expenditures on a cash flow basis for the next twenty years. Ongoing rehabilitation and replacement projects are expected to draw down existing reserves. Capital and operational reserve funding targets incorporated input from City staff and are intended to meet the utility's specific financial objectives. The amount of rate revenue required, that will allow reserves to be maintained at the recommended levels, is known as the *net revenue requirement*.

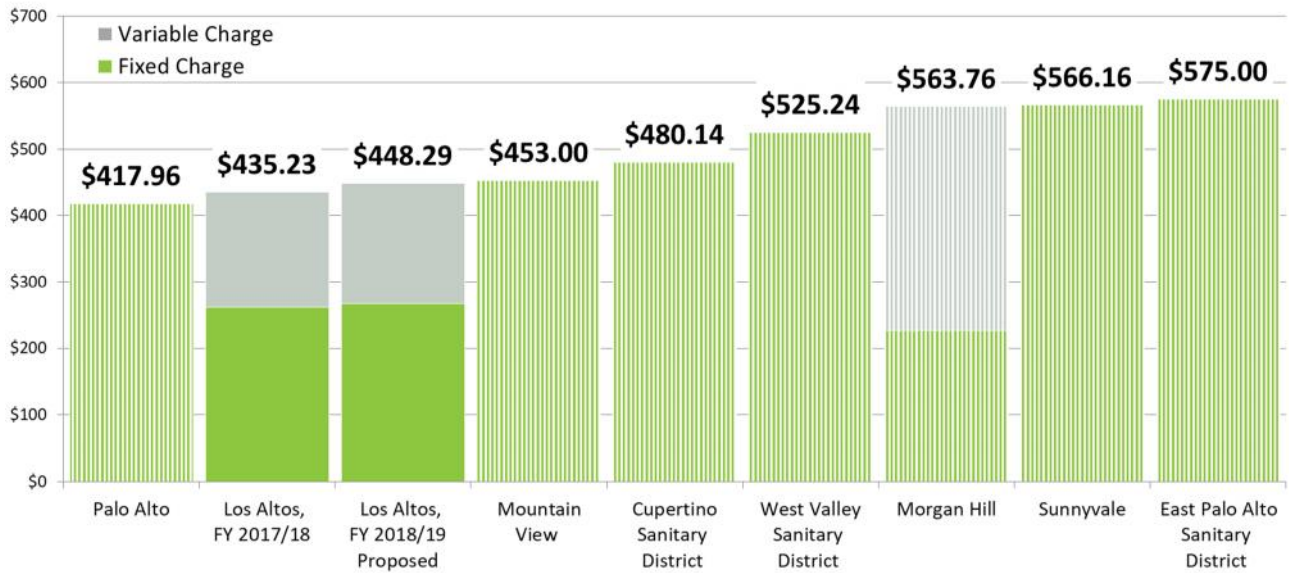
To keep meeting net revenue requirements, moderate rate adjustments – or more accurately, adjustments in the total revenue collected from rates – are recommended over the next five years.

SEWER RATES

The current sewer rate design includes an annual fixed service charge per equivalent dwelling unit (EDU) and a single volumetric rate based on average winter water consumption. After thorough discussion and review of rate alternatives, City staff decided to maintain the existing rate structure.

Figure 1 below shows the estimated annual sewer bill for a typical single-family customer in the City compared to annual bills in other nearby communities. Even after rates are adjusted, residential customer bills in Los Altos still compare favorably with other communities in the region. Many of these other communities may have, or may currently be going through a rate study process; and as such, sewer rates in these communities may be higher in the future.

FIGURE 1. REGIONAL SEWER BILL COMPARISON FOR SFR CUSTOMERS



Sewer rate calculation assumes a winter-based average consumption of 84 HCF Annually

FIXED CHARGES

Fixed charges can be called base charges, minimum charges, etc. Although fixed charges are typically a significant percentage of a utility’s overall costs, utilities rarely collect 100 percent of their fixed costs through fixed charges. In general, customers prefer that charges include a volumetric component, as there is an inherent and widely recognized equity in a “pay-for-what-you-use” philosophy. Fixed charges are often charged on a per equivalent dwelling unit (EDU), or per account basis.

VARIABLE CHARGES

In contrast, variable costs such as the cost of electricity and chemicals used in the treatment facilities tend to change with the quantity of wastewater treated. For sewer utilities, variable charges are often based on winter water consumption and charged on a dollar-per-unit cost (per 100 cubic feet, or hcf, in the City’s case). Variable sewer rate structures typically include one rate (\$/hcf); sometimes variable rates are specific to customer classes (i.e. residential, commercial, etc.). The intent with a rate structure that varies by customer class is to reflect the cost of service differences between customer classes in rates, with respect to the amount of wastewater treated (flow based costs) as well as the costs of treating the level of sewer “strength” (i.e., the amount of chemical oxygen demand (COD) and total suspended solids (TSS) components). The cost per unit does not change with consumption, and provides a simple and straightforward approach from the perspective of customer understanding, rate administration, and customer billing.

Study Recommendations

NBS recommends the City take the following actions:

- ▮ Adopt the long-range financial plan presented in this report.
- ▮ Adopt the recommended reserve fund target balances.
- ▮ Adopt the proposed sewer rates.
- ▮ Conduct a legal review of the rate study.
- ▮ Proceed with Prop 218 noticing requirements and 45-day protest period.
- ▮ Assuming a successful Prop 218 process (that is, there is no majority protest of the rates), adopt the rates summarized in this report.

Section 2. SEWER RATE STUDY

Key Sewer Rate Study Issues

The sewer rate study was undertaken with the goal of maintaining the strong financial health of the City's sewer utility. Additional study goals included reviewing the existing sewer rate structure and developing rate alternatives that promote equity among customer classes. The City has had various types of sewer rates over the last two decades – 100% fixed, 100% volumetric, and now a combination of the two.

NBS developed several rate alternatives as requested by City staff over the course of this study, although staff chose to maintain the existing rate structure. All rate alternatives developed in this study relied on industry standard cost of service principles. The fixed and variable charges were developed based on the net revenue requirements, number of customer accounts and EDU's, water consumption and other City'-provided information. Detailed tables showing the systematic development of the analysis are presented in Appendix B – Sewer Rate Study Summary Tables.

Financial Plan

To identify the sewer utility's long-term financial needs, including funding for capital improvement projects, NBS developed a 20-year financial plan that forecasts sewer revenues, expenditures, and projected reserves. This plan is based on the City's current operating budget for the utility, discussions with City staff, and related information such as capital improvement plans and financial statements.

KEY ASSUMPTIONS

The following are the key assumptions used in the rate analysis:

- ▮ **Funding Capital Projects** – The analysis assumes that capital project costs will be funded with reserves over the next five years.
- ▮ **Reserve Targets** – NBS has developed reserve targets that are based on the City's specific needs and accommodate the timing of annual billing on the tax roll.
- ▮ **Inflation and Growth Projections** – The following inflation factors were applied to revenues and expenditures in the analysis:
 - ▮ General inflation is 3.0 percent annually.
 - ▮ Labor cost inflation is 4.0 percent annually.
 - ▮ PERS Obligation inflation is 22.35 percent in FY 2018/19 and decreases to 11.5 percent by FY 2022/23. Long-term inflation is held at 5.57 percent per year.
 - ▮ Energy cost inflation is 5.0 percent annually.
 - ▮ Palo Alto RWQCP cost inflation is approximately 4.0 percent annually (ranges from 3.64-4.06 percent).
 - ▮ No customer growth is anticipated.

The City of Palo Alto also provided a 10-year projection of costs for the Regional Water Quality Control Plant (RWQCP). The RWQCP cost projection includes the City's share of annual operating costs, debt service payments and capital improvement costs. RWQCP costs are allocated to the City of Los Altos based

on annual metered flow sent to the treatment plant; typically, the City represents around 10 percent of total RWQCP flows.

KEY OBJECTIVES

This financial plan addresses three primary objectives:

- 1. Meeting Operating Costs:** The sewer utility must generate enough revenue to cover the expenses of sewer operations, including: administration, maintenance of the collection system, and RWQCP treatment costs. Operating costs are approximately \$3.6 million in FY 2018/19.
- 2. Meeting Capital Improvement Costs:** The sewer utility plans to adequately fund necessary capital improvements, which includes roughly \$16.9 million in planned capital improvements for the current fiscal year through the end of FY 2022/23.
- 3. Maintaining Reserve Funds:** Currently, the sewer utility's reserves are higher than target levels. Recommended rate adjustments will help maintain healthy unrestricted and restricted reserve fund balances over the next ten years. After discussions with City staff, the following reserve targets were established for this analysis:
 - N Operating Reserve** equal to about 50 percent of the utility's budgeted annual operating expenses. This reserve target is equal to a six-month (or 180-day) cash cushion for normal operations. In FY 2018/19 the operating reserve target is \$1.8 million. This reserve is intended to ensure financial stability in the event of any short-term fluctuation in revenues and/or expenditures. Also of note, since the City collects sewer rates on the tax roll (and not on a monthly billing cycle), a higher reserve fund level will help carry the utility through semi-annual payments from Santa Clara County.
 - N Capital Rehabilitation and Replacement (R&R) Reserve** equal to average annual capital expenditures serves as a starting point for supporting long-term capital needs. For FY 2018/19, this reserve target is \$2.3 million. The primary purpose of a capital reserves is to set aside a cash resource to address long-term capital rehabilitation and replacement needs.
 - N City of Palo Alto RWQCP Reserve** is a new, recommended reserve target intended to accumulate funds equal to one year of CIP costs that the City pays to Palo Alto (for RWQCP costs). Target reserve level is initially set at \$300,000.
 - N Debt Reserves** for the sewer utility's existing debt obligations has a target level of \$462,000 in FY 2018/19 and increases to approximately \$570,000 by FY 2019/20. The City does not have any direct debt issuances; debt service obligations are through the City's partnership with Palo Alto's RWQCP. Debt reserves increase in anticipation of new bonds being issued for projects at the RWQCP. Debt reserve funds are typically considered restricted funds.

Figure 2 summarizes the sources and uses of funds and net revenue requirements for the next five years. Figure 3 summarizes the utility's projected reserve funds and target balances for the next five years.

FIGURE 2. SUMMARY OF SEWER REVENUE REQUIREMENTS

Summary of Sources and Uses of Funds and Net Revenue Requirements	Budget	Projected				
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Sources of Wastewater Funds						
Rate Revenue Under Prevailing Rates	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
Additional Revenue from Rate Increases (1)	-	150,000	334,500	524,535	720,271	921,879
Sewer Service Charge not on Tax Roll	400,000	400,000	400,000	400,000	400,000	400,000
Non-Rate Revenues	52,100	31,835	43,216	60,539	79,377	96,888
Total Sources of Funds	\$ 6,452,100	\$ 6,581,835	\$ 6,777,716	\$ 6,985,074	\$ 7,199,648	\$ 7,418,767
Uses of Wastewater Funds						
Operating Expenses	\$ 3,606,883	\$ 3,619,614	\$ 3,771,246	\$ 3,918,434	\$ 4,084,011	\$ 4,254,008
Debt Service	126,204	245,630	452,269	465,652	470,458	470,650
Rate-Funded Capital Expenses	-	-	-	-	-	-
Total Use of Funds	\$ 3,733,087	\$ 3,865,244	\$ 4,223,515	\$ 4,384,086	\$ 4,554,469	\$ 4,724,658
Projected Annual Rate Increase	0.00%	2.50%	3.00%	3.00%	3.00%	3.00%
Cumulative Rate Increases	0.00%	2.50%	5.58%	8.74%	12.00%	15.36%
Rate Revenue with Annual Rate Increase(s)	\$ 6,000,000	\$ 6,150,000	\$ 6,334,500	\$ 6,524,535	\$ 6,720,271	\$ 6,921,879
Surplus (Deficiency) before Rate Increase	2,719,013	2,716,590	2,554,202	2,600,988	2,645,179	2,694,109
Surplus (Deficiency) after Rate Increase	2,719,013	2,866,590	2,888,702	3,125,523	3,365,450	3,615,988
Net Revenue Requirement (2)	\$ 3,280,987	\$ 3,433,410	\$ 3,780,298	\$ 3,923,547	\$ 4,075,092	\$ 4,227,771

1. Assumes new rates are implemented July 1, 2018.

2. Total Use of Funds less non-rate revenues. This is the annual amount needed from wastewater rates.

FIGURE 3. SUMMARY OF SEWER RESERVE FUNDS

Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget	Projected				
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Un-Restricted Reserves						
Operating Reserve						
Ending Balance	\$ 1,803,400	\$ 1,809,800	\$ 1,885,600	\$ 1,959,200	\$ 2,042,000	\$ 2,127,000
Recommended Minimum Target	\$ 1,803,400	\$ 1,809,800	\$ 1,885,600	\$ 1,959,200	\$ 2,042,000	\$ 2,127,000
Capital Rehabilitation & Replacement Reserve						
Ending Balance	\$ 7,370,829	\$ 6,833,467	\$ 6,186,286	\$ 5,978,465	\$ 5,709,024	\$ 5,335,105
Recommended Minimum Target	\$ 2,300,000	\$ 2,370,000	\$ 2,440,000	\$ 2,510,000	\$ 2,590,000	\$ 2,670,000
City of Palo Alto RWQCP R&R Reserve						
Ending Balance	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 310,000	\$ 320,000
Recommended Minimum Target	\$ 300,000	\$ 290,000	\$ 290,000	\$ 300,000	\$ 310,000	\$ 320,000
Restricted Reserves						
Debt Reserve						
Ending Balance	\$ 126,850	\$ 462,690	\$ 568,436	\$ 568,436	\$ 568,272	\$ 568,272
Recommended Minimum Target	\$ 126,411	\$ 462,690	\$ 568,436	\$ 568,436	\$ 568,272	\$ 568,272
Total Ending Balance	\$ 9,601,078	\$ 9,405,958	\$ 8,940,321	\$ 8,806,100	\$ 8,629,296	\$ 8,350,377
Recommended Minimum Target	\$ 4,529,811	\$ 4,932,490	\$ 5,184,036	\$ 5,337,636	\$ 5,510,272	\$ 5,685,272

A summary of the entire 20-year financial plan, showing revenue requirements, revenues, and recommended rate increases is presented in Appendix B, along with a summary of the City's capital improvement program.

Cost-of-Service Summary

Once the revenue requirements are determined, the cost-of-service analysis distributes the revenue requirements to cost classification components. These include the estimated amount of effluent (flow or volume), effluent strengths (COD and TSS), and customer-related costs (e.g., billing and administrative costs). Figure 4 shows the net revenue requirements of \$6,150,000 to be collected from sewer rates.

FIGURE 4. RATE REVENUE REQUIREMENTS BY COST CLASSIFICATION

Cost Classification Components	Volume	Treatment		Customer Related	Cost-of-Service Net Revenue Requirement
		COD	TSS		
Net Revenue Requirements	\$ 4,272,233	\$ 864,045	\$ 864,045	\$ 149,676	\$ 6,150,000
<i>% of Net Revenue Requirements</i>	<i>69.5%</i>	<i>14.0%</i>	<i>14.0%</i>	<i>2.4%</i>	<i>100.0%</i>

Actual sewer flow data from 2016 and 2017 was used in the Study. The City uses average winter water consumption from the previous calendar year (lowest water consumption for three months) to estimate annual sewer usage¹.

Figure 5 shows winter-average flow by customer class. The City’s sewer customer classes are represented by the following types of customers: residential, multi-family residential, commercial, and public/institutional.

FIGURE 5. SUMMARY OF ESTIMATED FLOW TO TREATMENT PLANT

Customer Class	Number of Accounts	Annual Winter-Average Based Volume (HCF)	Percentage of Adjusted Volume
Residential			
Single Family Home	10,330	893,765	78.3%
Multifamily Residence (2 units)	65	7,884	0.7%
Multifamily Residence (3-4 units) & Multifamily Residence (5+ units)	35	21,748	1.9%
Condominium Unit	1,029	52,954	4.6%
Commercial	490	135,753	11.9%
Public/Institutional	45	30,028	2.6%
Grand Total:	11,994	1,142,132	100.0%

1. Data Source: Los Altos Combined Levy data 1516 to 1718.xlsx;
Restaurant information: March 2017.xlsx and April and May 2-17.xlsx FOG reports.

Figure 6 compares the total number of accounts and equivalent dwelling units (EDUs) by customer class. EDUs are assigned to customers based on average winter water consumption. Typically, a single-family residential customer represents one EDU. Multi-family residential customers are assigned one EDU per unit (i.e. a triplex would be equal to three EDUs). Commercial customer EDUs are recalculated annually based on water consumption².

¹ The City bills sewer usage on a per unit basis; one estimated sewer unit is equal to 748 gallons or one (1) hundred cubic feet (hcf).

² See City of Los Altos Ordinance No. 2013-394; Section 10.12.140, Estimation of Sewer Use.

FIGURE 6. SUMMARY OF SEWER CUSTOMER ACCOUNTS AND EQUIVALENT DWELLING UNITS (EDU'S)

Customer Class	Number of Accounts (1)	Percent of Total	Number of Equivalent Dwelling Units (1)	Percent of Total
Residential				
Single Family Home	10,330	86.1%	10,330	74.9%
Multifamily Residence (2 units)	65	0.5%	130	0.9%
Multifamily Residence (3-4 units) & Multifamily Residence (5+ units)	35	0.3%	554	4.0%
Condominium Unit	1,029	8.6%	1,029	7.5%
Commercial	490	4.1%	1,464	10.6%
Public/Institutional	45	0.4%	277	2.0%
Total:	11,994	100%	13,785	100%
Vacant	15	0.00%	-	0.00%
N/A	3	0.00%	-	0.00%
Grand Total:	12,012	0.00%	13,785	0.00%

1. Data Source: Los Altos Combined Levy data 1516 to 1718.xlsx.

Fixed and Variable Charges

The City's sewer rates consist of a fixed annual base charge per equivalent dwelling unit (EDU), and a volumetric rate for all water consumed. Water consumption charges are based on average winter water use from the prior year (using the three wettest months)³.

The existing rate structure collects 40 percent of revenue from volumetric charges and 60 percent of revenue from fixed charges; City Staff has decided to maintain this revenue allocation in the proposed rates. Figure 7 calculates the fixed charge per EDU; and Figure 8 calculates the volumetric charge per HCF. Figure 9 shows the current and proposed sewer rates through FY 2022/23.

FIGURE 7. SEWER RATE CALCULATION FOR FY 2018/19 – FIXED CHARGES

Fixed Charges (per EDU)	Total Revenue Requirements	Percent of Total Rev. Req't. to be Collected from Fixed Charges	Amount to be Collected from Fixed Charges	Number of Equivalent Dwelling Units	Rate per EDU
	A	B	C = A * B	D	E = C / D
All Customers	\$6,150,000	60%	\$3,690,000	13,785	\$267.69

FIGURE 8. SEWER RATE CALCULATION FOR FY 2018/19 – VOLUMETRIC CHARGES

Volumetric Charges (per HCF)	Total Revenue Requirements	Percent of Total Rev. Req't. to be Collected from Volumetric Charges	Amount to be Collected from Volumetric Charges	Annual Billable Volume (hcf)	Rate per HCF
	F	G = 1 - B	H = F * G	I	J = H / I
All Customers	\$6,150,000	40%	\$2,460,000	1,142,132	\$2.15

³ Average winter consumption is recalculated each year using the most recent winter water consumption.

FIGURE 9. CURRENT (FY 2017/18) AND PROPOSED SEWER RATES (FY 2018/19 – FY 2022/23)

Sewer Rate Schedule	Current Rates	Proposed Yearly Sewer Rates				
		Year 1	Year 2	Year 3	Year 4	Year 5
		FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Annual Fixed Service Charge per EDU	\$261.35	\$267.69	\$275.72	\$283.99	\$292.51	\$301.29
Volumetric Rate (\$/hcf) (1, 2)	\$2.07	\$2.15	\$2.21	\$2.28	\$2.35	\$2.42

1. One Unit is equal to one HCF (Hundred Cubic Feet) or 748 gallons.

2. Rates are charged based on average winter water consumption (three lowest months from previous year).

Customer Bill Comparisons

RESIDENTIAL SEWER CUSTOMERS

Figure 10 compares typical single-family annual sewer bills over the next five years, under the current and proposed rates. Similarly, Figure 11 compares typical multi-family annual sewer bills over the next five years, under the current and proposed rates.

FIGURE 10. ANNUAL SINGLE-FAMILY SEWER BILL COMPARISON

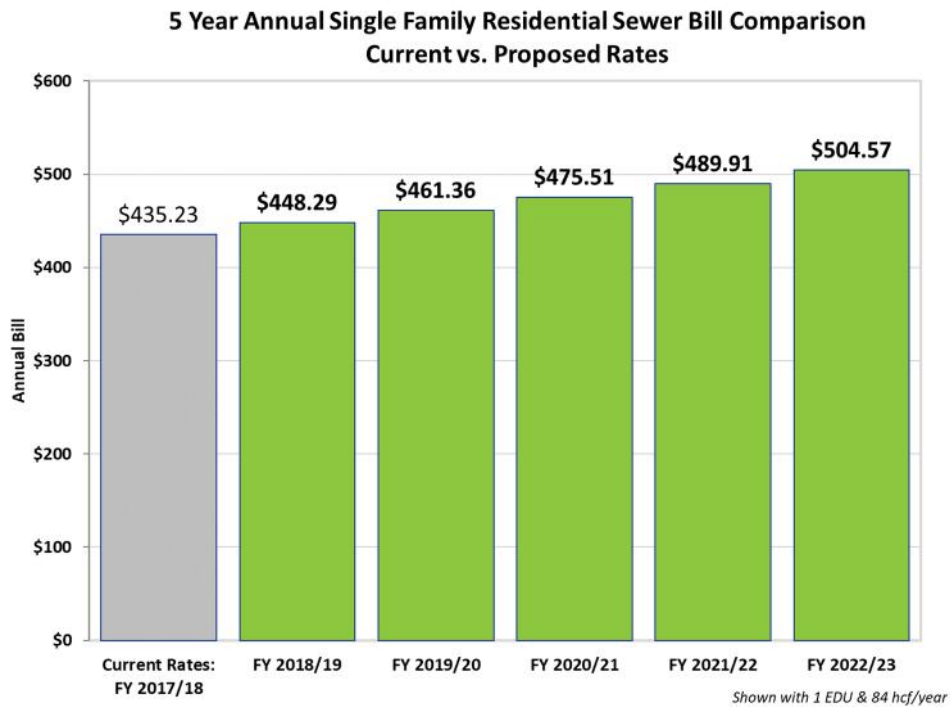
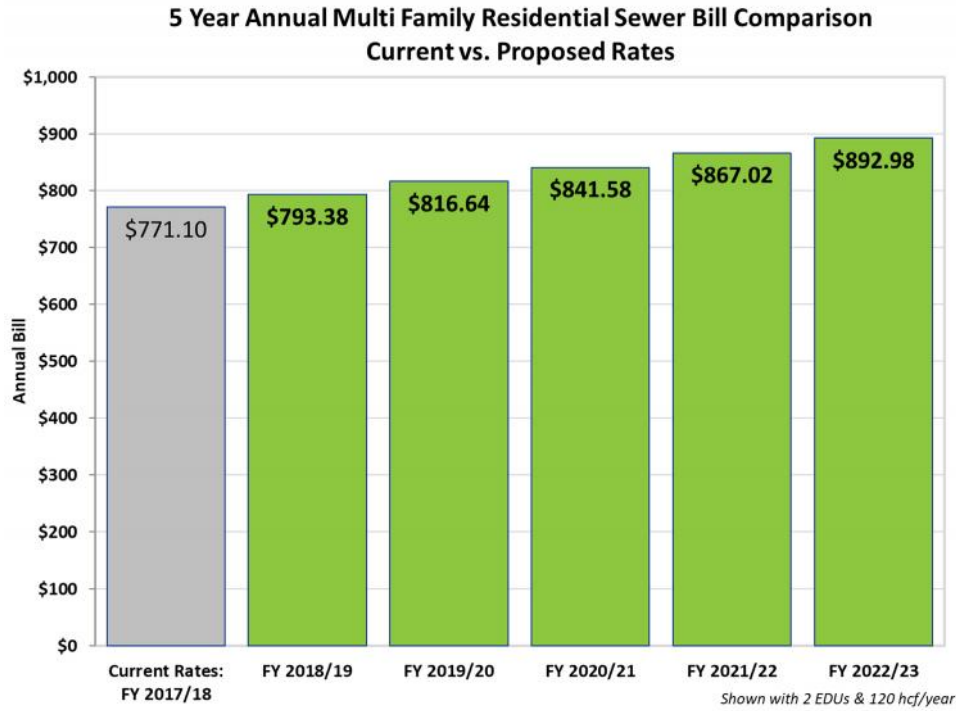


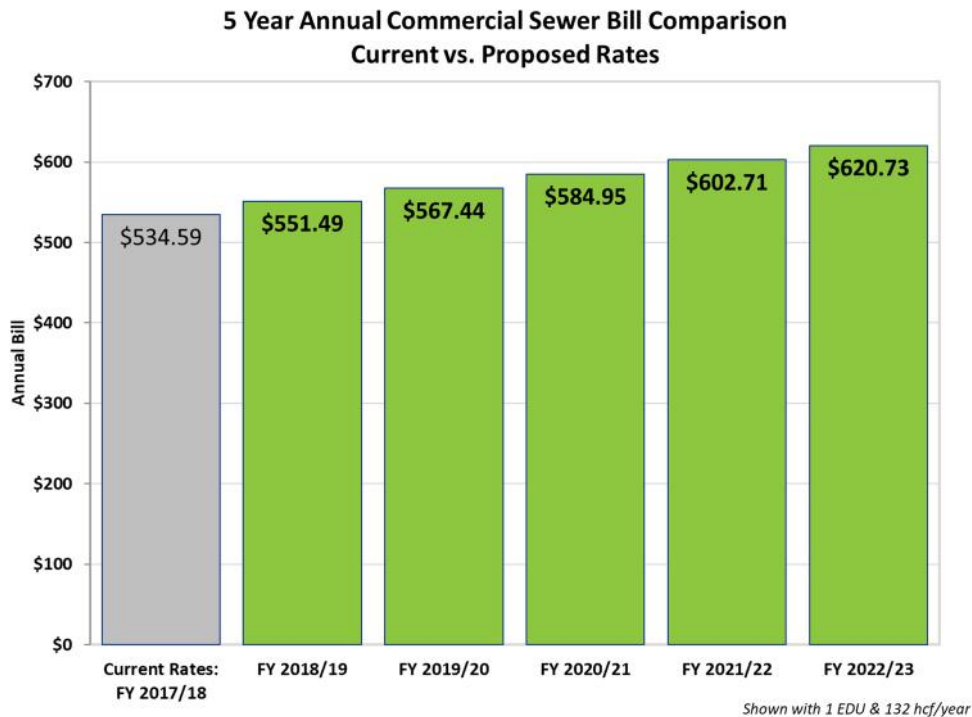
FIGURE 11. ANNUAL MULTI-FAMILY SEWER BILL COMPARISON (2 UNITS)



COMMERCIAL SEWER CUSTOMERS

Figure 12 compares typical commercial annual sewer bills over the next five years, under the current and proposed rates.

FIGURE 12. ANNUAL COMMERCIAL SEWER BILL COMPARISON



Section 3. NEXT STEPS

Next Steps

A public hearing and protest balloting process are the next steps required to adopt new sewer rates. As a part of this process, NBS recommends the City take the following actions:

- ▮ **Approve and Accept This Study Report:** NBS recommends the City Council formally approve and adopt this report and its recommendations. This will provide the documentation and administrative record necessary to adopt and implement the proposed sewer rates.
- ▮ **Implement Proposed Rates:** Based on successfully meeting the Proposition 218 balloting requirements, the City Council should proceed with implementing the rates proposed in this report for the next five years (see Figure 9). These rates are intended to ensure the continued financial health of the City's sewer utility.
- ▮ **Further Evaluate the Cost of Service for Each Customer Class:** NBS recommends that the City take the steps necessary to implement full cost of service based sewer rates at a later date, that reflect the cost of providing sewer collection and treatment services to various customer classes. This process would include developing a rate structure that varies by customer class.

ANNUALLY REVIEW RATES AND REVENUE

Any time an agency adopts new utility rates, particularly when facing significant future capital costs, those new rates should be closely monitored over the next several years to ensure the revenue generated is sufficient to meet the annual revenue requirements. Changing economic and water consumption patterns underscore the need for this review, as well as potential and unseen changing revenue requirements, particularly those related to capital improvement and repair and replacement costs that can significantly affect annual cash flows.

PRINCIPAL ASSUMPTIONS AND CONSIDERATIONS

In preparing this report and the recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, including the City's utility budgets, capital improvement plans, the number of customer accounts, water consumption records, and other conditions and events projected to occur in the future. This information and these assumptions were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report and its recommendations, some assumptions will invariably not materialize as stated herein or may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

Section 4. APPENDIX A – ABBREVIATIONS & ACRONYMS⁴

AAF	Average Annual Flow
Alt.	Alternative
Avg.	Average
AWWA	American Water Works Association
BMP	Best Management Practice
BOD	Biochemical Oxygen Demand
CA	Customer
CAP	Capacity
CCI	Construction Cost Index
COD	Chemical Oxygen Demand
COM	Commodity
Comm.	Commercial
COS	Cost of Service
COSA	Cost of Service Analysis
CPI	Consumer Price Index
CIP	Capital Improvement Program
DU	Dwelling Unit
Excl.	Exclude
ENR	Engineering News Record
EDU	Equivalent Dwelling Unit
Exp.	Expense
FY	Fiscal Year (e.g., July 1st to June 30th)
FY 2017/18	July 1, 2017 through June 30, 2018
GPD	Gallons per Day
GPM	Gallons per Minute
HCF	Hundred Cubic Feet; equal to 748 gallons or 1 CCF
Ind.	Industrial
LAIF	Local Agency Investment Fund
Lbs.	Pounds
MFR	Multi-Family Residential
MGD	Million Gallons per Day
MG/L	Milligrams per Liter
Mo.	Month
Muni.	Municipal
NH ₃	Ammonia
N/A	Not Available or Not Applicable
O&M	Operational & Maintenance Expenses
Prop 13	Proposition 13 (1978) – Article XIII A of the California Constitution which limits taxes on real property to 1 percent of the full cash value of such property.
Prop 218	Proposition 218 (1996) – State Constitutional amendment expanded restrictions of local government revenue collections.
Req't	Requirement
Res.	Residential
Rev.	Revenue
R&R	Rehabilitation & Replacement
SFR	Single Family Residential
TSS / SS	Total Suspended Solids
V. / Vs. /vs.	Versus
WWTP	Waste Water Treatment Plant

4 This appendix identifies abbreviations and acronyms that may be used in this report. This appendix has not been viewed, arranged, or edited by an attorney, nor should it be relied on as legal advice. The intent of this appendix is to support the recognition and analysis of this report. Any questions regarding clarification of this document should be directed to staff or an attorney specializing in this particular subject matter.

Section 5. **APPENDIX B – SEWER RATE STUDY SUMMARY TABLES**

TABLE 1
FINANCIAL PLAN AND SUMMARY OF REVENUE REQUIREMENTS

RATE REVENUE REQUIREMENTS SUMMARY	Budget	Projected					Projected				
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Sources of Funds (Sewer Revenues) (1)											
<i>Rate Revenue:</i>											
Sewer Service Charge on Tax Roll	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Revenue from Rate Increases (2)	-	150,000	334,500	524,535	720,271	921,879	1,198,754	1,486,705	1,786,173	2,097,620	2,421,524
Subtotal: Rate Revenue After Rate Increases	6,000,000	6,150,000	6,334,500	6,524,535	6,720,271	6,921,879	7,198,754	7,486,705	7,786,173	8,097,620	8,421,524
<i>Non-Rate Revenue:</i>											
Sewer Service Charge not on Tax Roll	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Other Revenues	16,000	-	-	-	-	-	-	-	-	-	-
Interest Income (3)	36,100	31,835	44,012	61,733	80,968	98,877	114,319	128,880	143,822	139,573	135,879
Subtotal: Rate Revenue After Rate Increases	452,100	431,835	444,012	461,733	480,968	498,877	514,319	528,880	543,822	539,573	535,879
Total Sources of Funds	\$ 6,452,100	\$ 6,581,835	\$ 6,778,512	\$ 6,986,268	\$ 7,201,239	\$ 7,420,756	\$ 7,713,073	\$ 8,015,584	\$ 8,329,995	\$ 8,637,193	\$ 8,957,403
Uses of Funds											
<i>Operating Expenses (4):</i>											
Salaries and Benefits	\$ 783,446	\$ 824,767	\$ 869,114	\$ 911,457	\$ 958,061	\$ 1,004,269	\$ 1,048,014	\$ 1,091,881	\$ 1,137,613	\$ 1,185,288	\$ 1,234,992
Utilities	56,100	57,983	59,932	61,951	64,041	66,205	68,447	70,768	73,173	75,663	78,243
Repair and Services	241,693	250,381	259,387	268,722	278,400	288,433	298,835	309,618	320,797	332,388	344,404
Equipment	76,000	78,280	80,628	83,047	85,539	88,105	90,748	93,470	96,275	99,163	102,138
City of Palo Alto RWQCP O&M	2,449,644	2,408,203	2,502,184	2,593,257	2,697,970	2,806,996	2,920,636	3,039,090	3,162,459	3,291,044	3,422,072
Subtotal: Operating Expenses	\$ 3,606,883	\$ 3,619,614	\$ 3,771,246	\$ 3,918,434	\$ 4,084,011	\$ 4,254,008	\$ 4,426,679	\$ 4,604,828	\$ 4,790,316	\$ 4,983,546	\$ 5,181,850
<i>Other Expenditures:</i>											
Existing Debt Service - Palo Alto RWQCP	\$ 126,204	\$ 245,630	\$ 452,269	\$ 465,652	\$ 470,458	\$ 470,650	\$ 470,567	\$ 494,662	\$ 494,866	\$ 494,342	\$ 494,037
Existing Debt Service - City of Los Altos	-	-	-	-	-	-	-	-	-	-	-
Future Debt Service	-	-	-	-	-	-	-	-	-	-	-
Rate-Funded Capital Expenses	-	-	-	-	-	-	324,492	838,747	1,275,255	1,767,275	2,238,250
Subtotal: Other Expenditures	\$ 126,204	\$ 245,630	\$ 452,269	\$ 465,652	\$ 470,458	\$ 470,650	\$ 795,059	\$ 1,333,409	\$ 1,770,121	\$ 2,261,617	\$ 2,732,287
Total Uses of Sewer Funds	\$ 3,733,087	\$ 3,865,244	\$ 4,223,515	\$ 4,384,086	\$ 4,554,469	\$ 4,724,658	\$ 5,221,738	\$ 5,938,237	\$ 6,560,437	\$ 7,245,163	\$ 7,914,137
Annual Surplus/(Deficit)	\$ 2,719,013	\$ 2,716,590	\$ 2,554,997	\$ 2,602,182	\$ 2,646,770	\$ 2,696,098	\$ 2,491,335	\$ 2,077,347	\$ 1,769,558	\$ 1,392,030	\$ 1,043,267
Net Revenue Req't. <i>(Total Uses less Non-Rate Revenue)</i>	\$ 3,280,987	\$ 3,433,410	\$ 3,779,503	\$ 3,922,353	\$ 4,073,501	\$ 4,225,781	\$ 4,707,419	\$ 5,409,357	\$ 6,016,615	\$ 6,705,590	\$ 7,378,258
Total Rate Revenue After Rate Increases	\$ 6,000,000	\$ 6,150,000	\$ 6,334,500	\$ 6,524,535	\$ 6,720,271	\$ 6,921,879	\$ 7,198,754	\$ 7,486,705	\$ 7,786,173	\$ 8,097,620	\$ 8,421,524
Projected Annual Rate Revenue Increase	0.00%	2.50%	3.00%	3.00%	3.00%	3.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Cumulative Increase from Annual Revenue Increases	0.00%	2.50%	5.58%	8.74%	12.00%	15.36%	19.98%	24.78%	29.77%	34.96%	40.36%
Debt Coverage After Rate Increase	22.54	12.06	6.65	6.59	6.63	6.73	6.98	6.90	7.15	7.39	7.64

- Revenue are Budgeted for FY 2017/18.
- Revenue from rate increases assumes an implementation date of July 1, 2018 for new rates.
For each year thereafter, the assumption is that new rates will be implemented on July 1st. Rate revenue collected on property tax bills.
- Interest earnings beginning in FY 2018/19 are calculated based on historical LAIF returns.
- Operating Expenses for FY 2017/18 are Budget Expenses.

TABLE 2
RESERVE FUND SUMMARY

SUMMARY OF CASH ACTIVITY	Budget	Projected									
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Total Beginning Cash (1)	\$ 9,293,454										
Un-Restricted Reserves:											
Operating Reserve											
Beginning Reserve Balance (2)	\$ 1,803,400	\$ 1,803,400	\$ 1,809,800	\$ 1,885,600	\$ 1,959,200	\$ 2,042,000	\$ 2,127,000	\$ 2,213,300	\$ 2,302,400	\$ 2,395,200	\$ 2,491,800
Plus: Net Cash Flow (After Rate Increases)	2,719,013	2,716,590	2,554,997	2,602,182	2,646,770	2,696,098	2,491,335	2,077,347	1,769,558	1,392,030	1,043,267
Plus: Transfer of Debt Reserve Surplus	-	440	1,518	3,070	4,256	5,114	6,224	80,477	6,714	6,714	6,714
Plus: Transfer of Capital R&R Reserve Surplus	-	-	-	-	-	-	-	-	-	-	-
Less: Transfer Out to Debt Service Reserve	-	(176,687)	(105,745)	-	-	-	-	-	-	-	-
Less: Transfer Out to City of Palo Alto RWQCP R&R Reserve	-	-	-	-	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	-	(10,000)
Less: Transfer Out to Capital Replacement Reserve	(2,719,013)	(2,533,943)	(2,374,970)	(2,531,652)	(2,558,227)	(2,606,212)	(2,401,260)	(2,058,724)	(1,673,472)	(1,302,144)	(940,881)
Ending Operating Reserve Balance	\$ 1,803,400	\$ 1,809,800	\$ 1,885,600	\$ 1,959,200	\$ 2,042,000	\$ 2,127,000	\$ 2,213,300	\$ 2,302,400	\$ 2,395,200	\$ 2,491,800	\$ 2,590,900
Target Ending Balance (6 months of O&M)	\$ 1,803,400	\$ 1,809,800	\$ 1,885,600	\$ 1,959,200	\$ 2,042,000	\$ 2,127,000	\$ 2,213,300	\$ 2,302,400	\$ 2,395,200	\$ 2,491,800	\$ 2,590,900
Capital Rehabilitation & Replacement Reserve											
Beginning Reserve Balance (2)	\$ 7,063,643	\$ 7,370,829	\$ 6,992,621	\$ 6,345,439	\$ 6,137,618	\$ 5,868,177	\$ 5,494,258	\$ 5,151,260	\$ 4,888,724	\$ 4,583,472	\$ 4,302,144
Plus: Grant Proceeds	-	-	-	-	-	-	-	-	-	-	-
Plus: Transfer of Operating Reserve Surplus	2,719,013	2,533,943	2,374,970	2,531,652	2,558,227	2,606,212	2,401,260	2,058,724	1,673,472	1,302,144	940,881
Plus: Transfer of City of Palo Alto RWQCP R&R Reserve Surplus	-	-	-	-	-	-	-	-	-	-	-
Less: Transfer Out to Operating Replacement Reserve	-	-	-	-	-	-	-	-	-	-	-
Less: Transfer Out for Capital Projects	(2,411,827)	(2,912,151)	(3,022,151)	(2,739,473)	(2,827,667)	(2,980,131)	(2,744,258)	(2,321,260)	(1,978,724)	(1,583,472)	(1,212,144)
Ending Capital Rehab & Replacement Reserve Balance	\$ 7,370,829	\$ 6,992,621	\$ 6,345,439	\$ 6,137,618	\$ 5,868,177	\$ 5,494,258	\$ 5,151,260	\$ 4,888,724	\$ 4,583,472	\$ 4,302,144	\$ 4,030,881
Capital R&R Reserve (based on estimated annual CIP expenditure)	\$ 2,300,000	\$ 2,370,000	\$ 2,440,000	\$ 2,510,000	\$ 2,590,000	\$ 2,670,000	\$ 2,750,000	\$ 2,830,000	\$ 2,910,000	\$ 3,000,000	\$ 3,090,000
City of Palo Alto RWQCP R&R Reserve											
Beginning Reserve Balance (2)	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 310,000	\$ 320,000	\$ 330,000	\$ 340,000	\$ 350,000	\$ 350,000
Plus: Transfer of Operating Reserve Surplus	-	-	-	-	10,000	10,000	10,000	10,000	10,000	-	10,000
Less: Transfer Out for Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Ending Capital Rehab & Replacement Reserve Balance	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 310,000	\$ 320,000	\$ 330,000	\$ 340,000	\$ 350,000	\$ 350,000	\$ 360,000
RWQCP R&R Reserve (1 year CIP costs)	\$ 300,000	\$ 290,000	\$ 290,000	\$ 300,000	\$ 310,000	\$ 320,000	\$ 330,000	\$ 340,000	\$ 350,000	\$ 350,000	\$ 360,000
Ending Balance - Excl. Restricted Reserves	\$ 9,474,229	\$ 9,102,421	\$ 8,531,039	\$ 8,396,818	\$ 8,220,177	\$ 7,941,258	\$ 7,694,560	\$ 7,531,124	\$ 7,328,672	\$ 7,143,944	\$ 6,981,781
Min. Target Ending Balance -Excl. Restricted Reserves	\$ 4,403,400	\$ 4,469,800	\$ 4,615,600	\$ 4,769,200	\$ 4,942,000	\$ 5,117,000	\$ 5,293,300	\$ 5,472,400	\$ 5,655,200	\$ 5,841,800	\$ 6,040,900
Ending Surplus/(Deficit) Compared to Reserve Targets	\$ 5,070,829	\$ 4,632,621	\$ 3,915,439	\$ 3,627,618	\$ 3,278,177	\$ 2,824,258	\$ 2,401,260	\$ 2,058,724	\$ 1,673,472	\$ 1,302,144	\$ 940,881

TABLE 3
RESERVE FUND SUMMARY

SUMMARY OF CASH ACTIVITY	Budget	Projected									
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Restricted Reserves:											
Connection Fee Reserve											
Beginning Reserve Balance	\$ -	\$ 30,000	\$ 40,104	\$ 50,305	\$ 60,682	\$ 71,289	\$ 82,180	\$ 93,413	\$ 105,047	\$ 117,148	\$ 129,491
Plus: Interest Earnings	-	104	201	377	607	891	1,233	1,635	2,101	2,343	2,590
Plus: Connection Fee Revenue	30,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Less: Use of Reserves for Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Ending Connection Fee Fund Balance	\$ 30,000	\$ 40,104	\$ 50,305	\$ 60,682	\$ 71,289	\$ 82,180	\$ 93,413	\$ 105,047	\$ 117,148	\$ 129,491	\$ 142,081
Target Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Project Fund											
Beginning Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: SRF Loan Funding Proceeds	-	-	-	-	-	-	-	-	-	-	-
Plus: Revenue Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-
Less: Use of Bond & Loan Funds for Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Ending Bond Project Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Target Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Reserve											
Beginning Reserve Balance	\$ 126,411	\$ 126,850	\$ 303,537	\$ 409,282	\$ 409,282	\$ 409,119	\$ 409,119	\$ 409,031	\$ 335,713	\$ 335,713	\$ 335,713
Plus: Reserve Funding from Operating Reserve	-	176,687	105,745	-	-	-	-	-	-	-	-
Plus: Reserve Funding from Future Debt Obligations	-	-	-	-	-	-	-	-	-	-	-
Plus: Interest Earnings	439	440	1,518	3,070	4,093	5,114	6,137	7,158	6,714	6,714	6,714
Less: Transfer of Surplus to Operating Reserve	-	(440)	(1,518)	(3,070)	(4,256)	(5,114)	(6,224)	(80,477)	(6,714)	(6,714)	(6,714)
Ending Debt Reserve Balance	\$ 126,850	\$ 303,537	\$ 409,282	\$ 409,282	\$ 409,119	\$ 409,119	\$ 409,031	\$ 335,713	\$ 335,713	\$ 335,713	\$ 335,713
Target Ending Balance	\$ 126,411	\$ 303,537	\$ 409,282	\$ 409,282	\$ 409,119	\$ 409,119	\$ 409,031	\$ 335,713	\$ 335,713	\$ 335,713	\$ 335,713
Ending Balance - Restricted Reserves	\$ 156,850	\$ 343,641	\$ 459,587	\$ 469,964	\$ 480,408	\$ 491,299	\$ 502,444	\$ 440,760	\$ 452,861	\$ 465,204	\$ 477,794
Min. Target Ending Balance - Restricted Reserves	\$ 126,411	\$ 303,537	\$ 409,282	\$ 409,282	\$ 409,119	\$ 409,119	\$ 409,031	\$ 335,713	\$ 335,713	\$ 335,713	\$ 335,713
Ending Surplus/(Deficit) Compared to Reserve Targets	\$ 30,439	\$ 40,104	\$ 50,305	\$ 60,682	\$ 71,289	\$ 82,180	\$ 93,413	\$ 105,047	\$ 117,148	\$ 129,491	\$ 142,081
Annual Interest Earnings Rate (3)	0.35%	0.35%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.00%	2.00%

RESERVE FUND SUMMARY FOOTNOTES

- The beginning Cash balance is equal to the amount in the Sewer Fund, per the 2016 Audited Financial Statement (source: email sent August 31, 2017).
- NBS assumes total unrestricted cash of \$9,293,454 is first used to fully fund operating reserve. The remainder is placed in Capital Rehabilitation & Replacement Reserve and City of Palo Alto R&R Reserve.
- Historical interest earning rates were referenced on the California Treasurer's Office website for funds invested in LAIF. Future years earnings were conservatively estimated through 2022 and phase into the historical 10 year average interest earnings rate.

CHART 1

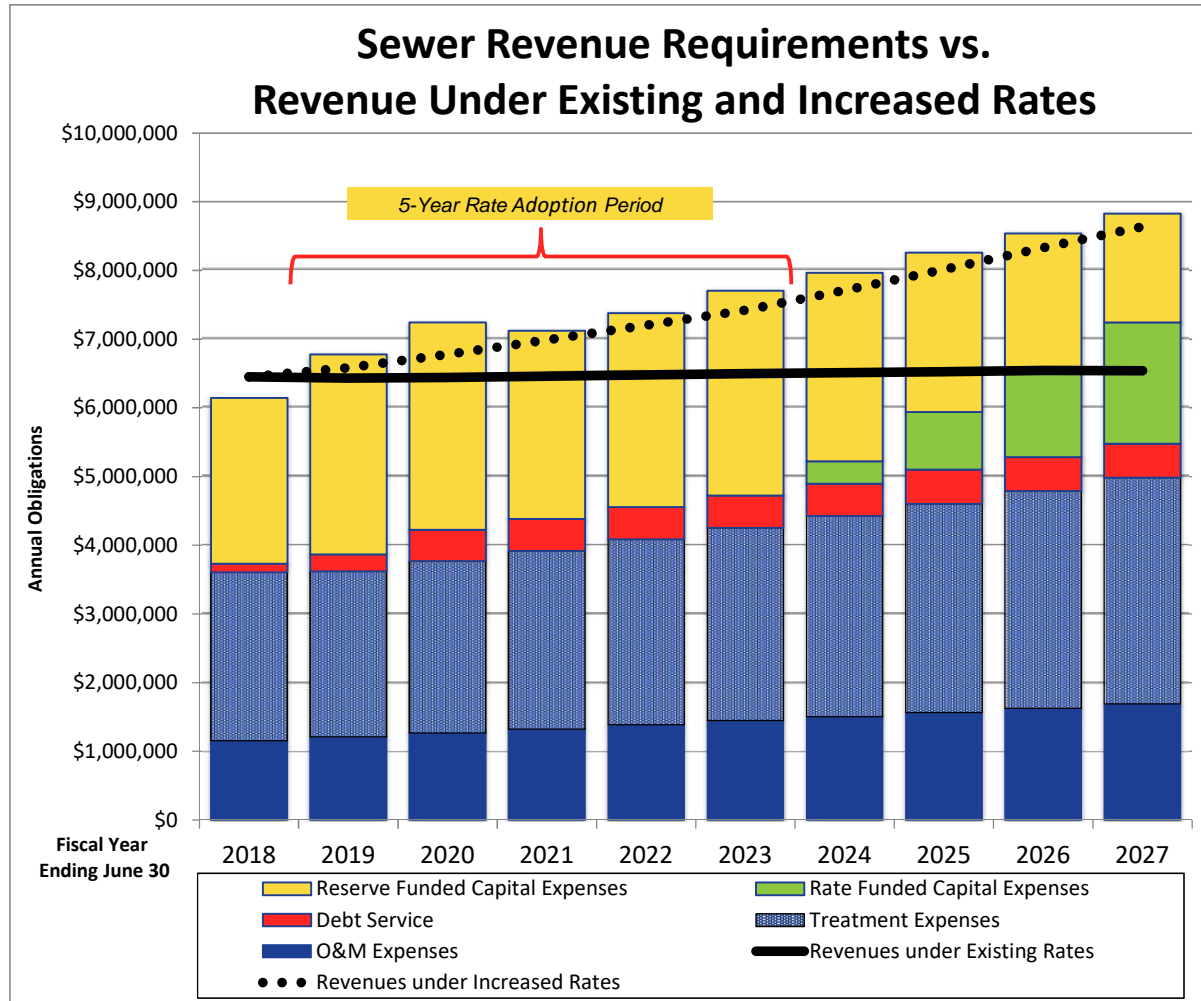


CHART 2

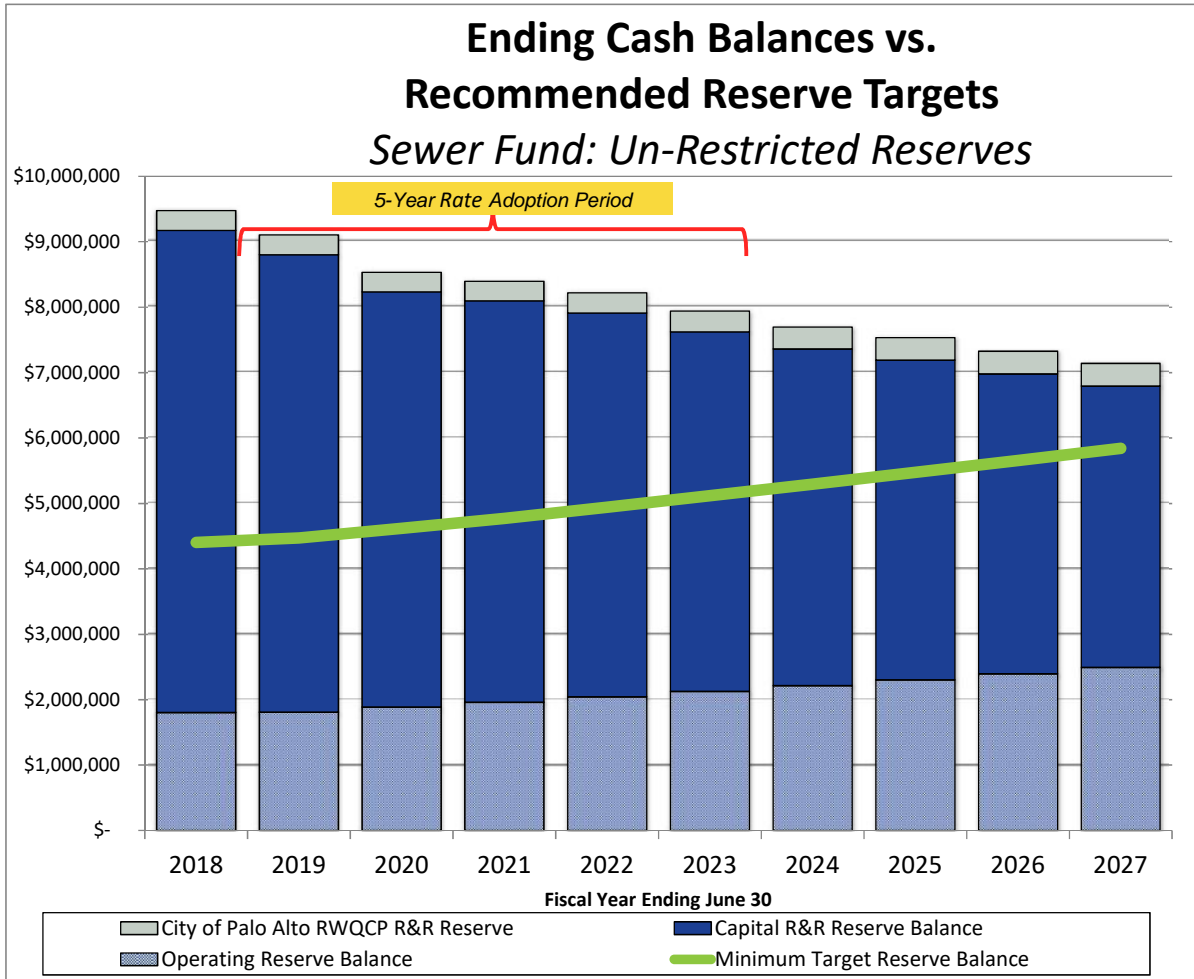
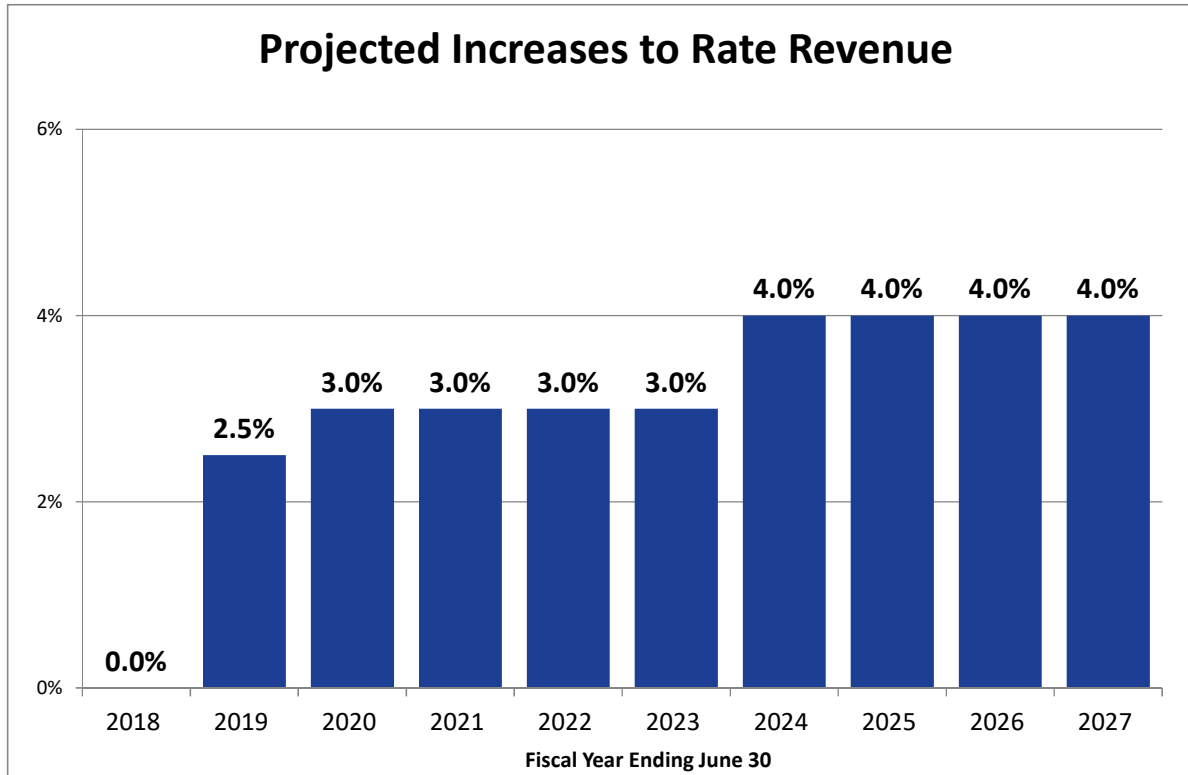


CHART 3



CITY OF LOS ALTOS
SEWER RATE STRUCTURE ANALYSIS
Operating Revenue and Expenses

EXHIBIT 1

TABLE 4
REVENUE FORECAST:

DESCRIPTION	Basis	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
SEWER REVENUE (1)											
Interest Income	8	\$ 36,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Portfolio Income	8	-	-	-	-	-	-	-	-	-	-
Unrealized Gain/Loss	8	-	-	-	-	-	-	-	-	-	-
Sewer Fees- Tax Roll	1	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Sewer Fees- Not on Tax Roll	1	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Sewer Connection Fees	1	30,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Misc. Sewer Fees	1	16,000	-	-	-	-	-	-	-	-	-
TOTAL: REVENUE		\$6,482,100	\$6,410,000	\$6,410,000	\$6,410,000	\$6,410,000	\$6,410,000	\$6,410,000	\$6,410,000	\$6,410,000	\$6,410,000

TABLE 5
REVENUE SUMMARY:

SEWER REVENUE (1)											
Sewer Service Charges		\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000
Sewer Service Charges - Not on Tax Roll		400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Sewer Connection Fee		30,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Interest Earnings		36,100	-	-	-	-	-	-	-	-	-
Other Revenues		16,000	-	-	-	-	-	-	-	-	-
TOTAL: REVENUE		\$6,482,100	\$6,410,000	\$6,410,000	\$6,410,000	\$6,410,000	\$6,410,000	\$6,410,000	\$6,410,000	\$6,410,000	\$6,410,000
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF LOS ALTOS
SEWER RATE STRUCTURE ANALYSIS
Operating Revenue and Expenses

EXHIBIT 1

TABLE 6
SEWER FUND OPERATING EXPENSE FORECAST (1):

DESCRIPTION	Basis	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Sewer System Maintenance											
Salaries and Benefits											
Salaries	3	\$ 461,440	\$ 479,898	\$ 499,094	\$ 519,057	\$ 539,820	\$ 561,412	\$ 583,869	\$ 607,224	\$ 631,513	\$ 656,773
Vacation/Sick Leave Payout	3	-	-	-	-	-	-	-	-	-	-
Overtime	3	53,000	55,120	57,325	59,618	62,003	64,483	67,062	69,744	72,534	75,436
Specialty Pay	3	-	-	-	-	-	-	-	-	-	-
Retirement	3	44,296	46,068	47,911	49,827	51,820	53,893	56,049	58,291	60,622	63,047
Pers Unfunded Liability	4	54,517	66,701	80,745	91,573	105,403	117,527	125,825	132,828	140,221	148,026
Dental Plan	3	5,400	5,616	5,841	6,074	6,317	6,570	6,833	7,106	7,390	7,686
Health Insurance	3	125,224	130,233	135,442	140,860	146,494	152,354	158,448	164,786	171,378	178,233
Uniforms	2	1,950	2,009	2,069	2,131	2,195	2,261	2,328	2,398	2,470	2,544
Life Insurance	3	1,967	2,046	2,128	2,213	2,301	2,393	2,489	2,588	2,692	2,800
Workers Comp Insurance	3	32,301	33,593	34,937	36,334	37,788	39,299	40,871	42,506	44,206	45,974
Medicare Tax	3	3,351	3,485	3,624	3,769	3,920	4,077	4,240	4,410	4,586	4,770
Utilities											
Utilities	5	10,000	10,500	11,025	11,576	12,155	12,763	13,401	14,071	14,775	15,513
Telephone	2	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,075	3,167	3,262
Radio & Radar	2	3,350	3,451	3,554	3,661	3,770	3,884	4,000	4,120	4,244	4,371
Teletype	2	-	-	-	-	-	-	-	-	-	-
Office Supplies	2	750	773	796	820	844	869	896	922	950	979
Postal Services	2	300	309	318	328	338	348	358	369	380	391
Mileage	7	2,200	2,266	2,334	2,404	2,476	2,550	2,627	2,706	2,787	2,871
Training and Meetings	2	7,000	7,210	7,426	7,649	7,879	8,115	8,358	8,609	8,867	9,133
Memberships	2	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
Gasoline & Oil	7	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
Repair and Services											
Vehicle Maintenance/Repair	2	26,000	26,780	27,583	28,411	29,263	30,141	31,045	31,977	32,936	33,924
Equipment Repairs	2	7,000	7,210	7,426	7,649	7,879	8,115	8,358	8,609	8,867	9,133
Building & Grounds	2	3,600	3,708	3,819	3,934	4,052	4,173	4,299	4,428	4,560	4,697
Rentals	2	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524
Special Departmental Supplies	2	56,223	57,910	59,647	61,437	63,280	65,178	67,133	69,147	71,222	73,359
Employee Recognition	2	180	185	191	197	203	209	215	221	228	235
Professional Services	3	1,300	1,352	1,406	1,462	1,521	1,582	1,645	1,711	1,779	1,850
Other Services	3	142,390	148,086	154,009	160,169	166,576	173,239	180,169	187,376	194,871	202,665
Equipment											
Equipment Purchase	2	26,000	26,780	27,583	28,411	29,263	30,141	31,045	31,977	32,936	33,924
Equipment Replacement	2	50,000	51,500	53,045	54,636	56,275	57,964	59,703	61,494	63,339	65,239
City of Palo Alto RWQCP O&M											
Invoiced from City of Palo Alto RWQCP	6	2,449,644	2,408,203	2,502,184	2,593,257	2,697,970	2,806,996	2,920,636	3,039,090	3,162,459	3,291,044
TOTAL: Sewer System Maintenance Expenses		\$3,606,883	\$3,619,614	\$3,771,246	\$3,918,434	\$4,084,011	\$4,254,008	\$4,426,679	\$4,604,828	\$4,790,316	\$4,983,546
GRAND TOTAL: SEWER EXPENSES		\$3,606,883	\$3,619,614	\$3,771,246	\$3,918,434	\$4,084,011	\$4,254,008	\$4,426,679	\$4,604,828	\$4,790,316	\$4,983,546

TABLE 7
FORECASTING ASSUMPTIONS

INFLATION FACTORS (2)	Basis	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Customer Growth (3)	1	--	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General Cost Inflation	2	--	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Labor & Benefits Cost Inflation	3	--	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
PERS Obligation Inflation (4)	4	--	22.35%	21.06%	13.41%	15.10%	11.50%	7.06%	5.57%	5.57%	5.57%
Energy	5	--	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
RWQCP Treatment (5)	6	--	--	3.90%	3.64%	4.04%	4.04%	4.05%	4.06%	4.06%	4.07%
Fuel	7	--	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
No Escalation	8	--	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

1. Revenue are budget for 2017/2018. Source: *Sewer Revenues 61100 - Line Items.pdf*.

Expenses Sources: *Sewer Maintenance Acct 61200 Budget to-date 9_8_17.pdf*.

Invoiced from O&M RWQCP Source: *2017.12 WWT FY2018-2028 Forecast LA.pdf*.

2. Expenses are inflated each year by the following annual inflation factor categories.

3. Customer growth is initially assumed to be zero.

4. PERS Obligation data source: *los-altos-city-miscellaneous-2016.pdf*.

5. Treatment Factor based on Palo Alto costs allocated to Los Altos; data project 10 years of O&M costs, which include inflation. Source: *2017.12 WWT FY2018-2028 Forecast LA.pdf*.

TABLE 8
CAPITAL FUNDING SUMMARY

CAPITAL FUNDING FORECAST	Budget		Projected								
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Funding Sources:											
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Connection Fee Reserves	-	-	-	-	-	-	-	-	-	-	-
New Loan Funding	-	-	-	-	-	-	-	-	-	-	-
Use of Future Revenue Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-
Use of Capital Rehabilitation and Replacement Reserve	2,411,827	2,912,151	3,022,151	2,739,473	2,827,667	2,980,131	2,744,258	2,321,260	1,978,724	1,583,472	1,212,144
Rate Revenue	-	-	-	-	-	-	324,492	838,747	1,275,255	1,767,275	2,238,250
Total Sources of Capital Funds	\$ 2,411,827	\$ 2,912,151	\$ 3,022,151	\$ 2,739,473	\$ 2,827,667	\$ 2,980,131	\$ 3,068,750	\$ 3,160,007	\$ 3,253,979	\$ 3,350,747	\$ 3,450,395
Uses of Capital Funds:											
Total Project Costs	\$ 2,411,827	\$ 2,912,151	\$ 3,022,151	\$ 2,739,473	\$ 2,827,667	\$ 2,980,131	\$ 3,068,750	\$ 3,160,007	\$ 3,253,979	\$ 3,350,747	\$ 3,450,395
Capital Funding Surplus (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Loan Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Future Revenue Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CAPITAL IMPROVEMENT PROGRAM

TABLE 9
Capital Improvement Program Costs (1, 2):

Project Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Sewer System Repair Program	\$ 600,000	\$ 610,000	\$ 620,000	\$ 630,000	\$ 640,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Structural Reach Replacement	800,000	800,000	800,000	800,000	800,000	-	-	-	-	-	-
Root Foaming	274,000	281,000	288,000	295,000	305,000	-	-	-	-	-	-
CIPP Corrosion Replacement	320,000	333,000	340,000	350,000	360,000	-	-	-	-	-	-
Fats, Oils, Grease Program (FOG)	60,000	62,000	64,000	66,000	68,000	-	-	-	-	-	-
GIS Updates	60,000	62,000	64,000	66,000	68,000	-	-	-	-	-	-
Sewer System Management Plan Update	-	26,000	-	28,000	-	-	-	-	-	-	-
Sanitary Sewer Video Inspection	-	380,000	400,000	-	-	-	-	-	-	-	-
City of Palo Alto RWQCP Minor CIP Fund (3)	297,827	281,531	281,531	281,531	281,531	281,531	281,531	281,531	281,531	281,531	281,531
Placeholder for Future Year Capital Projects (4)	-	-	-	-	-	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
Total: CIP Program Costs	\$ 2,411,827	\$ 2,835,531	\$ 2,857,531	\$ 2,516,531	\$ 2,522,531	\$ 2,581,531	\$ 2,581,531	\$ 2,581,531	\$ 2,581,531	\$ 2,581,531	\$ 2,581,531

TABLE 10
Capital Improvement Program Costs (in Future-Year Dollars):

Project Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Sewer System Repair Program	\$ 600,000	\$ 628,300	\$ 657,758	\$ 688,418	\$ 720,326	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Structural Reach Replacement	800,000	824,000	848,720	874,182	900,407	-	-	-	-	-	-
Root Foaming	274,000	289,430	305,539	322,354	343,280	-	-	-	-	-	-
CIPP Corrosion Replacement	320,000	342,990	360,706	382,454	405,183	-	-	-	-	-	-
Fats, Oils, Grease Program (FOG)	60,000	63,860	67,898	72,120	76,535	-	-	-	-	-	-
GIS Updates	60,000	63,860	67,898	72,120	76,535	-	-	-	-	-	-
Sewer System Management Plan Update	-	26,780	-	30,596	-	-	-	-	-	-	-
Sanitary Sewer Video Inspection	-	391,400	424,360	-	-	-	-	-	-	-	-
City of Palo Alto RWQCP Minor CIP Fund (3)	297,827	281,531	289,273	297,228	305,402	313,801	322,430	331,297	340,408	349,769	359,387
Placeholder for Future Year Capital Projects (4)	-	-	-	-	-	2,666,330	2,746,320	2,828,710	2,913,571	3,000,978	3,091,008
Total: Capital Improvement Program Costs (Future-Year Dollars)	\$ 2,411,827	\$ 2,912,151	\$ 3,022,151	\$ 2,739,473	\$ 2,827,667	\$ 2,980,131	\$ 3,068,750	\$ 3,160,007	\$ 3,253,979	\$ 3,350,747	\$ 3,450,395

TABLE 11
FORECASTING ASSUMPTIONS:

Economic Variables	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Annual Construction Cost Inflation, Per Engineering News Record (5)	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cumulative Construction Cost Multiplier from	1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34
Inflation Factor for City of Palo Alto RWQCP Minor CIP Fund (3)	0.00%	0.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Cumulative Construction Cost Multiplier from 2018	1.00	1.00	1.03	1.06	1.08	1.11	1.15	1.18	1.21	1.24	1.28

- Capital project costs were provided by City Staff in source file: *Pages from adopted_budget_fy18_and_fy19 - CIP Summary table.pdf*.
City of Palo Alto Wastewater Treatment Plant Minor CIP Fund Source: *2017.12 WWT FY2018-2028 Forecast LA.pdf*.
- Future project costs are inflated by 3.0% per year.
- Inflation Factor determined based on file: *2017.12 WWT FY2018-2028 Forecast LA.pdf*.
- NBS has initially estimated Future Projects based on average annual project expenditures for the previous five years; City needs to confirm this amount.
- For reference purposes, the annual Construction Cost Inflation percentage is the 10 year average change in the Construction Cost Index for 2006-2016 (3.0%). Source: *Engineering News Record website (http://enr.construction.com)*.

TABLE 12

WASTEWATER UTILITY EXISTING DEBT OBLIGATIONS	Budget		Projected							
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
1999 Bond- New Money for Incinerator Rehabilitation Utility Revenue Bond- Los Altos Share is 9.47% (1)										
Principal Payment	\$ 35,513	\$ 37,407	\$ 38,827	\$ 41,195	\$ 43,089	\$ 45,456	\$ 47,824	\$ -	\$ -	\$ -
Interest Payment	\$ 15,144	\$ 13,324	\$ 11,360	\$ 9,322	\$ 7,159	\$ 4,897	\$ 2,511	\$ -	\$ -	\$ -
Amortization of Bond Discount and Issuance Cost of New Money Bonds (4)	\$ 823	\$ 823	\$ 823	\$ 823	\$ 823	\$ 823	\$ 755	\$ -	\$ -	\$ -
Subtotal: Annual Debt Service	\$ 51,480	\$ 51,554	\$ 51,011	\$ 51,340	\$ 51,071	\$ 51,176	\$ 51,089	\$ -	\$ -	\$ -
Coverage Requirement (%-Amount above annual payment)	120%	120%	120%	120%	120%	120%	120%	0%	0%	0%
Reserve Requirement (total fund balance)	\$ 51,554	\$ 51,554	\$ 51,340	\$ 51,340	\$ 51,176	\$ 51,176	\$ 51,089	\$ -	\$ -	\$ -
City of Palo Alto 1999 Refunding of 1990 Utility Revenue Bonds- Los Altos share 7.80% (2)										
Principal Payment	\$ 15,230	\$ 16,031	\$ 16,833	\$ 17,634	\$ 18,703	\$ 19,772	\$ 20,841	\$ -	\$ -	\$ -
Interest Payment	\$ 6,546	\$ 5,765	\$ 4,924	\$ 4,040	\$ 3,114	\$ 2,132	\$ 1,094	\$ -	\$ -	\$ -
Amortization of Issuance Costs and Bond Discount of 1999 Refunding of 1990 Bonds (4)	\$ 321	\$ 321	\$ 321	\$ 321	\$ 321	\$ 321	\$ 295	\$ -	\$ -	\$ -
Subtotal: Annual Debt Service	\$ 22,097	\$ 22,118	\$ 22,078	\$ 21,996	\$ 22,139	\$ 22,226	\$ 22,230	\$ -	\$ -	\$ -
Coverage Requirement (\$-Amount above annual payment)	120%	120%	120%	120%	120%	120%	120%	0%	0%	0%
Reserve Requirement (total fund balance)	\$ 22,230	\$ 22,230	\$ 22,230	\$ 22,230	\$ 22,230	\$ 22,230	\$ 22,230	\$ -	\$ -	\$ -
SWRCB SRF Loan- C-06-5044-110 UV Disinfection Facility- Los Altos share is 9.47% (3)										
Principal Payment	\$ 36,741	\$ 37,696	\$ 38,676	\$ 39,682	\$ 40,713	\$ 41,772	\$ 42,858	\$ 43,972	\$ 45,116	\$ 46,289
Interest Payment	\$ 15,887	\$ 14,931	\$ 13,951	\$ 12,946	\$ 11,914	\$ 10,855	\$ 9,769	\$ 8,655	\$ 7,512	\$ 6,339
Subtotal: Annual Debt Service	\$ 52,627	\$ 52,627	\$ 52,627	\$ 52,627	\$ 52,627	\$ 52,627	\$ 52,627	\$ 52,627	\$ 52,627	\$ 52,627
Coverage Requirement (\$-Amount above annual payment)	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%
Reserve Requirement (total fund balance)	\$ 52,627	\$ 52,627	\$ 52,627	\$ 52,627	\$ 52,627	\$ 52,627	\$ 52,627	\$ 52,627	\$ 52,627	\$ 52,627
California Clean Water SRF Payment Schedule Project No. 8190-110- Sludge Dewatering and Loadout Facility (5)										
Principal Payment	\$ -	\$ -	\$ 54,662	\$ 62,743	\$ 64,670	\$ 65,456	\$ 66,634	\$ 67,834	\$ 69,055	\$ 70,298
Interest Payment	\$ -	\$ -	\$ 33,230	\$ 38,285	\$ 41,289	\$ 40,503	\$ 39,325	\$ 38,126	\$ 36,905	\$ 35,662
Subtotal: Annual Debt Service	\$ -	\$ -	\$ 87,892	\$ 101,028	\$ 105,960	\$ 105,959	\$ 105,959	\$ 105,960	\$ 105,960	\$ 105,960
Coverage Requirement (\$-Amount above annual payment)	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%
Reserve Requirement (total fund balance)	\$ -	\$ -	\$ 105,960	\$ 105,960	\$ 105,960	\$ 105,960	\$ 105,960	\$ 105,960	\$ 105,960	\$ 105,960
2018A Wastewater Utility Revenue Bonds with Capitalized Interest First Bond Issuance (5)										
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,346	\$ 68,785	\$ 72,224
Interest Payment	\$ -	\$ 78,125	\$ 156,249	\$ 156,249	\$ 156,249	\$ 156,249	\$ 156,249	\$ 154,615	\$ 151,262	\$ 147,737
Subtotal: Annual Debt Service	\$ -	\$ 78,125	\$ 156,249	\$ 156,249	\$ 156,249	\$ 156,249	\$ 156,249	\$ 219,961	\$ 220,047	\$ 219,961
Coverage Requirement (\$-Amount above annual payment)	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%
Reserve Requirement (total fund balance)	\$ -	\$ 115,902	\$ 115,902	\$ 115,902	\$ 115,902	\$ 115,902	\$ 115,902	\$ 115,902	\$ 115,902	\$ 115,902
2018A Wastewater Utility Revenue Bonds with Capitalized Interest Second Bond Issuance (5)										
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,566	\$ 36,460	\$ 37,880
Interest Payment	\$ -	\$ 41,206	\$ 82,413	\$ 82,413	\$ 82,413	\$ 82,413	\$ 82,413	\$ 81,549	\$ 79,773	\$ 77,914
Subtotal: Annual Debt Service	\$ -	\$ 41,206	\$ 82,413	\$ 82,413	\$ 82,413	\$ 82,413	\$ 82,413	\$ 116,114	\$ 116,232	\$ 115,794
Coverage Requirement (\$-Amount above annual payment)	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%
Reserve Requirement (total fund balance)	\$ -	\$ 61,224	\$ 61,224	\$ 61,224	\$ 61,224	\$ 61,224	\$ 61,224	\$ 61,224	\$ 61,224	\$ 61,224
Grand Total: Existing Annual Debt Service (Palo Alto RWQCP)	\$ 126,204	\$ 245,630	\$ 452,269	\$ 465,652	\$ 470,458	\$ 470,650	\$ 470,567	\$ 494,662	\$ 494,866	\$ 494,342
Grand Total: Existing Annual Debt Service (City of Los Altos)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total: Existing Annual Coverage Requirement	\$ 151,445	\$ 294,756	\$ 542,723	\$ 558,782	\$ 564,550	\$ 564,780	\$ 564,680	\$ 593,594	\$ 593,839	\$ 593,211
Grand Total: Existing Debt Reserve Target	\$ 126,411	\$ 303,537	\$ 409,282	\$ 409,282	\$ 409,119	\$ 409,119	\$ 409,031	\$ 335,713	\$ 335,713	\$ 335,713

Footnotes:

1. Debt Service Schedule from Bond Statement Source: *Invoice_7800004388 (Oct 2016) Q2.pdf page 10 of 10 of pdf.*
2. Debt Service Schedule from Bond Statement Source: *Invoice_7800004388 (Oct 2016) Q2.pdf page 9 of 10 of pdf.*
3. Debt Service Schedule from Bond Statement Source: *Invoice_7800004388 (Oct 2016) Q2.pdf page 8 of 10 of pdf.*
4. Amortization of Issuance Costs and Bond Discounts share is same as share as bonds. Source: *Invoice_7800004733.4 (Apr 2017) Q4.pdf* and *Invoice_7800004733.5 (Apr 2017) Q4.pdf*
5. Source: *Estimated Debt service schedule v2017.9.25.pdf*

CITY OF LOS ALTOS
SEWER RATE STRUCTURE ANALYSIS
Projected Sewer Rates Under Existing Rate Schedule

EXHIBIT 4

TABLE 13
Current Wastewater Rate Schedule:

Base Charges	Rate per Dwelling Unit	Quantity Charge (per HCF) (1)
FY 1718 Pre- Parcel Sewer Service Charge	\$261.35	\$2.07

1. One Unit is equal to one HCF (Hundred Cubic Feet) or 748 gallons.

Source: *ordinance_2013-394.pdf*

CITY OF LOS ALTOS
SEWER RATE STRUCTURE ANALYSIS
Cost of Service Analysis

TABLE 14

Classification of Expenses									
Budget Categories	Total Revenue Requirements	Flow	Strength		Customer	Basis of Classification			
	FY 2018/19	(VOL)	(COD)	(TSS)	(CA)	(VOL)	(COD)	(TSS)	(CA)
Sewer System Maintenance									
Salaries and Benefits									
Salaries	\$ 479,898	\$ 455,903	\$ -	\$ -	\$ 23,995	95.0%	0.0%	0.0%	5.0%
Vacation/Sick Leave Payout	-	-	-	-	-	95.0%	0.0%	0.0%	5.0%
Overtime	55,120	52,364	-	-	2,756	95.0%	0.0%	0.0%	5.0%
Specialty Pay	-	-	-	-	-	95.0%	0.0%	0.0%	5.0%
Retirement	46,068	43,764	-	-	2,303	95.0%	0.0%	0.0%	5.0%
Pers Unfunded Liability	66,701	63,366	-	-	3,335	95.0%	0.0%	0.0%	5.0%
Dental Plan	5,616	5,335	-	-	281	95.0%	0.0%	0.0%	5.0%
Health Insurance	130,233	123,721	-	-	6,512	95.0%	0.0%	0.0%	5.0%
Uniforms	2,009	1,908	-	-	100	95.0%	0.0%	0.0%	5.0%
Life Insurance	2,046	1,943	-	-	102	95.0%	0.0%	0.0%	5.0%
Workers Comp Insurance	33,593	31,913	-	-	1,680	95.0%	0.0%	0.0%	5.0%
Medicare Tax	3,485	3,311	-	-	174	95.0%	0.0%	0.0%	5.0%
Utilities									
Utilities	10,500	9,975	-	-	525	95.0%	0.0%	0.0%	5.0%
Telephone	2,575	2,446	-	-	129	95.0%	0.0%	0.0%	5.0%
Radio & Radar	3,451	-	-	-	3,451	0.0%	0.0%	0.0%	100.0%
Teletype	-	-	-	-	-	0.0%	0.0%	0.0%	100.0%
Office Supplies	773	-	-	-	773	0.0%	0.0%	0.0%	100.0%
Postal Services	309	309	-	-	-	100.0%	0.0%	0.0%	0.0%
Mileage	2,266	2,266	-	-	-	100.0%	0.0%	0.0%	0.0%
Training and Meetings	7,210	6,850	-	-	361	95.0%	0.0%	0.0%	5.0%
Memberships	10,300	9,785	-	-	515	95.0%	0.0%	0.0%	5.0%
Gasoline & Oil	20,600	19,570	-	-	1,030	95.0%	0.0%	0.0%	5.0%
Repair and Services									
Vehicle Maintenance/Repair	26,780	25,441	-	-	1,339	95.0%	0.0%	0.0%	5.0%
Equipment Repairs	7,210	6,850	-	-	361	95.0%	0.0%	0.0%	5.0%
Building & Grounds	3,708	3,523	-	-	185	95.0%	0.0%	0.0%	5.0%
Rentals	5,150	4,893	-	-	258	95.0%	0.0%	0.0%	5.0%
Special Departmental Supplies	57,910	55,014	-	-	2,895	95.0%	0.0%	0.0%	5.0%
Employee Recognition	185	176	-	-	9	95.0%	0.0%	0.0%	5.0%
Professional Services	1,352	1,284	-	-	68	95.0%	0.0%	0.0%	5.0%
Other Services	148,086	111,064	-	-	37,021	75.0%	0.0%	0.0%	25.0%
Equipment									
Equipment Purchase	26,780	25,441	-	-	1,339	95.0%	0.0%	0.0%	5.0%
Equipment Replacement	51,500	48,925	-	-	2,575	95.0%	0.0%	0.0%	5.0%
City of Palo Alto RWQCP O&M									
Invoiced from City of Palo Alto RWQCP	2,408,203	1,444,922	481,641	481,641	-	60.0%	20.0%	20.0%	0.0%
SUB-TOTAL	\$ 3,619,614	\$ 2,562,262	\$ 481,641	\$ 481,641	\$ 94,071	70.8%	13.3%	13.3%	2.6%
GRAND TOTAL - Sewer System Maintenance	\$ 3,619,614	\$ 2,562,262	\$ 481,641	\$ 481,641	\$ 94,071	70.8%	13.3%	13.3%	2.6%

CITY OF LOS ALTOS
SEWER RATE STRUCTURE ANALYSIS
Cost of Service Analysis

TABLE 15

Classification of Expenses, continued									
Budget Categories	Total Revenue Requirements	Flow	Strength		Customer	Basis of Classification			
	FY 2018/19	(VOL)	(COD)	(TSS)	(CA)	(VOL)	(COD)	(TSS)	(CA)
Debt Service Payments									
Existing Annual Debt Service	\$ 245,630	\$ 122,815	\$ 61,408	\$ 61,408	\$ -	50.0%	25.0%	25.0%	0.0%
Future Annual Debt Service	-	-	-	-	-	50.0%	25.0%	25.0%	0.0%
Total Debt Service Payments	\$ 245,630	\$ 122,815	\$ 61,408	\$ 61,408	\$ -	50.0%	25.0%	25.0%	0.0%
Capital Expenditures									
Rate Funded Capital Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	50.0%	25.0%	25.0%	0.0%
TOTAL REVENUE REQUIREMENTS	\$ 3,865,244	\$ 2,685,077	\$ 543,048	\$ 543,048	\$ 94,071	69.5%	14.0%	14.0%	2.4%
<i>Less: Non-Rate Revenues</i>									
Sewer Service Charge not on Tax Roll	\$ (400,000)	(277,869)	(56,198)	(56,198)	(9,735)	69.5%	14.0%	14.0%	2.4%
Other Revenues	\$ -	-	-	-	-	69.5%	14.0%	14.0%	2.4%
Interest Income	\$ (31,835)	(22,115)	(4,473)	(4,473)	(775)	69.5%	14.0%	14.0%	2.4%
NET REVENUE REQUIREMENTS	\$ 3,433,410	\$ 2,385,094	\$ 482,377	\$ 482,377	\$ 83,561				
<i>Allocation of Revenue Requirements</i>	<i>100.0%</i>	<i>69.5%</i>	<i>14.0%</i>	<i>14.0%</i>	<i>2.4%</i>				
<i>Net Revenue Req't. Check from Financial Plan \$ -</i>									

TABLE 16

Classification of Expenses, continued					
Adjustments to Classification of Expenses					
Adjustment to Current Rate Level:	Total	(VOL)	(COD)	(TSS)	(CA)
Test Year (FY 2018/19) Target Rate Rev. After Rate Increases	\$6,150,000				
Projected Rate Revenue at Current Rates	\$6,000,000				
Test Year (FY 2018/19) Projected Rate Adjustment	2.5%				
Adjusted Net Revenue Req'ts	\$ 6,150,000	\$ 4,272,233	\$ 864,045	\$ 864,045	\$ 149,676
<i>Percent of Revenue</i>		<i>69.5%</i>	<i>14.0%</i>	<i>14.0%</i>	<i>2.4%</i>

Current Revenue		
Fixed Charges	\$ 3,602,482	60%
Variable Charges	\$ 2,364,214	40%
	\$ 5,966,696	100%

CITY OF LOS ALTOS
SEWER RATE STRUCTURE ANALYSIS
Sewer Cost of Service Analysis

TABLE 17
Volume by Customer Class (1)

Customer Class	Number of Accounts	Annual Winter-Average Based Volume (HCF)	Percentage of Adjusted Volume
Residential			
Single Family Home	10,330	893,765	78.3%
Multifamily Residence (2 units)	65	7,884	0.7%
Multifamily Residence (3-4 units)	14	2,148	0.2%
Multifamily Residence (5+ units)	21	19,600	1.7%
Condominium Unit	1,029	52,954	4.6%
Commercial			
Commercial/Industrial	425	56,178	4.9%
Restaurant	65	79,575	7.0%
Public/Institutional			
Public/Institutional	31	15,252	1.3%
Parks	4	2,324	0.2%
School	10	12,452	1.1%
Total:	11,994	1,142,132	100%
Vacant	15	-	0.0%
N/A	3	-	0.0%
Grand Total:	12,012	1,142,132	

1. Data Source: *Los Altos Combined Levy data 1516 to 1718.xlsx*;
Restaurant information: *March 2017.xlsx* and *April and May 2-17.xlsx* FOG reports.

TABLE 18
Accounts & EDUs by Customer Class

Customer Class	Number of Accounts (1)	Percent of Total	Number of Equivalent Dwelling Units (1)	Percent of Total
Residential				
Single Family Home	10,330	86.1%	10,330	74.9%
Multifamily Residence (2 units)	65	0.5%	130	0.9%
Multifamily Residence (3-4 units)	14	0.1%	48	0.3%
Multifamily Residence (5+ units)	21	0.2%	506	3.7%
Condominium Unit	1,029	8.6%	1,029	7.5%
Commercial				
Commercial/Industrial	425	3.5%	591	4.3%
Restaurant	65	0.5%	873	6.3%
Public/Institutional				
Public/Institutional	31	0.3%	143	1.0%
Parks	4	0.0%	21	0.2%
School	10	0.1%	113	0.8%
Total:	11,994	100%	13,785	100%
Vacant	15		-	
N/A	3		-	
Grand Total:	12,012		13,785	

1. Data Source: *Los Altos Combined Levy data 1516 to 1718.xlsx*.

CITY OF LOS ALTOS
SEWER RATE STRUCTURE ANALYSIS
Sewer Cost of Service Analysis/Rate Design

TABLE 19
Sewer Rate Calculation for FY 2018/19 - Fixed Charges:

Fixed Charges (per EDU)	Total Revenue Requirements	Percent of Total Rev. Req't. to be Collected from Fixed Charges	Amount to be Collected from Fixed Charges	Number of Equivalent Dwelling Units	Rate per EDU
	<i>A</i>	<i>B</i>	$C = A * B$	<i>D</i>	$E = C / D$
All Customers	\$6,150,000	60%	\$3,690,000	13,785	\$267.69

TABLE 20
Sewer Rate Calculation for FY 2018/19 - Volumetric Charges:

Volumetric Charges (per HCF)	Total Revenue Requirements	Percent of Total Rev. Req't. to be Collected from Volumetric	Amount to be Collected from Volumetric Charges	Annual Billable Volume (hcf)	Rate per HCF
	<i>F</i>	$G = 1 - B$	$H = F * G$	<i>I</i>	$J = H / I$
All Customers	\$6,150,000	40%	\$2,460,000	1,142,132	\$2.15

TABLE 21
Current vs. Proposed Sewer Rates (Annual)

Sewer Rate Schedule	Current Rates	Proposed Yearly Sewer Rates				
		Year 1	Year 2	Year 3	Year 4	Year 5
		FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Annual Fixed Service Charge per EDU	\$261.35	\$267.69	\$275.72	\$283.99	\$292.51	\$301.29
Volumetric Rate (\$/hcf) (1, 2)	\$2.07	\$2.15	\$2.21	\$2.28	\$2.35	\$2.42

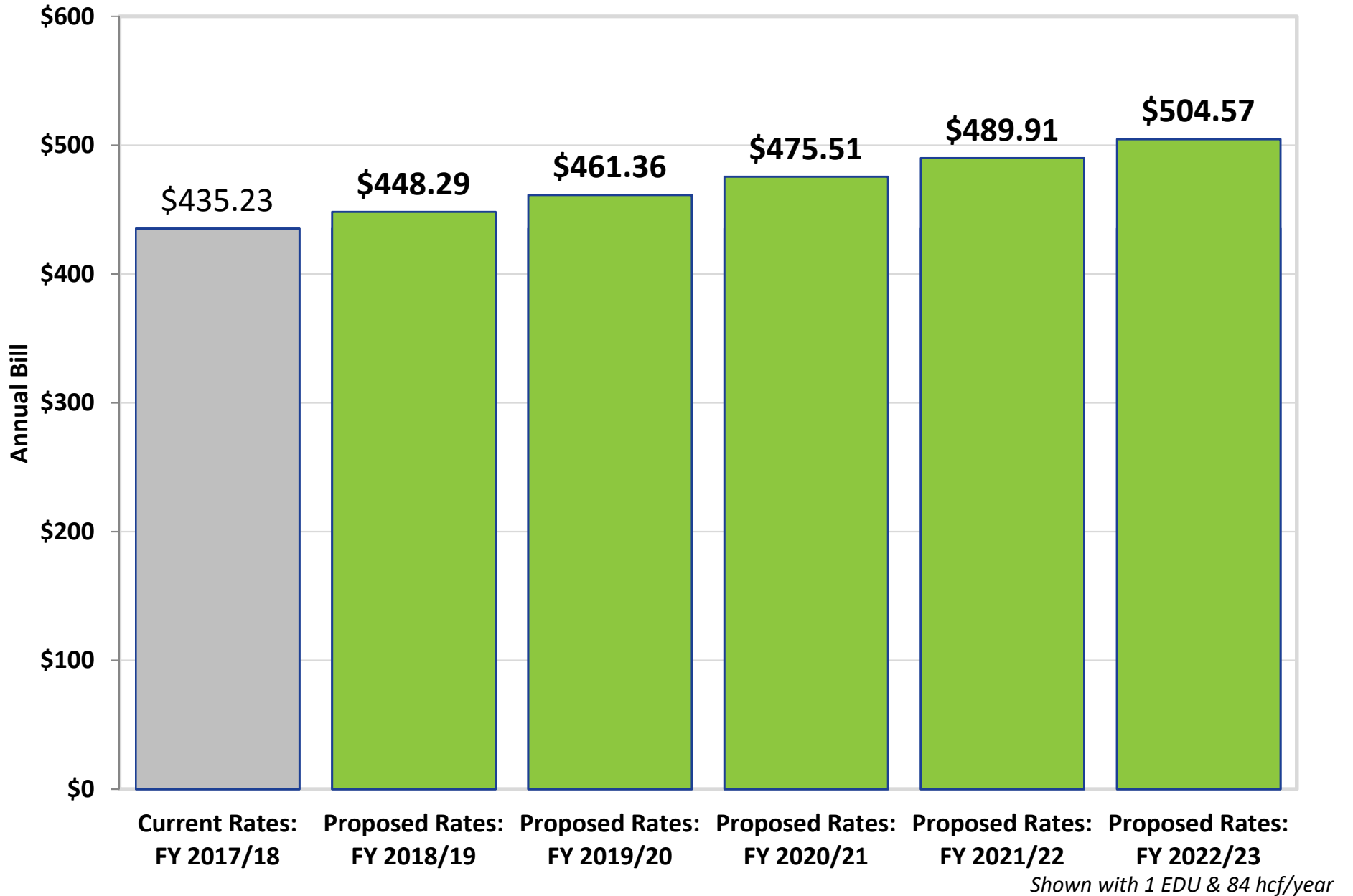
1. One Unit is equal to one HCF (Hundred Cubic Feet) or 748 gallons.
2. Rates are charged based on average winter water consumption (three lowest months from previous year).

CITY OF LOS ALTOS
 SEWER RATE STRUCTURE ANALYSIS
 Sewer Cost of Service Analysis/Rate Design

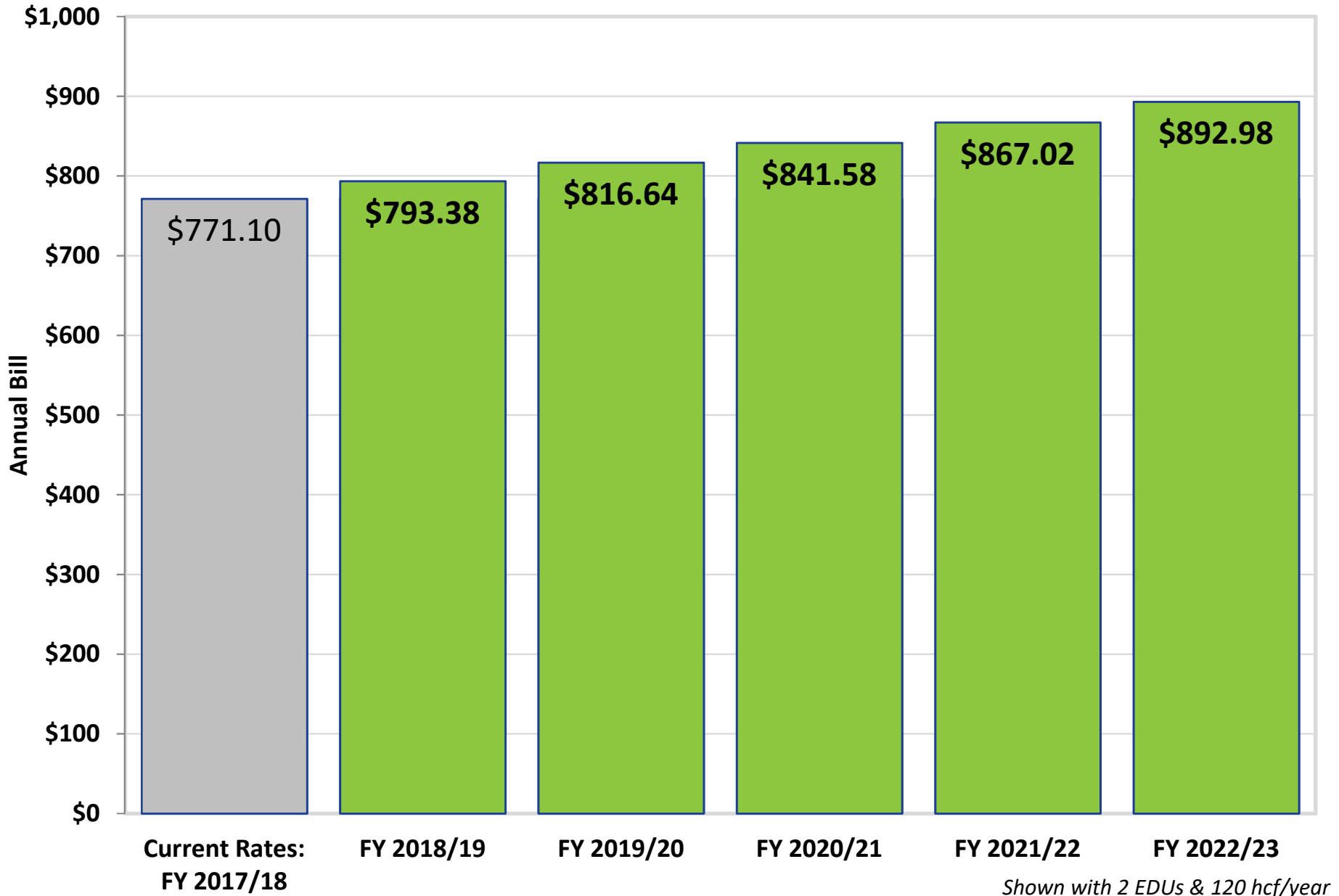
TABLE 22
 Revenue Check

Customer Class	No. of Equivalent Dwelling Units	Annual Fixed Charge Per Equivalent Dwelling Unit	Annual Fixed Charge Revenue	Annual Billable Volume (hcf)	Volumetric Charge Per hcf	Annual Volumetric Charge Revenue	Total
Residential							
Single Family Home	10,330	\$267.69	\$ 2,765,245	893,765	\$2.15	\$ 1,925,050	\$ 4,690,296
Multifamily Residence (2 units)	130	\$267.69	34,800	7,884	\$2.15	16,981	51,781
Multifamily Residence (3-4 units)	48	\$267.69	12,849	2,148	\$2.15	4,627	17,476
Multifamily Residence (5+ units)	506	\$267.69	135,452	19,600	\$2.15	42,216	177,668
Condominium Unit	1,029	\$267.69	275,454	52,954	\$2.15	114,056	389,510
Commercial							
Commercial/Industrial	591	\$267.69	158,205	56,178	\$2.15	121,000	279,205
Restaurant	873	\$267.69	233,786	79,575	\$2.15	171,394	405,180
Public/Institutional							
Public/Institutional	143	\$267.69	38,253	15,252	\$2.15	32,851	71,104
Parks	21	\$267.69	5,655	2,324	\$2.15	5,006	10,661
School	113	\$267.69	30,301	12,452	\$2.15	26,820	57,121
TOTAL	13,785		\$ 3,690,000	1,142,132		\$ 2,460,000	\$ 6,150,000
<i>Percent of Revenue from Fixed vs. Volumetric Charges</i>			<i>60%</i>			<i>40%</i>	<i>100%</i>

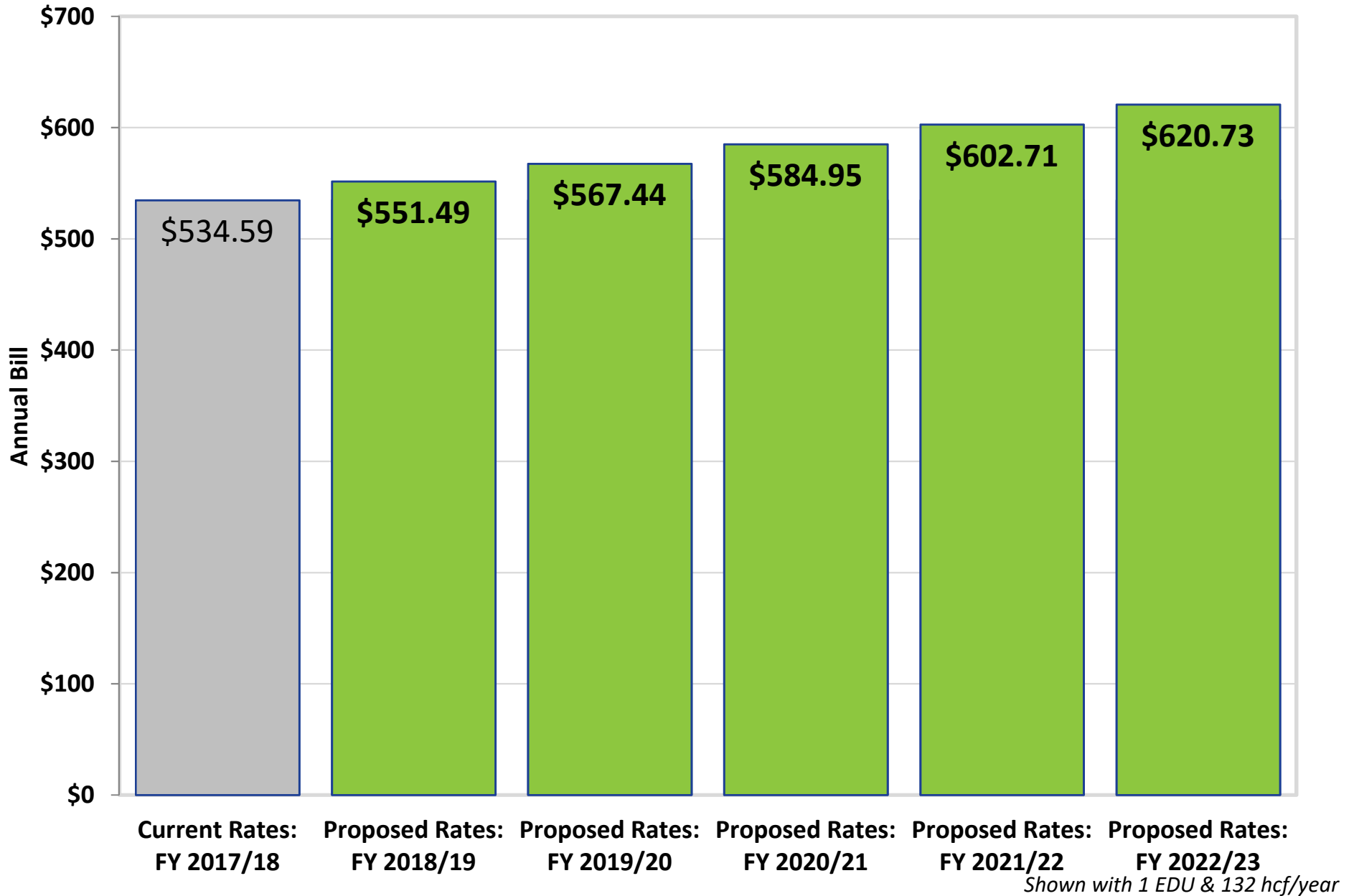
5 Year Annual Single Family Residential Sewer Bill Comparison Current vs. Proposed Rates



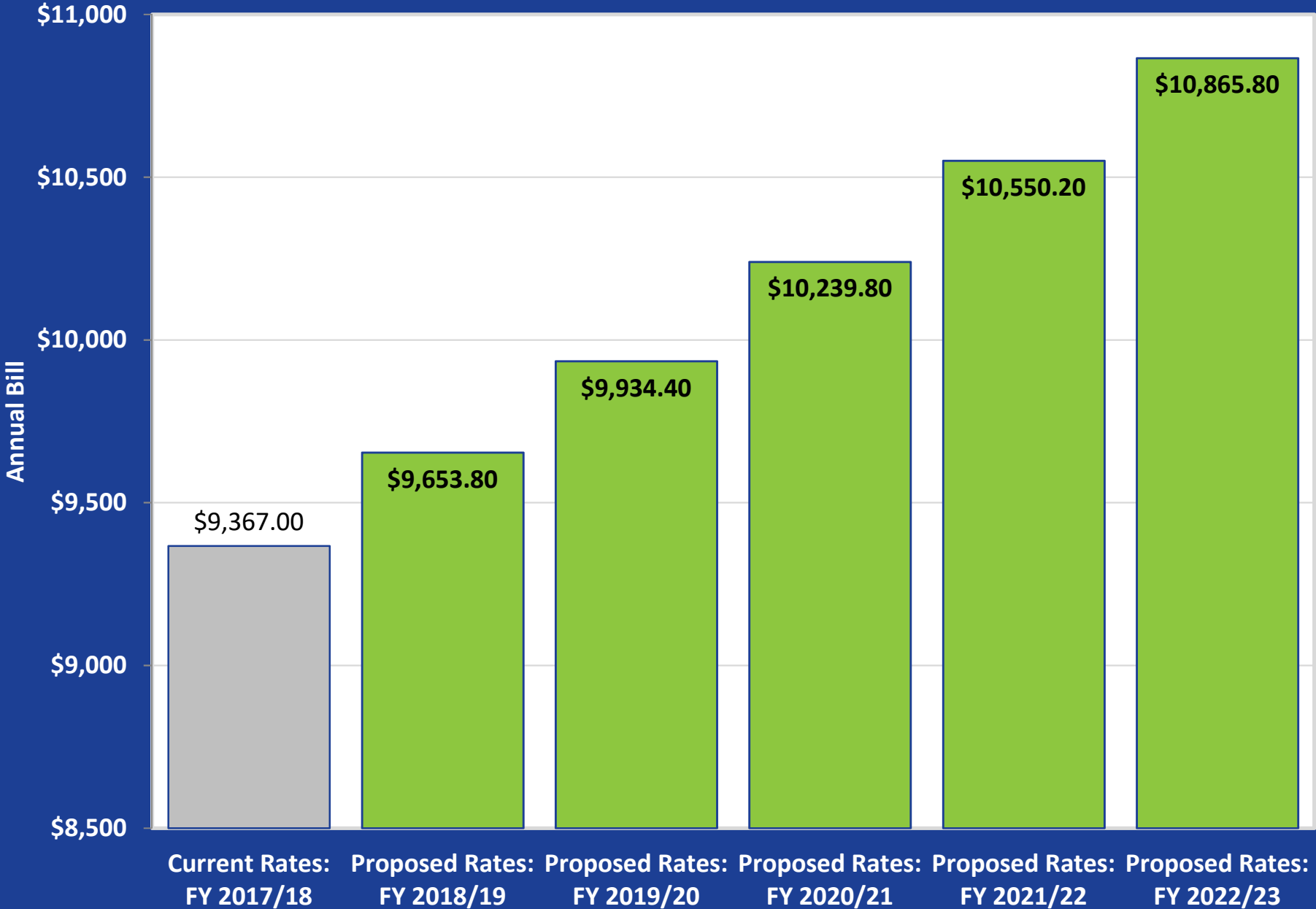
5 Year Annual Multi Family Residential Sewer Bill Comparison Current vs. Proposed Rates



5 Year Annual Commercial Sewer Bill Comparison Current vs. Proposed Rates



5 Year Annual Restaurant Sewer Bill Comparison Current vs. Proposed Rates (20 EDUs & 2,000 hcf)



CITY OF LOS ALTOS
SEWER RATE STRUCTURE ANALYSIS
Customer Data

TABLE 23

Year	Annual Influent Flow, MG	Average Influent Flow, MGD	Average COD Load, lbs./Day	Total Influent COD, lbs./Year	Average Influent TSS, lbs./Day	Total Influent TSS, lbs./Year
FY 2014/15	1,070	89.16	16,749.40	6,113,386	7,699.82	2,809,639
FY 2015/16	989	82.38	15,526.05	5,642,884	7,712.67	2,803,093
FY 2016/17	1,086	90.48	17,816.86	6,456,012	8,446.05	3,048,473

Year	Month	Monthly Influent Flow, MG	Average Influent Flow, MGD	Average COD Load, lbs./Day	Average Influent COD, lbs./Month	Average Influent TSS, lbs./Day	Average Influent TSS, lbs./Month
FY 2016/17	July	78.68	90.48	8,149	252,607	6,248	193,688
FY 2016/17	August	81.02	90.48	21,469	665,541	9,876	306,149
FY 2016/17	September	77.48	90.48	17,360	520,806	6,313	189,384
FY 2016/17	October	83.55	90.48	20,165	625,124	7,413	229,805
FY 2016/17	November	80.81	90.48	12,847	385,397	4,519	135,579
FY 2016/17	December	83.93	90.48	11,769	364,840	3,138	97,291
FY 2016/17	January	107.24	90.48	15,189	470,871	11,182	346,653
FY 2016/17	February	108.29	90.48	32,834	919,357	20,451	572,641
FY 2016/17	March	103.23	90.48	14,147	438,547	4,387	136,011
FY 2016/17	April	94.14	90.48	25,050	751,501	13,798	413,942
FY 2016/17	May	97.52	90.48	16,723	518,421	6,552	203,124
FY 2016/17	June	89.84	90.48	18,100	543,000	7,474	224,206

Data Sources: *Los Altos Monthly Flow BOD TSS NH3 pounds.xlsx*