



**REGULAR CITY COUNCIL MEETING
TUESDAY, OCTOBER 9, 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

CLOSED SESSION ANNOUNCEMENT

CHANGES TO THE ORDER OF THE AGENDA

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

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 September 25, 2018 study session and regular meeting (S. Henricks)
2. Parcel Map: 962 Acacia Avenue: Approve Parcel Map for 962 Acacia Avenue (Z. Trabzada)
3. Quarterly Investment Portfolio Report – Quarter ended June 30, 2018: Receive the Investment Portfolio Report through June 30, 2018 (S. Etman)
4. Ordinance No. 2018-450: Zoning Code Amendments regarding the disposition of City-owned property: Adopt Ordinance No. 2018-450 regarding the disposition of City-owned property with an "Other Open Space" and "Parks" land use designation (J. Biggs)
5. Ordinance No. 2018-451: Cannabis Prohibition: Adopt Ordinance No. 2018-451 clarifying the prohibition of all medical and adult-use commercial cannabis activities and limit cultivation for personal use in Los Altos (J. Biggs)
6. Ordinance No. 2018-452: Stormwater Pollution Prevention: Adopt Ordinance No. 2018-452 amending Los Altos Municipal Code Chapter 10.16 Stormwater Pollution Prevention Measures

Jeannie Bruins
Councilmember

Lynette Lee Eng
Vice Mayor

Jean Mordo
Mayor

Jan Pepper
Councilmember

Mary Prochnow
Councilmember

to reflect current stormwater pollution prevention requirements for land development projects mandated by the Regional Water Quality Control Board (A. Fairman)

7. Annual Concrete Repair Project, TS-01005: Authorize the City Manager to execute a change order of up to \$78,308.00 utilizing remaining funds in the Annual Concrete Repair Project, TS-01005 (Z. Trabzada)
8. Los Altos Village Association Tree Lighting Funding Request: Approve the \$9,000 expenditure request by LAVA to be used towards the purchase of LED light strands for the trees along Main Street, State Street, and the parking plazas in Downtown Los Altos (A. Carnesecca)

DISCUSSION ITEMS

9. Stormwater Fee Report: Approve the structure of the Stormwater Fees and findings of the Stormwater Fee Report; authorize staff to work in consultation with the City Attorney and the Rate Consultant to finalize the Stormwater Fee Report with such changes deemed advisable and not altering the structure of the Stormwater Fees; adopt Resolution No. 2018-39 initiating a proceeding to obtain approval of a property-related fee conforming to Article XIII D, Section 6 of the Constitution; adopt Resolution 2018-40 adopting ballot procedures for a property related fee conforming to Article XIII D, Section 6 of the Constitution (S. Chan)

STUDY SESSION

10. Review of Floor Area Ratios: Discuss and provide direction to staff (J. Biggs)

INFORMATION ONLY ITEM

- A. City Manager-approved purchases between \$50,000 and \$75,000 for the period July 1 – September 30, 2018 (C. Jordan)
- B. City-owned property table

COUNCIL/STAFF REPORTS AND DIRECTIONS ON FUTURE AGENDA ITEM

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/meetings>. Council Meetings are televised live and rebroadcast on Cable Channel 26. On occasion the City Council may consider agenda items out of order. 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.

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.

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 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.

**MINUTES OF THE STUDY SESSION OF THE CITY COUNCIL OF
THE CITY OF LOS ALTOS, HELD ON TUESDAY, SEPTEMBER 25,
2018, BEGINNING AT 6:00 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 and Prochnow

ABSENT: Councilmember Pepper

ITEM FOR CONSIDERATION

1. Street Shoulder Improvement Policy: Receive a report on the Street Shoulder Improvement Policy and provide direction on next steps

Public Works Director Chan presented the report.

Public Comment: The following Los Altos residents provided public comment: Tami Mulcahy, Linda Ziff, Jim Wing, Gary Hedden, Don Weiden and Don Bray.

Direction: Council asked clarifying questions and discussed the Street Shoulder Improvement Policy. Council provided feedback and generally supported the current policy as staff had presented. Council directed staff to modify the policy so that it balances environmental benefits, pedestrian and bicyclist safety, street quality and longevity, and costs. Council also directed staff to build flexibility into the policy to allow the City to work with residents, if needed.

ADJOURNMENT

Mayor Mordo adjourned the meeting at 6:54 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, SEPTEMBER 25,
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 (via teleconference; left meeting at 7:47 p.m.) and Prochnow

ABSENT: None

PLEDGE OF ALLEGIANCE

Brownie Girl Scouts, Troop 60393 led the Pledge of Allegiance to the flag.

SPECIAL PRESENTATION

Los Altos Hills Mayor John Radford presented the Los Altos v. Los Altos Hills Softball Trophy to Mayor Jean Mordo and Parks and Recreation Commissioner Grace Lilygren.

CHANGES TO THE ORDER OF THE AGENDA

There were no changes.

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

The following individual provided comments on items not on the agenda: Sharon Schibler.

CONSENT CALENDAR

Councilmember Bruins pulled item 7.

Action: Upon a motion by Councilmember Prochnow, seconded by Councilmember Bruins, the Council unanimously approved the Consent Calendar, with the exception of Item 7 and pending the addition of a sentence summarizing the concerns Vice Mayor Lee Eng expressed prior to the Council's vote and appointment of new Commissioners at the September 11, 2018 meeting in the corresponding minutes, as follows:

1. Council Minutes: Approved the minutes of the September 11, 2018 regular meeting.
2. Resolution No. 2018-37: Police Department Building Roof Replacement, Project CF-01003: Adopted Resolution No. 2018-37 accepting completion of Police Department Building Roof Replacement, Project CF-01003 and authorized the Public Works Director to record a Notice of Completion as required by law.

3. Contract Award: Sewer System Repair Program, Project WW-01001 and Structural Reach Replacement, Project WW-01002: Authorized the City Manager to execute an agreement on behalf of the City with Bellecci & Associates, Inc. in the amount of \$187,844 to provide design and consulting services for the Sewer Repair Program, Project WW-01001 & Structural Reach Replacement, Project WW-01002.
4. Contract Award: Windimer Drive Storm Drain Ditch, Project CD-01012: Appropriated an additional \$100,000 from the General Fund to Project CD-0101219; awarded the Base Bid for construction of the Windimer Drive Storm Drain Ditch, Project CD-01012 to C2R Engineering, Inc.; and authorized the City Manager to execute a contract in the amount of \$297,480 and up to 15% contingency on behalf of the City for construction costs.
5. Parcel Map: 160 West Portola Avenue: Approved the Parcel Map for 160 West Portola Avenue.
6. Professional Services Agreement: Police Station EOC and restrooms, and HVAC upgrades: Authorized the City Manager to execute a professional services agreement between the City of Los Altos and Jeff Katz Architecture in an amount not to exceed \$290,000 for design services for the Police Station Emergency Operations Center (EOC) and restrooms, and the Heating, Ventilation, and Air Conditioning (HVAC) upgrades.

ITEM REMOVED FROM CONSENT CALENDAR

7. Ordinance No. 2018-449: Affordable Housing Ordinance Amendment: Adopt Ordinance No. 2018-449 to amend Chapter 14.28 of the Los Altos Municipal Code pertaining to the City's affordable housing requirements

Councilmember Bruins expressed concerns about some specifics of the Ordinance.

Action: Upon a motion by Councilmember Bruins, seconded by Councilmember Pepper, the Council adopted Ordinance No. 2018-449 to amend Chapter 14.28 of the Los Altos Municipal Code pertaining to the City's affordable housing requirements by the following vote: AYES: Lee Eng, Mordo, Pepper, Prochnow; NOES: Bruins; ABSENT: None; ABSTAIN: None.

PUBLIC HEARING

8. Resolution No. 2018-38 and Ordinance No. 2018-450: General Plan and Zoning Code Amendments regarding the disposition of City-owned property: Adopt Resolution No. 2018-38 and introduce and waive further reading of Ordinance 2018-450 regarding the disposition of City-owned property with an "Other Open Space" and "Parks" land use designation

Community Development Director Biggs presented the report.

Mayor Mordo opened the public hearing.

Public Comment: The following Los Altos residents provided public comment: Roberta Phillips, Frank Martin, Nancy Phillips and Tom Ferry.

Mayor Mordo closed the public hearing

Vice Mayor Lee Eng expressed concerns that the Ordinance does not go far enough to protect public parks.

Action: Motion made by Councilmember Bruins, seconded by Councilmember Prochnow, to introduce and waive further reading of Ordinance 2018-450 regarding the disposition of City-owned property with an “Other Open Space” and “Parks” land use designation.

Vice Mayor Lee Eng offered an amendment, which was not accepted, to include all City-owned public lands. The motion, as originally stated, passed by the following vote: AYES: Bruins, Mordo, Pepper, Prochnow; NOES: Lee Eng; ABSENT: None; ABSTAIN: None.

Direction: Council directed staff to compile a list of all City-owned parcels as an informational item at the next Council meeting.

Councilmember Pepper left the meeting at 7:47 p.m.

9. Ordinance No. 2018-451: Cannabis Prohibition: Introduce and waive further reading of Ordinance No. 2018-451 clarifying the prohibition on all medical and adult-use commercial cannabis activities and limit cultivation for personal use in Los Altos

Community Development Director Biggs presented the report.

Mayor Mordo opened the public hearing.

Public Comment: Los Altos resident Ken Elchert and Silicon Valley Cannabis Alliance representative Sean Kali-Rai provided comment.

Mayor Mordo closed the public hearing.

Action: Upon a motion by Councilmember Bruins, seconded by Vice Mayor Lee Eng, the Council introduced and waived further reading of Ordinance No. 2018-451 clarifying the prohibition on all medical and adult-use commercial cannabis activities and limiting cultivation for personal use in Los Altos by the following vote: AYES: Bruins, Lee Eng, Mordo, Prochnow; NOES: None; ABSENT: Pepper; ABSTAIN: None.

DISCUSSION ITEMS

10. Ordinance No. 2018-452 Stormwater Pollution Prevention: Introduce and waive further reading of Ordinance No. 2018-452 amending Los Altos Municipal Code Chapter 10.16 Stormwater Pollution Prevention Measures to reflect current stormwater pollution prevention requirements for land development projects mandated by the Regional Water Quality Control Board

Engineering Services Manager Lamm presented the report.

Action: Upon a motion by Councilmember Bruins, seconded by Vice Mayor Lee Eng, the Council introduced and waived further reading of Ordinance No. 2018-452 amending Los Altos Municipal Code Chapter 10.16 Stormwater Pollution Prevention Measure to reflect current stormwater pollution prevention requirements for land development projects mandated by the Regional Water Quality Control Board by the following vote: AYES: Bruins, Lee Eng, Mordo, Prochnow; NOES None; ABSENT: Pepper; ABSTAIN: None.

COUNCIL/STAFF REPORTS AND DIRECTIONS ON FUTURE AGENDA ITEMS

Councilmember Bruins announced the exploration of a partnership with Silicon Valley Clean Energy to showcase the all-electric Los Altos Community Center. She further reported her attendance at Coffee with Assemblymember Berman.

Vice Mayor Lee Eng reported that she attended her usual Commission and Board meetings and expressed thanks to staff for attending the recent VTA meeting.

City Manager Jordan announced that Wallethub.com ranked Los Altos at the third best place to raise a family in California. He also announced that there will be a special meeting tentatively scheduled for October 30, 2018.

ADJOURNMENT

Mayor Mordo adjourned the meeting at 8:25 p.m.

Jean Mordo, MAYOR

Jon Maginot, CMC, CITY CLERK



CONSENT CALENDAR

Agenda Item # 2

AGENDA REPORT SUMMARY

Meeting Date: October 9, 2018

Subject: Parcel Map: 962 Acacia Avenue

Prepared by: Zubair Trabzada, Junior Engineer

Reviewed by: Susanna Chan, Public Works Director

Approved by: Chris Jordan, City Manager

Attachment(s):

None

Initiated by:

962 Acacia Avenue Development

Previous Council Consideration:

January 24, 2018

Fiscal Impact:

None

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

None

Summary:

- Tentative map was approved on January 24, 2018
- Council to approve Parcel Map of 962 Acacia Avenue

Staff Recommendation:

Approve the Parcel Map for 962 Acacia Avenue



Subject: Parcel Map: 962 Acacia Avenue

Purpose

Approve Parcel Map of 962 Acacia Avenue.

Background

On January 24, 2018, the City Council approved a design review application and the associated Tentative Map for a new development at 962 Acacia Avenue. The recommended action will finalize the tentative Parcel Map for the project.

Discussion/Analysis

Parcel Map for the development at 962 Acacia Avenue conforms to the Tentative Map approved on January 24, 2018. The map and survey have been checked and found to be technically correct and in conformance with all regulations, laws and the approved tentative map. All conditions of approval associated with this Parcel Map have been complied with. All required fees and deposits have been received. The Parcel Map is available in the Engineering Division office for inspection.

Options

- 1) Approve Parcel Map of 962 Acacia Avenue

Advantages: Developer complies with the condition of approval and can complete the building permit application

Disadvantages: None

- 2) Do not approve Parcel Map of 962 Acacia Avenue

Advantages: None

Disadvantages: Developer will not be able to continue construction. Council must provide reasons for rejection

Recommendation

Staff recommends Option 1.



CONSENT CALENDAR

Agenda Item # 3

AGENDA REPORT SUMMARY

Meeting Date: October 9, 2018

Subject: Quarterly Investment Portfolio Report – Quarter Ended June 30, 2018

Prepared by: Sharif Etman, Administrative Services Director

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Portfolio Mix Charts
2. Investment Policy Compliance Chart
3. Investment Performance Review, Quarter Ended June 30, 2018

Initiated by:

Staff

Fiscal Impact:

None

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- None

Summary:

- This report presents the status of the City's investment portfolio through June 30, 2018. The reporting model has been developed in coordination with PFM Asset Management LLC (PFM), the City's investment portfolio managers

Staff Recommendation:

Receive the Investment Portfolio Report through June 30, 2018



Subject: Quarterly Investment Portfolio Report – Quarter Ended June 30, 2018

Purpose

These quarterly reports are presented to both the City Council and the Financial Commission to keep both bodies apprised as to the status of the City's investment holdings and demonstrate compliance with the City's Investment Policy.

Background

A review of the Investment Portfolio Report Quarter Ended June 30, 2018 was presented and discussed by the Financial Commission.

Discussion/Analysis

The summary provided below presents the sum total of all City investment holdings. The City's portfolio book value, excluding operating cash and bond holdings as of June 30, 2018, was \$66,235,915.

As of June 30, 2018, 12% of the City's portfolio was placed in Federal Agency Securities (Fannie Mae, Federal Home Loan Bank, Federal Home Loan Mortgage and Federal Farm Credit), 22% in US Treasuries, and 19% in medium-term Corporate Notes and Commercial Paper, 14% in Certificate of Deposits, with the balance of 32% in LAIF. This portfolio mix is illustrated as part of Attachment 1.

Full compliance with the City's Investment Policy is monitored closely and on a per trade basis as illustrated in Attachment 2. In accordance with California Government Code 53646(b)(3), the City of Los Altos has the ability to meet its pool expenditure requirements for the next six months.

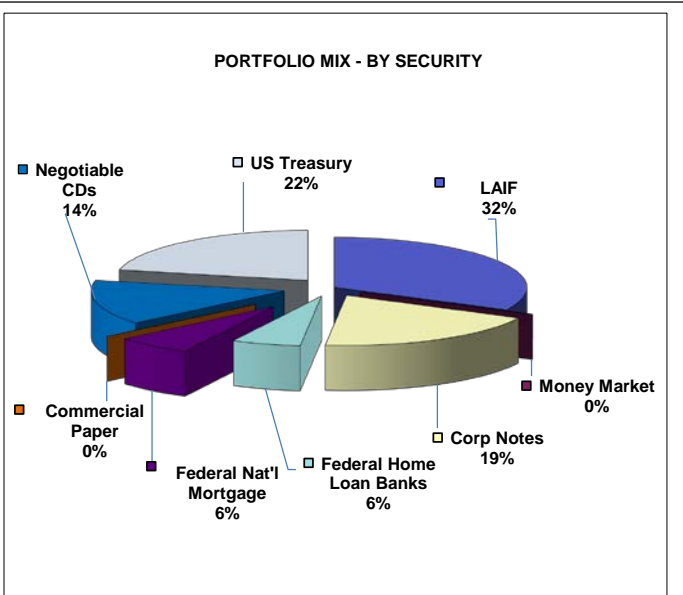
As part of these quarterly updates, a status report is prepared by PFM, which is included as Attachment 3: Investment Performance Review for the Quarter Ended June 30, 2018. It is important to note that this report highlights the performance of City investments that fall outside its liquid holdings with LAIF. This has been intentionally crafted to isolate the performance of the City's independently managed investments. The total return of the portfolio since inception is 0.74%, which is highlighted on page 10 of the PFM Investment Performance Review Report.

Recommendation

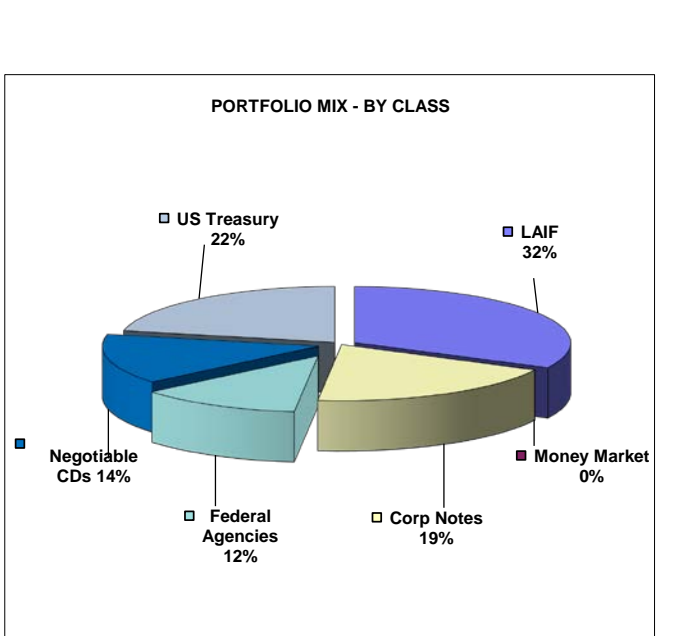
Receive the Investment Portfolio Report through June 30, 2018.

**Portfolio Mix Charts
June 2018**

Security Type	% of Total	Portfolio Mix By Security
LAIF	32%	21,466,927
Money Market	0%	58,988
Corp Notes	19%	12,755,000
Federal Home Loan Banks	6%	3,825,000
Federal Nat'l Mortgage	6%	4,230,000
Commercial Paper	0%	-
Negotiable CDs	14%	9,590,000
US Treasury	22%	14,310,000
	100%	66,235,915



Security Type	% of Total	Portfolio Mix Par Value	Market Value
LAIF	32%	21,466,927	21,466,927
Money Market	0%	58,988	58,988
Corp Notes	19%	12,755,000	12,579,712
Federal Agencies	12%	8,055,000	7,933,811
Negotiable CDs	14%	9,590,000	9,546,878
US Treasury	22%	14,310,000	14,034,272
	100%	66,235,915	65,620,588
Corp Notes		12,755,000	12,579,712
US Treasury/Agencies		22,365,000	21,968,083
Negotiable CDs		9,590,000	9,546,878
Accrued Interest		-	221,373
		44,710,000	44,316,046
Margin Over (Under) Par			(393,954)



**Portfolio Policy Compliance
June 2018**

City Investment	% Mix	Par Value	Earliest Term	City Policy Term Limitation	City Policy \$ Limitation	City Policy % Limitation	CAPACITY	% Compliance Yes/No	Term Compliance Yes/No
LAIIF	32%	21,466,927	06/30/18	No Term	65,000,000	100%	43,533,073	Yes	N/A
Money Market	0%	58,988	06/30/18	Overnight		20%	13,188,195	Yes	N/A
Corp Notes	19%	12,755,000	09/23/16	4 Years		30%	7,115,774	Yes	Yes
Federal Agencies	12%	8,055,000	06/03/16	5 Years		100%	58,180,915	Yes	Yes
Commercial Paper	0%	-	06/30/18	180 Days		15%	9,935,387	Yes	N/A
Negotiable CDs	14%	9,590,000	01/12/17	3 Years		30%	10,280,774	Yes	Yes
US Treasury	22%	14,310,000	12/05/16	5 Years		100%	51,925,915	Yes	Yes
	<u>100%</u>	<u>66,235,915</u>							



CITY OF LOS ALTOS

Investment Performance Review For the Quarter Ended June 30, 2018

Client Management Team

Monique Spyke, Managing Director

Izac Chyou, Senior Managing Consultant

PFM Asset Management LLC

50 California Street, Suite 2300

San Francisco, CA 94111

415-982-5544

213 Market Street

Harrisburg, PA 17101-2141

717-232-2723

Market Update

SUMMARY

- Economic data continued to indicate strong growth worldwide, despite the myriad of geopolitical and global trade war events hitting the headlines. During the quarter, volatility waned, equity markets gained their footing, the U.S. Dollar (USD) continued its ascent and the Federal Open Market Committee's (FOMC) dual mandate came into clearer focus. But, with trade wars officially on, it is now a question of whether the strong fiscal stimulus that is fueling the U.S. economy will be enough to overcome the drag of trade uncertainty.
- Positive economic data released in the second quarter included job gains, housing starts, new home sales, factory orders, manufacturing survey indices and consumer sentiment.
- At its June FOMC meeting, the Federal Reserve (Fed) increased the overnight federal funds rate by 0.25 percent, to a new range of 1.75 to 2.00 percent. While widely anticipated, the June rate hike was consistent with the Fed's continuing resolve to gradually tighten monetary policy. Fed expectations – as measured by the FOMC's updated "dot plot" – indicated two more rate hikes in the second half of 2018 and three more in 2019. Market estimates – as measured by Fed funds futures contracts – similarly imply two more hikes in 2018, but are less optimistic for 2019.
- The S&P 500 Index (S&P) rebounded by 3.4 percent over the quarter, following the first quarterly decline (first quarter 2018) in nearly three years. International indices followed suit, posting gains in local currencies for the quarter; however, the stronger USD tempered those gains for domestic investors. Meanwhile, bond yields generally rose, while the yield curve flattened.

ECONOMIC SNAPSHOT

- Real gross domestic product (GDP) in the U.S. increased at an annual rate of 2 percent in the first quarter. The deceleration in growth was driven by weaker consumer spending, despite being boosted by a significant improvement in net exports. Looking forward, federal tax cuts and expanded spending point toward accelerated growth estimates for the second quarter.
- U.S. labor market conditions – part one of the Fed's dual mandate – remained strong during the quarter. Despite the quarter-end uptick in the headline unemployment rate to 4 percent (previously 3.8 percent), it remains near multi-decade lows. In addition, job growth remains robust (monthly average of 211,000 new jobs in the second quarter), weekly jobless claims reached a generational low and job openings reached a new record high. In fact, for the first time, there are more job openings than the number of unemployed persons.
- Inflation – the second part of the Fed's dual mandate – continued to march higher. As measured by the personal consumption expenditures (PCE) core price index, year-over-year (YoY) inflation reached the Fed's target of 2 percent for the first time since 2012.

INTEREST RATES

- U.S. Treasury yields generally rose over the quarter, with maturities less than three years increasing 20 to 25 basis points (bps) (0.20 to 0.25 percent), while maturities greater than five years increased by a lesser amount and 30-year Treasury bonds were nearly unchanged. The result was a flatter yield curve; the difference between 10-year and two-year Treasury yields narrowed to 33 bps (0.33 percent) by quarter-end, a level not hit since June 2007.
- Money market investments, like commercial paper and bank Certificates of Deposits (CDs), continued to offer attractive yields, reacting quickly to the periodic Fed rate hikes.
- After widening in the first quarter, credit spreads remained volatile in the second quarter, but ended the quarter only modestly wider. Healthy corporate fundamentals remained supportive.

SECTOR PERFORMANCE

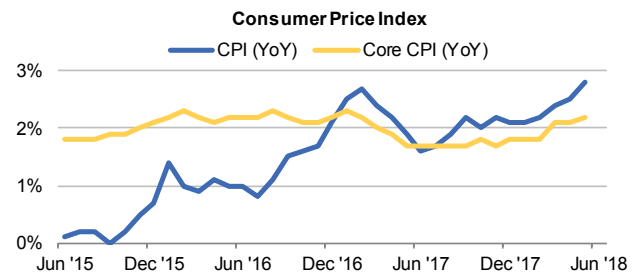
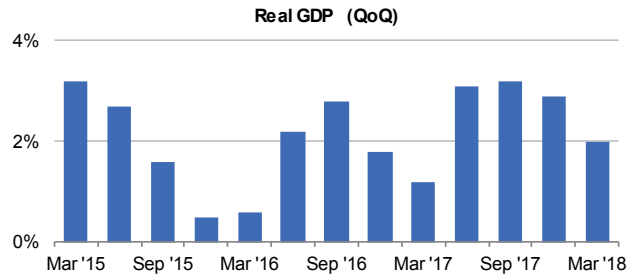
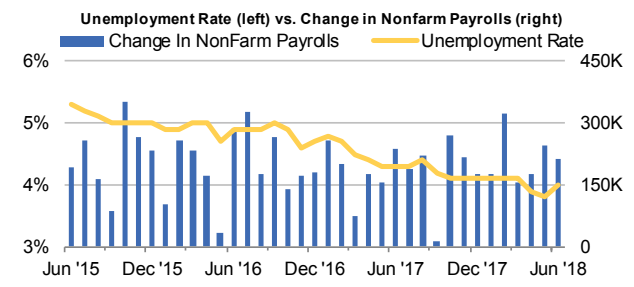
- Rising yields caused shorter-maturity to outperform longer-maturity Treasury indices; the exception was 30-year Treasury bonds, which were buoyed by incremental income amid relatively unchanged yields over the quarter. For example, the three-month Treasury bill index generated +0.45 percent of total return for the quarter, while the five-year Treasury returned -0.05 percent, and the 30-year Treasury returned +0.51 percent.
- Federal agency returns were in line with similar-duration U.S. Treasury securities for the quarter, as spreads across the majority of the curve continued to trade very narrowly. The incremental income benefit from the sector continues to be minimal.
- For the second consecutive quarter, the municipal sector was a top performer, as the sector continued to reap the benefits of a sharp slowdown in supply following the year-end flurry of issuance. From both an absolute and excess return perspective, the sector was a positive contributor to portfolio performance for the quarter.
- Shorter-term corporates generated positive excess returns in the quarter as incremental income offset modestly wider yield spreads. But, longer-term corporates (five years and longer) underperformed Treasuries as the impact of wider yield spreads on longer-duration securities overwhelmed the benefit of higher yields.
- After a general underperformance of mortgage-backed securities (MBS) in the first quarter, the sector found its footing in the second quarter. Nevertheless, returns in the MBS sector continue to be very much structure-dependent as specific maturity and coupon characteristics drove relative performance.
- Short-term commercial paper and bank CDs continued to offer incremental value relative to both short- and intermediate-term government securities. The incremental yield advantage offered in these sectors continues to be a valuable return attribute in the face of rising rates.

Economic Snapshot

Labor Market	Latest	Mar '18	Jun '17	
Unemployment Rate	Jun '18	4.0%	4.1%	4.3%
Change In NonFarm Payrolls	Jun '18	213,000	155,000	239,000
Average Hourly Earnings (YoY)	Jun '18	2.7%	2.6%	2.5%
Personal Income (YoY)	May '18	4.0%	3.7%	2.4%
Initial Jobless Claims (week)	6/30/18	231,000	242,000	251,000

Growth	Latest	Mar '18	Jun '17	
Real GDP (QoQ SAAR)	2018Q1	2.0%	2.9% ¹	1.2% ²
GDP Personal Consumption (QoQ SAAR)	2018Q1	0.9%	4.0% ¹	1.9% ²
Retail Sales (YoY)	May '18	5.9%	5.1%	3.5%
ISM Manufacturing Survey (month)	Jun '18	60.2	59.3	56.7
Existing Home Sales SAAR (month)	May '18	5.43 mil.	5.60 mil.	5.50 mil.

Inflation / Prices	Latest	Mar '18	Jun '17	
Personal Consumption Expenditures (YoY)	May '18	2.3%	2.0%	1.4%
Consumer Price Index (YoY)	May '18	2.8%	2.4%	1.6%
Consumer Price Index Core (YoY)	May '18	2.2%	2.1%	1.7%
Crude Oil Futures (WTI, per barrel)	Jun 30	\$74.15	\$64.94	\$46.04
Gold Futures (oz.)	Jun 30	\$1,255	\$1,323	\$1,242



1. Data as of Fourth Quarter 2017.

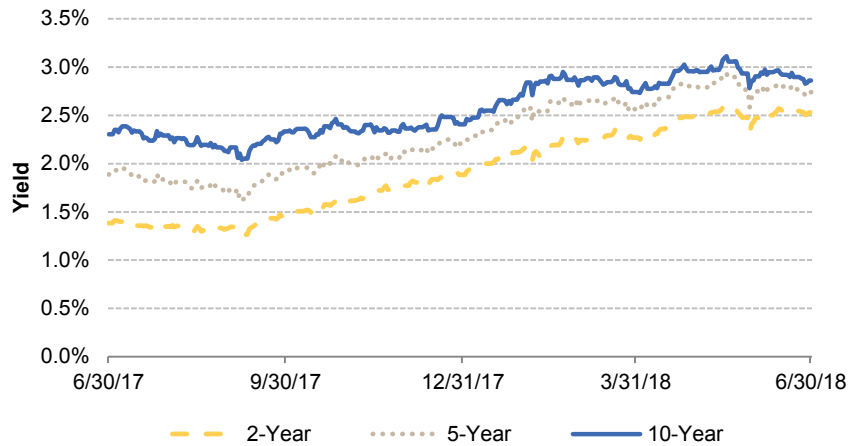
2. Data as of First Quarter 2017.

Note: YoY = year-over-year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.

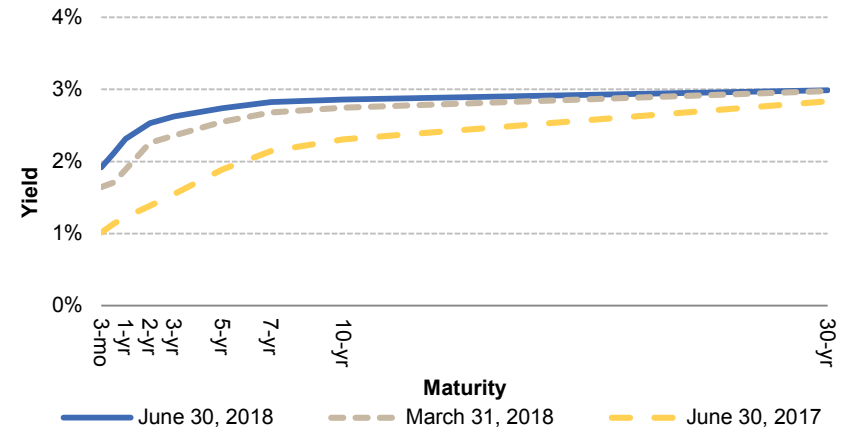
Source: Bloomberg.

Interest Rate Overview

U.S. Treasury Note Yields



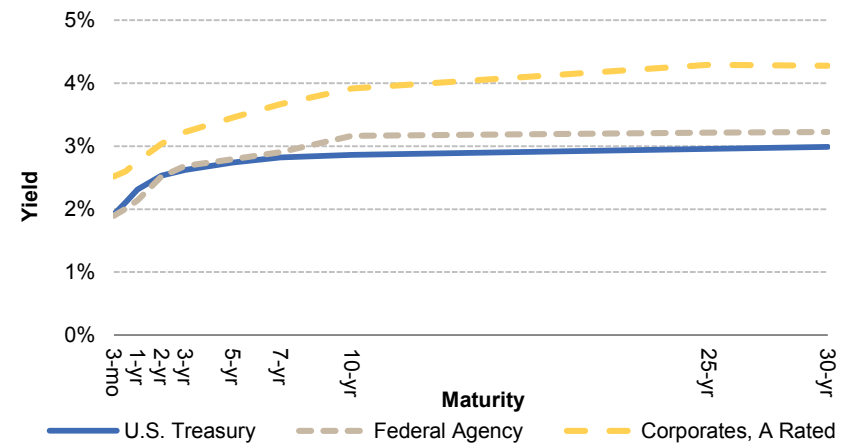
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	Jun '18	Mar '18	Change Over Quarter	Jun '17	Change Over Year
3-month	1.92%	1.71%	0.21%	1.01%	0.91%
1-year	2.31%	2.09%	0.22%	1.23%	1.08%
2-year	2.53%	2.27%	0.26%	1.38%	1.15%
5-year	2.74%	2.56%	0.18%	1.89%	0.85%
10-year	2.86%	2.74%	0.12%	2.31%	0.55%
30-year	2.99%	2.97%	0.02%	2.84%	0.15%

Yield Curves as of 6/30/18



Source: Bloomberg.

QUARTERLY MARKET SUMMARY

For the Quarter Ended June 30, 2018

Fixed Income Management

ICE BofAML Index Returns

June 30, 2018	As of 6/30/18		Returns for Periods ended 6/30/18		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.81	2.51%	0.22%	0.08%	0.42%
Federal Agency	1.67	2.55%	0.23%	0.30%	0.60%
U.S. Corporates, A-AAA rated	1.89	3.11%	0.47%	0.57%	1.28%
Agency MBS (0 to 3 years)	2.40	2.84%	(0.05%)	0.34%	1.06%
Taxable Municipals	1.58	2.83%	0.40%	1.74%	2.21%
1-5 Year Indices					
U.S. Treasury	2.58	2.58%	0.13%	(0.35%)	0.50%
Federal Agency	2.01	2.59%	0.20%	0.08%	0.69%
U.S. Corporates, A-AAA rated	2.66	3.26%	0.30%	0.08%	1.45%
Agency MBS (0 to 5 years)	3.29	3.04%	(0.21%)	(0.35%)	1.00%
Taxable Municipals	2.29	2.96%	0.33%	1.39%	2.37%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.22	2.71%	0.11%	(0.60%)	1.13%
Federal Agency	3.78	2.75%	(0.02%)	(0.04%)	1.16%
U.S. Corporates, A-AAA rated	6.90	3.74%	(0.70%)	(0.80%)	2.62%
Agency MBS (0 to 30 years)	5.09	3.38%	0.31%	0.15%	1.48%
Taxable Municipals	10.53	3.99%	(0.28%)	2.81%	5.49%

Returns for periods greater than one year are annualized.

Source: ICE BofAML Indices.

Portfolio Review

Portfolio Recap

- Despite numerous global headwinds facing economic growth, including global trade wars and geopolitical uncertainty, the strength and resolve of domestic economic themes prevailed:
 - U.S. GDP grew at 2% in the first quarter with year-over-year (YoY) growth up to 2.8%.
 - Inflation trended higher as the core personal consumption expenditures (PCE) price index grew at 2% YoY for the first time since 2012.
 - The labor market saw continued strength as the U.S. unemployment rate reached a multi-decade low of 3.8% (before bouncing back to 4% in June), job growth remained robust, and wages trended modestly higher.
 - The S&P 500 Index grinded out a 3.4% return for the quarter.
 - The Fed increased short-term rates by an additional ¼ percent in June and is expected to continue to pursue additional rate hikes over the near term.
- U.S. Treasury yields increased during the quarter, but the impact varied widely by maturity:
 - Yield on maturities 3 years and under rose approximately 20-25 basis points (0.20%-0.25%), the result of the widely anticipated Fed rate hike in June.
 - Yields on longer-term maturities rose by much less—the 10-year Treasury increased 12 basis points (0.12%), while the 30-year Treasury bond rose just 2 basis points (0.02%), the result of modest inflation expectations, moderating growth prospects, and persistently low global interest rates.
 - As a consequence, the yield curve flattened to a new post-recession low.
- In what we viewed as a well-choreographed interest rate environment, we continued to strategically position the portfolio with a modestly defensive duration bias relative to the benchmark. However, with rates near multi-year highs, there were also opportunities to selectively capture higher yields in some parts of the yield curve when rebalancing the portfolio or participating in new issues.

Portfolio Recap (Continued)

- Most investment-grade sectors contributed positive excess returns (returns in excess of similar-duration Treasuries) to fixed income portfolios for the quarter:
 - Federal agency yield spreads remained very narrow throughout the quarter. Limited incremental yield, in combination with light issuance and diminishing supply, influenced our continued preference to reduce the portfolio's allocation to agencies. Generally, the agency sector generated returns similar to Treasuries in the second quarter, except for longer-maturity issues where wider yield spreads resulted in underperformance.
 - In the supranational sector, the first quarter was a period of seasonally high issuance volume and wider-than-average spreads, offering an attractive opportunity to add to allocations. As we had anticipated, the portfolio's holding of supranationals benefited from modest spread tightening as new supply fell significantly in the second quarter.
 - In the corporate sector, our fundamental outlook remained favorable as corporate profits surged in the first half of the year, in part due to the 2017 tax cuts. When yield spreads widened in the first quarter, a result of global issues rather than any fundamental credit concerns, we viewed the wider spreads as an opportunity to increase allocations to credit sectors. However, we are being more selective given balance sheet weakening in certain industries as companies return capital to shareholders through dividends and share buybacks. In short- and intermediate-term maturities, corporate allocations contributed to incremental performance for the quarter.
 - Similarly, asset-backed securities (ABS) generated attractive excess returns for the quarter, while simultaneously providing a level of downside protection given the sector's strong structural protections and AAA ratings. During the second quarter, we continued to purchase ABS for the portfolio as we viewed the sector as providing a high-quality tactical diversifier to credit allocations.
 - Short-term, high-quality commercial paper and negotiable certificates of deposit continued to offer considerable value relative to not only similar-maturity government securities but also somewhat longer Treasury maturities. The combination of incremental income and the interest rate risk protection offered by these sectors' shorter durations continue to benefit the portfolio.

Sector Allocation and Compliance

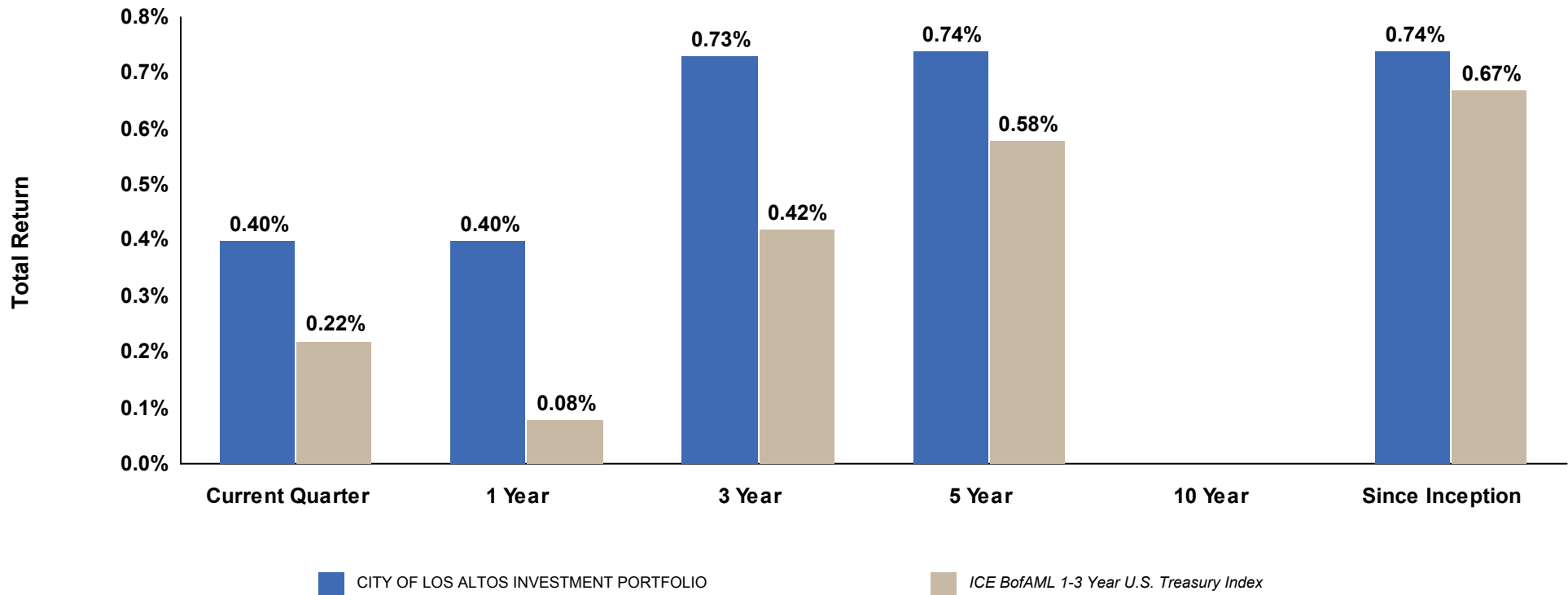
- The portfolio is in compliance with the City's Investment Policy and the California Government Code.

Security Type	Market Value	% of Portfolio	% Change vs. 3/31/18	Permitted by Policy	In Compliance
U.S. Treasury	\$14,034,272	26.1%	-3.0%	100%	✓
Federal Agency	\$7,548,438	14.0%	-1.9%	100%	✓
Supranationals	\$3,039,275	5.6%	+1.1%	10%	✓
Negotiable CDs	\$9,546,878	17.7%	-0.2%	30%	✓
Corporate Notes	\$12,579,712	23.4%	+0.6%	30%	✓
Asset-Backed Securities	\$6,670,881	12.4%	+2.6%	20%	✓
Securities Sub-Total	\$53,804,829	99.9%			
Accrued Interest	\$221,373				
Securities Total	\$54,026,203				
Money Market Fund	\$58,988	0.1%	-	20%	✓
Total Investments	\$54,085,191	100.0%			

As of 3/31/2018. Detail may not add to total due to rounding.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				Since Inception (06/30/10) **
			1 Year	3 Year	5 Year	10 Year	
CITY OF LOS ALTOS INVESTMENT PORTFOLIO	1.71	0.40%	0.40%	0.73%	0.74%	-	0.74%
ICE BofAML 1-3 Year U.S. Treasury Index	1.80	0.22%	0.08%	0.42%	0.58%	-	0.67%
Difference		0.18%	0.32%	0.31%	0.16%	-	0.07%



Portfolio performance is gross of fees unless otherwise indicated. **Since Inception performance is not shown for periods less than one year.

Portfolio Earnings*Quarter-Ended June 30, 2018*

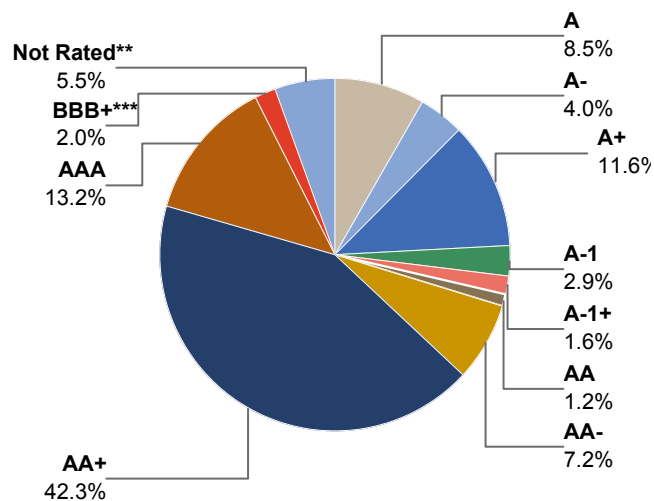
	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (03/31/2018)	\$53,613,288.01	\$54,282,516.63
Net Purchases/Sales	\$222,664.53	\$222,664.53
Change in Value	(\$31,123.30)	(\$66,262.79)
Ending Value (06/30/2018)	\$53,804,829.24	\$54,438,918.37
Interest Earned	\$248,916.08	\$248,916.08
Portfolio Earnings	\$217,792.78	\$182,653.29

Portfolio Statistics

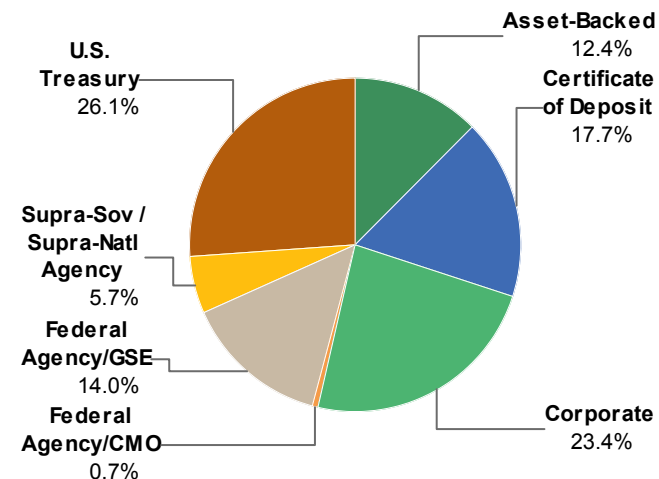
As of June 30, 2018

Par Value:	\$54,520,639
Total Market Value:	\$54,085,191
Security Market Value:	\$53,804,829
Accrued Interest:	\$221,373
Cash:	\$58,988
Amortized Cost:	\$54,438,918
Yield at Market:	2.63%
Yield at Cost:	1.97%
Effective Duration:	1.71 Years
Duration to Worst:	1.80 Years
Average Maturity:	2.06 Years
Average Credit: *	AA

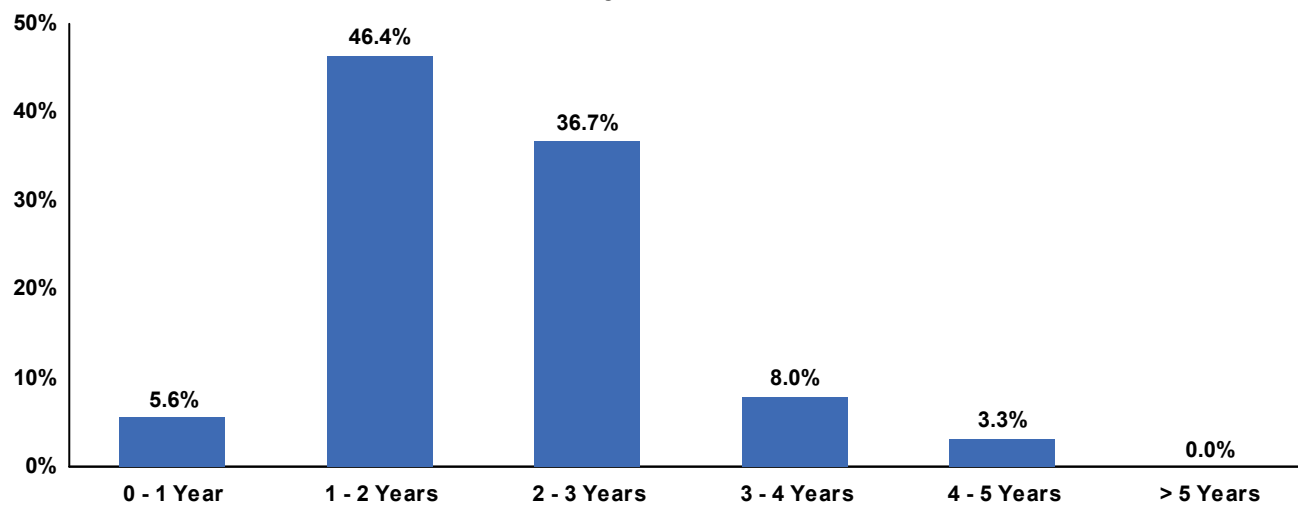
Credit Quality (S&P Ratings)



Sector Allocation



Maturity Distribution



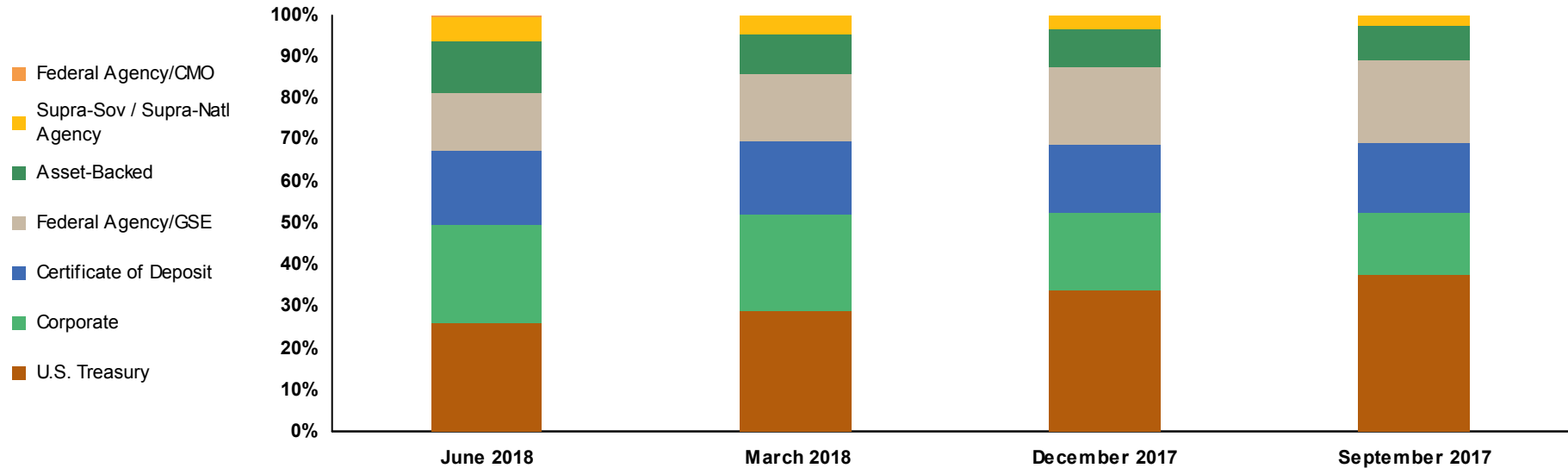
*An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

** The "Not Rated" category comprises asset-backed securities rated Aaa by Moody's.

*** The "BBB+" category comprises securities rated A- or better by Moody's and/or Fitch.

Sector Allocation

Sector	June 30, 2018		March 31, 2018		December 31, 2017		September 30, 2017	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	14.0	26.1%	15.6	29.1%	18.3	34.0%	20.2	37.5%
Corporate	12.6	23.4%	12.2	22.8%	9.8	18.3%	8.1	15.1%
Certificate of Deposit	9.5	17.7%	9.6	17.9%	8.9	16.6%	8.9	16.6%
Federal Agency/GSE	7.5	14.0%	8.5	15.9%	10.0	18.7%	10.8	20.0%
Asset-Backed	6.7	12.4%	5.2	9.8%	4.8	8.9%	4.5	8.3%
Supra-Sov / Supra-Natl Agency	3.0	5.7%	2.4	4.5%	1.9	3.5%	1.4	2.5%
Federal Agency/CMO	0.4	0.7%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total	\$53.8	100.0%	\$53.6	100.0%	\$53.6	100.0%	\$53.8	100.0%

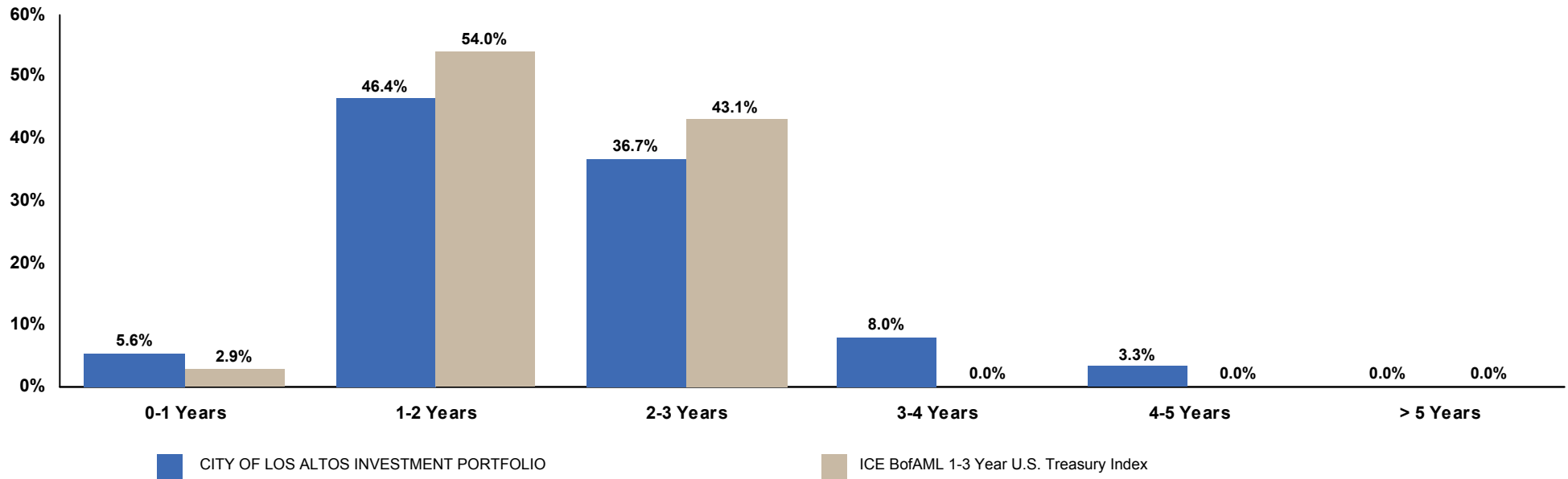


Detail may not add to total due to rounding.

Maturity Distribution

As of June 30, 2018

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CITY OF LOS ALTOS INVESTMENT PORTFOLIO	2.63%	2.06 yrs	5.6%	46.4%	36.7%	8.0%	3.3%	0.0%
ICE BofAML 1-3 Year U.S. Treasury Index	2.53%	1.94 yrs	2.9%	54.0%	43.1%	0.0%	0.0%	0.0%



Sector/Issuer Distribution

As of June 30, 2018

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Asset-Backed			
ALLY AUTO RECEIVABLES TRUST	850,532	12.7%	1.6%
AMERICAN EXPRESS CO	492,556	7.4%	0.9%
BANK OF AMERICA CO	270,792	4.1%	0.5%
CARMAX AUTO OWNER TRUST	276,842	4.2%	0.5%
CITIGROUP INC	645,641	9.7%	1.2%
CNH EQUIPMENT TRUST	177,242	2.7%	0.3%
FORD CREDIT AUTO OWNER TRUST	847,908	12.7%	1.6%
HONDA AUTO RECEIVABLES	684,445	10.3%	1.3%
HYUNDAI AUTO RECEIVABLES	518,084	7.8%	1.0%
JOHN DEERE OWNER TRUST	361,386	5.4%	0.7%
NISSAN AUTO RECEIVABLES	517,162	7.8%	1.0%
TOYOTA MOTOR CORP	1,028,289	15.4%	1.9%
Sector Total	6,670,881	100.0%	12.4%
Certificate of Deposit			
BANK OF MONTREAL	598,882	6.3%	1.1%
BANK OF NOVA SCOTIA	553,052	5.8%	1.0%
CANADIAN IMPERIAL BANK OF COMMERCE	549,999	5.8%	1.0%
CREDIT AGRICOLE SA	550,608	5.8%	1.0%
CREDIT SUISSE GROUP	549,980	5.8%	1.0%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
MITSUBISHI UFJ FINANCIAL GROUP INC	544,501	5.7%	1.0%
NORDEA BANK AB	547,099	5.7%	1.0%
ROYAL BANK OF CANADA	704,927	7.4%	1.3%
SKANDINAVISKA ENSKILDA BANKEN AB	1,065,726	11.2%	2.0%
SUMITOMO MITSUI FINANCIAL GROUP INC	970,854	10.2%	1.8%
SVENSKA HANDELSBANKEN AB	871,200	9.1%	1.6%
SWEDBANK AB	538,515	5.6%	1.0%
UBS AG	551,808	5.8%	1.0%
WESTPAC BANKING CORP	949,728	9.9%	1.8%
Sector Total	9,546,878	100.0%	17.7%

Corporate

AMERICAN EXPRESS CO	541,772	4.3%	1.0%
AMERICAN HONDA FINANCE	546,495	4.3%	1.0%
APPLE INC	540,205	4.3%	1.0%
BANK OF AMERICA CO	537,684	4.3%	1.0%
BB&T CORPORATION	542,455	4.3%	1.0%
CATERPILLAR INC	399,262	3.2%	0.7%
CHARLES SCHWAB	271,079	2.2%	0.5%
CHEVRON CORPORATION	321,031	2.6%	0.6%
CISCO SYSTEMS INC	197,183	1.6%	0.4%
DEERE & COMPANY	696,307	5.5%	1.3%
EXXON MOBIL CORP	271,135	2.2%	0.5%
GENERAL DYNAMICS CORP	329,641	2.6%	0.6%
GOLDMAN SACHS GROUP INC	544,707	4.3%	1.0%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
HERSHEY COMPANY	205,230	1.6%	0.4%
HOME DEPOT INC	230,773	1.8%	0.4%
HONEYWELL INTERNATIONAL	148,131	1.2%	0.3%
HSBC HOLDINGS PLC	192,723	1.5%	0.4%
IBM CORP	468,998	3.7%	0.9%
INTEL CORPORATION	246,089	2.0%	0.5%
JOHNSON & JOHNSON	113,110	0.9%	0.2%
JP MORGAN CHASE & CO	542,568	4.3%	1.0%
MICROSOFT CORP	212,253	1.7%	0.4%
MORGAN STANLEY	537,178	4.3%	1.0%
NATIONAL RURAL UTILITIES CO FINANCE CORP	228,289	1.8%	0.4%
PACCAR FINANCIAL CORP	339,624	2.7%	0.6%
THE BANK OF NEW YORK MELLON CORPORATION	542,740	4.3%	1.0%
THE WALT DISNEY CORPORATION	577,341	4.6%	1.1%
TOYOTA MOTOR CORP	616,056	4.9%	1.1%
UNILEVER PLC	545,673	4.3%	1.0%
UNITED PARCEL SERVICE INC	312,143	2.5%	0.6%
VISA INC	147,564	1.2%	0.3%
WAL-MART STORES INC	634,271	5.0%	1.2%
Sector Total	12,579,712	100.0%	23.4%
Federal Agency/CMO			
FANNIE MAE	385,373	100.0%	0.7%
Sector Total	385,373	100.0%	0.7%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Federal Agency/GSE			
FANNIE MAE	3,779,602	50.1%	7.0%
FEDERAL HOME LOAN BANKS	2,440,162	32.3%	4.5%
FREDDIE MAC	1,328,674	17.6%	2.5%
Sector Total	7,548,438	100.0%	14.0%
Supra-Sov / Supra-Natl Agency			
INTER-AMERICAN DEVELOPMENT BANK	1,149,717	37.8%	2.1%
INTERNATIONAL FINANCE CORPORATION	545,228	17.9%	1.0%
INTL BANK OF RECONSTRUCTION AND DEV	1,344,329	44.2%	2.5%
Sector Total	3,039,275	100.0%	5.6%
U.S. Treasury			
UNITED STATES TREASURY	14,034,272	100.0%	26.1%
Sector Total	14,034,272	100.0%	26.1%
Portfolio Total	53,804,829	100.0%	100.0%

Investment Strategy Outlook

- In light of continued economic growth, inflation near the Fed's 2% target, and strong labor market conditions, the Fed appears poised to raise rates further. As a result of the expectation for one or two additional hikes in 2018 and three to four more in 2019, our view remains that the general trend of interest rates will be to increase gradually over the near term. Therefore, we plan to maintain a defensive duration posture to mitigate a portion of interest rate risk relative to the benchmark.
- Our outlook for each of the major investment-grade fixed income sectors is as follows:
 - Federal agency securities remain expensive as most maturities offer less than five basis points (0.05%) of incremental yield relative to U.S. Treasuries. We will continue to reduce exposure to agencies in maturities where spreads are tight, seeking better value in Treasuries or other sectors. Over the past quarter, however, the 2-3 year portions of the agency curve experienced modest widening that may create some opportunities in the third quarter.
 - Given an expected light supply of supranationals over the coming months, additional purchases may be limited. However, current allocations are expected to be maintained as the portfolio benefits from decent incremental income relative to traditional agencies. A shift to euro-denominated issues (preferred recently by a number of supranational issuers) may push secondary U.S. dollar-denominated spreads modestly wider, which could provide additional opportunity in the sector.
 - While fundamentals remain generally healthy and incremental income is still modestly attractive, potential headwinds in the corporate sector are beginning to temper our overall constructive guidance. As a result, our view on the sector has shifted to a more market-neutral and selectively opportunistic stance. In addition, we have a preference for financials and selective industrial issuers with stronger balance sheets, which we think can better navigate the current phase of the credit cycle.
 - In conjunction with our somewhat more defensive posture, negotiable certificates of deposit (CD) and asset-backed securities (ABS) offer attractive incremental income compared to government security alternatives.
 - As the Fed balance sheet is set to reduce its mortgage-backed securities (MBS) exposure more significantly over the next six months, the sector may experience spread pressures through the second half of the year. As a result, we will maintain allocations to the sector, with new purchases focused on specific structures that limit interest rate sensitivity and provide more stable cash flows.
 - Short-term money market investors continue to reap the rewards of current monetary policy tightening and higher overnight target rates. Further, the yield curve for high-quality commercial paper and negotiable certificates of deposit (CP/CD) is quite steep and attractive, offering opportunities to extend maturities and add to allocations in this space

Transactions & Account Holdings

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
4/6/18	4/10/18	550,000	13606BVF0	CANADIAN IMP BK COMM NY FLT CERT DEPOS	2.73%	4/10/20	550,000.00	2.78%	
4/6/18	4/10/18	550,000	22532XHT8	CREDIT AGRICOLE CIB NY FLT CERT DEPOS	2.80%	4/10/20	550,000.00	2.85%	
4/10/18	4/13/18	150,000	89236TEU5	TOYOTA MOTOR CREDIT CORP CORP NOTES	2.95%	4/13/21	149,940.00	2.96%	
4/10/18	4/18/18	90,000	44891KAD7	HART 2018-A A3	2.79%	7/15/22	89,986.45	2.80%	
4/11/18	4/30/18	380,000	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	388,648.34	2.27%	
4/12/18	4/19/18	615,000	4581X0DB1	INTER-AMERICAN DEVELOPMENT BANK NOTE	2.62%	4/19/21	613,647.00	2.70%	
4/24/18	4/30/18	375,000	02004VAC7	ALLYA 2018-2 A3	2.92%	11/15/22	374,931.90	2.93%	
5/3/18	5/10/18	205,000	427866BA5	HERSHEY COMPANY CORP NOTES	3.10%	5/15/21	204,858.55	3.12%	
5/8/18	5/11/18	330,000	369550BA5	GENERAL DYNAMICS CORP	2.87%	5/11/20	328,831.80	3.06%	
5/9/18	5/16/18	465,000	89238TAD5	TAOT 2018-B A3	2.96%	9/15/22	464,993.07	2.96%	
5/15/18	5/22/18	275,000	34528FAD0	FORDO 2018-A A3	3.03%	11/15/22	274,955.53	3.04%	
5/17/18	5/22/18	270,000	808513AW5	CHARLES SCHWAB CORP CORP NOTES	3.25%	5/21/21	269,991.90	3.25%	
5/22/18	5/30/18	95,000	43814UAG4	HAROT 2018-2 A3	3.01%	5/18/22	94,997.93	3.01%	
6/4/18	6/6/18	1,650,000	912828WN6	US TREASURY NOTES	2.00%	5/31/21	1,621,214.81	2.62%	
6/5/18	6/7/18	550,000	06417GU22	BANK OF NOVA SCOTIA HOUSTON CD	3.08%	6/5/20	549,791.00	3.10%	
6/7/18	6/8/18	700,000	78012UEE1	ROYAL BANK OF CANADA NY CD	3.24%	6/7/21	700,000.00	3.24%	
6/11/18	6/13/18	275,000	05522RCW6	BANK OF AMERICA ABS 2017-A1 A1	1.95%	8/15/22	271,055.75	2.73%	
6/20/18	6/27/18	380,000	931142EJ8	WAL-MART STORES INC CORP NOTES	3.12%	6/23/21	379,981.00	3.13%	
Total BUY		7,905,000					7,877,825.03		
INTEREST									
4/1/18	4/1/18	320,000	911312BP0	UNITED PARCEL SERVICE CORPORATE BOND	2.05%	4/1/21	2,496.44		
4/1/18	4/1/18	550,000	06051GGS2	BANK OF AMERICA CORP (CALLABLE)	2.32%	10/1/21	6,864.37		
4/2/18	4/2/18	0	MONEY002	MONEY MARKET FUND			48.50		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
4/5/18	4/5/18	975,000	06417GUE6	BANK OF NOVA SCOTIA HOUSTON LT CD	1.91%	4/5/19	9,414.71		
4/9/18	4/9/18	255,000	931142DY6	WAL-MART STORES INC CORP NOTE	1.75%	10/9/19	2,094.90		
4/15/18	4/15/18	197,644	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	253.64		
4/15/18	4/15/18	205,000	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	300.67		
4/15/18	4/15/18	120,000	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	173.00		
4/15/18	4/15/18	175,000	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	262.50		
4/15/18	4/15/18	325,000	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	1,828.13		
4/15/18	4/15/18	190,000	02582JHG8	AMERICAN EXPRESS ABS 2017-4 A	1.64%	12/15/21	259.67		
4/15/18	4/15/18	145,000	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	219.92		
4/15/18	4/15/18	250,000	654747AD6	NISSAN ABS 2017-A A3	1.74%	8/15/21	362.50		
4/15/18	4/15/18	275,000	65478GAD2	NISSAN ABS 2017-B A3	1.75%	10/15/21	401.04		
4/15/18	4/15/18	450,000	89190BAD0	TOYOTA ABS 2017-B A3	1.76%	7/15/21	660.00		
4/15/18	4/15/18	380,000	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	563.67		
4/15/18	4/15/18	100,000	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	141.67		
4/15/18	4/15/18	90,000	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	133.50		
4/15/18	4/15/18	235,000	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	517.00		
4/15/18	4/15/18	230,000	44932GAD7	HYUNDAI ABS 2017-B A3	1.77%	1/15/22	339.25		
4/15/18	4/15/18	450,000	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	2,531.25		
4/15/18	4/15/18	305,000	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	424.46		
4/15/18	4/15/18	305,000	02582JHQ6	AMXCA 2018-1 A	2.67%	10/17/22	542.90		
4/15/18	4/15/18	217,202	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	296.84		
4/15/18	4/15/18	75,000	06406FAA1	BANK OF NEW YORK MELLON CORP (CALLABLE)	2.50%	4/15/21	937.50		
4/15/18	4/15/18	275,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	460.63		
4/16/18	4/16/18	130,000	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	432.25		
4/17/18	4/17/18	325,000	89236TDU6	TOYOTA MOTOR CREDIT CORP	1.95%	4/17/20	3,168.75		
4/17/18	4/17/18	150,000	89236TDU6	TOYOTA MOTOR CREDIT CORP	1.95%	4/17/20	1,462.50		
4/18/18	4/18/18	140,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	208.83		
4/21/18	4/21/18	1,075,000	3130ACM92	FEDERAL HOME LOAN BANK NOTES	1.50%	10/21/19	8,420.83		
4/21/18	4/21/18	220,000	43814TAC6	HONDA ABS 2017-1 A3	1.72%	7/21/21	315.33		
4/21/18	4/21/18	550,000	61746BEA0	MORGAN STANLEY CORP NOTES	2.50%	4/21/21	6,875.00		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
4/23/18	4/23/18	350,000	38148LAA4	GOLDMAN SACHS GROUP INC CORP NOTES	2.60%	4/23/20	4,550.00		
4/30/18	4/30/18	2,000,000	912828K58	US TREASURY NOTES	1.37%	4/30/20	13,750.00		
4/30/18	4/30/18	150,000	438516BQ8	HONEYWELL INTERNATIONAL CORP NOTES	1.80%	10/30/19	1,350.00		
4/30/18	4/30/18	125,000	912828F62	US TREASURY NOTES	1.50%	10/31/19	937.50		
4/30/18	4/30/18	450,000	0258M0EC9	AMERICAN EXPRESS CREDIT (CALLABLE) CORP	1.70%	10/30/19	3,825.00		
4/30/18	4/30/18	1,285,000	912828D23	US TREASURY NOTES	1.62%	4/30/19	10,440.63		
4/30/18	4/30/18	1,060,000	912828D23	US TREASURY NOTES	1.62%	4/30/19	8,612.50		
5/1/18	5/1/18	0	MONEY0002	MONEY MARKET FUND			68.36		
5/1/18	5/25/18	380,000	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	1,127.33		
5/2/18	5/2/18	235,000	713448DR6	PEPSICO INC CORP NOTE	1.55%	5/2/19	1,821.25		
5/3/18	5/3/18	975,000	86563YVN0	SUMITOMO MITSUI BANK NY CD	2.05%	5/3/19	10,049.27		
5/9/18	5/9/18	545,000	4581X0CD8	INTER-AMERICAN DEVELOPMENT BANK	2.12%	11/9/20	5,790.63		
5/10/18	5/10/18	115,000	478160CH5	JOHNSON & JOHNSON CORP NOTE	1.95%	11/10/20	1,121.25		
5/11/18	5/11/18	220,000	037833CS7	APPLE INC BONDS	1.80%	5/11/20	1,980.00		
5/11/18	5/11/18	250,000	458140AZ3	INTEL CORP NOTES	1.85%	5/11/20	2,312.50		
5/13/18	5/13/18	325,000	02665WBZ3	AMERICAN HONDA FINANCE	2.00%	11/13/19	3,195.83		
5/13/18	5/13/18	155,000	69371RN85	PACCAR FINANCIAL CORP NOTES	2.05%	11/13/20	1,588.75		
5/13/18	5/13/18	330,000	037833DJ6	APPLE INC	2.00%	11/13/20	3,300.00		
5/15/18	5/15/18	275,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	460.63		
5/15/18	5/15/18	250,000	654747AD6	NISSAN ABS 2017-A A3	1.74%	8/15/21	362.50		
5/15/18	5/15/18	235,000	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	517.00		
5/15/18	5/15/18	205,000	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	300.67		
5/15/18	5/15/18	145,000	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	219.92		
5/15/18	5/15/18	275,000	65478GAD2	NISSAN ABS 2017-B A3	1.75%	10/15/21	401.04		
5/15/18	5/15/18	190,000	02582JHG8	AMERICAN EXPRESS ABS 2017-4 A	1.64%	12/15/21	259.67		
5/15/18	5/15/18	305,000	02582JHQ6	AMXCA 2018-1 A	2.67%	10/17/22	678.63		
5/15/18	5/15/18	130,000	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	288.17		
5/15/18	5/15/18	90,000	44891KAD7	HART 2018-A A3	2.79%	7/15/22	188.33		
5/15/18	5/15/18	230,000	44932GAD7	HYUNDAI ABS 2017-B A3	1.77%	1/15/22	339.25		
5/15/18	5/15/18	380,000	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	563.67		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
5/15/18	5/15/18	167,230	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	214.61		
5/15/18	5/15/18	305,000	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	424.46		
5/15/18	5/15/18	375,000	02004VAC7	ALLYA 2018-2 A3	2.92%	11/15/22	456.25		
5/15/18	5/15/18	175,000	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	262.50		
5/15/18	5/15/18	90,000	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	133.50		
5/15/18	5/15/18	450,000	89190BAD0	TOYOTA ABS 2017-B A3	1.76%	7/15/21	660.00		
5/15/18	5/15/18	201,042	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	274.76		
5/15/18	5/15/18	120,000	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	173.00		
5/15/18	5/15/18	100,000	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	141.67		
5/16/18	5/16/18	550,000	87019U6D6	SWEDBANK (NEW YORK) CERT DEPOS	2.27%	11/16/20	6,242.50		
5/18/18	5/18/18	140,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	208.83		
5/21/18	5/21/18	220,000	43814TAC6	HONDA ABS 2017-1 A3	1.72%	7/21/21	315.33		
5/27/18	5/27/18	550,000	459058FS7	INTL BANK OF RECON AND DEV GLOBAL NOTES	1.12%	11/27/19	3,096.50		
5/30/18	5/30/18	325,000	65558LWA6	NORDEA BANK FINLAND NY CD	1.76%	11/30/18	2,875.89		
5/31/18	5/31/18	565,000	912828M98	US TREASURY NOTES	1.62%	11/30/20	4,590.63		
5/31/18	5/31/18	725,000	912828XE5	US TREASURY NOTES	1.50%	5/31/20	5,437.50		
5/31/18	5/31/18	2,360,000	912828G61	US TREASURY NOTES	1.50%	11/30/19	17,700.00		
6/1/18	6/1/18	0	MONEY0002	MONEY MARKET FUND			118.42		
6/1/18	6/25/18	380,000	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	1,127.33		
6/3/18	6/3/18	375,000	717081DU4	PFIZER INC CORP NOTES	1.45%	6/3/19	2,718.75		
6/5/18	6/5/18	500,000	25468PDU7	WALT DISNEY COMPANY CORP NOTES	1.80%	6/5/20	4,500.00		
6/5/18	6/5/18	235,000	437076BQ4	HOME DEPOT INC CORP NOTES	1.80%	6/5/20	2,115.00		
6/14/18	6/14/18	150,000	92826CAB8	VISA INC (CALLABLE) CORP NOTES	2.20%	12/14/20	1,650.00		
6/15/18	6/15/18	465,000	89238TAD5	TAOT 2018-B A3	2.96%	9/15/22	1,108.77		
6/15/18	6/15/18	275,000	05522RCW6	BANK OF AMERICA ABS 2017-A1 A1	1.95%	8/15/22	446.88		
6/15/18	6/15/18	90,000	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	133.50		
6/15/18	6/15/18	275,000	34528FAD0	FORDO 2018-A A3	3.03%	11/15/22	532.35		
6/15/18	6/15/18	275,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	460.63		
6/15/18	6/15/18	90,000	44891KAD7	HART 2018-A A3	2.79%	7/15/22	209.25		
6/15/18	6/15/18	305,000	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	424.46		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
6/15/18	6/15/18	235,000	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	517.00		
6/15/18	6/15/18	375,000	02004VAC7	ALLYA 2018-2 A3	2.92%	11/15/22	912.50		
6/15/18	6/15/18	140,211	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	179.94		
6/15/18	6/15/18	205,000	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	300.67		
6/15/18	6/15/18	380,000	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	563.67		
6/15/18	6/15/18	100,000	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	141.67		
6/15/18	6/15/18	250,000	654747AD6	NISSAN ABS 2017-A A3	1.74%	8/15/21	362.50		
6/15/18	6/15/18	275,000	65478GAD2	NISSAN ABS 2017-B A3	1.75%	10/15/21	401.04		
6/15/18	6/15/18	188,662	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	257.84		
6/15/18	6/15/18	175,000	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	262.50		
6/15/18	6/15/18	305,000	02582JHQ6	AMXCA 2018-1 A	2.67%	10/17/22	678.63		
6/15/18	6/15/18	130,000	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	288.17		
6/15/18	6/15/18	450,000	89190BAD0	TOYOTA ABS 2017-B A3	1.76%	7/15/21	660.00		
6/15/18	6/15/18	190,000	02582JHG8	AMERICAN EXPRESS ABS 2017-4 A	1.64%	12/15/21	259.67		
6/15/18	6/15/18	230,000	44932GAD7	HYUNDAI ABS 2017-B A3	1.77%	1/15/22	339.25		
6/15/18	6/15/18	145,000	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	219.92		
6/15/18	6/15/18	120,000	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	173.00		
6/18/18	6/18/18	95,000	43814UAG4	HAROT 2018-2 A3	3.01%	5/18/22	142.98		
6/18/18	6/18/18	140,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	208.83		
6/21/18	6/21/18	220,000	43814TAC6	HONDA ABS 2017-1 A3	1.72%	7/21/21	315.33		
6/21/18	6/21/18	775,000	3130A8DB6	FHLB GLOBAL NOTE	1.12%	6/21/19	4,359.38		
6/22/18	6/22/18	100,000	24422ETS8	JOHN DEERE CAPITAL CORP NOTES	1.95%	6/22/20	975.00		
6/29/18	6/29/18	450,000	05531FAU7	BRANCH BANKING & TRUST (CALLABLE) CORP	2.62%	6/29/20	5,906.25		
6/30/18	6/30/18	2,200,000	912828XH8	US TREASURY NOTES	1.62%	6/30/20	17,875.00		
6/30/18	6/30/18	800,000	912828N48	US TREASURY NOTES	1.75%	12/31/20	7,000.00		
Total INTEREST		40,851,990					235,866.44		

PAYDOWNS

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
4/15/18	4/15/18	16,160	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	16,160.21		0.00
4/15/18	4/15/18	30,414	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	30,413.60		0.00
5/15/18	5/15/18	12,380	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	12,380.35		0.00
5/15/18	5/15/18	27,019	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	27,019.32		0.00
6/15/18	6/15/18	10,871	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	10,871.14		0.00
6/15/18	6/15/18	10,160	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	10,159.84		0.00
6/15/18	6/15/18	27,202	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	27,202.18		0.00
Total PAYDOWNS		134,207					134,206.64		0.00

SELL

4/6/18	4/10/18	225,000	912828SN1	US TREASURY NOTES	1.50%	3/31/19	223,782.64	2.11%	(1,637.06)
4/6/18	4/10/18	875,000	13606A5Z7	CANADIAN IMPERIAL BANK NY CD	1.76%	11/30/18	875,647.11	2.59%	(4,693.72)
4/10/18	4/13/18	150,000	912828SN1	US TREASURY NOTES	1.50%	3/31/19	149,171.72	2.14%	(1,124.70)
4/12/18	4/19/18	165,000	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	163,293.08	2.20%	(1,771.91)
4/12/18	4/19/18	450,000	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	445,344.75	2.20%	(4,810.37)
4/16/18	4/18/18	50,000	912828SN1	US TREASURY NOTES	1.50%	3/31/19	49,720.48	2.18%	(387.56)
4/23/18	4/30/18	350,000	912828SN1	US TREASURY NOTES	1.50%	3/31/19	347,996.74	2.27%	(2,914.50)
4/24/18	4/30/18	65,000	912828SN1	US TREASURY NOTES	1.50%	3/31/19	64,630.51	2.26%	(538.72)
4/24/18	4/30/18	300,000	912828D23	US TREASURY NOTES	1.62%	4/30/19	298,054.69	2.28%	(4,706.08)
5/3/18	5/7/18	135,000	713448DR6	PEPSICO INC CORP NOTE	1.55%	5/2/19	133,811.36	2.48%	(1,167.38)
5/9/18	5/11/18	100,000	713448DR6	PEPSICO INC CORP NOTE	1.55%	5/2/19	99,135.75	2.49%	(866.15)
5/9/18	5/11/18	225,000	912828D23	US TREASURY NOTES	1.62%	4/30/19	223,676.67	2.29%	(3,441.41)
5/15/18	5/15/18	160,000	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	158,428.40	2.32%	(1,761.48)
5/15/18	5/16/18	340,000	912828D23	US TREASURY NOTES	1.62%	4/30/19	338,048.81	2.31%	(5,184.48)
5/16/18	5/22/18	200,000	912828D23	US TREASURY NOTES	1.62%	4/30/19	198,881.79	2.33%	(3,043.17)
5/17/18	5/22/18	350,000	459200HT1	IBM CORP NOTE	1.95%	2/12/19	350,450.33	2.53%	(2,263.48)
6/1/18	6/5/18	325,000	65558LWA6	NORDEA BANK FINLAND NY CD	1.76%	11/30/18	324,061.99	1.98%	(1,033.34)
6/4/18	6/6/18	1,060,000	912828D23	US TREASURY NOTES	1.62%	4/30/19	1,055,479.52	2.29%	(11,591.45)

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
6/4/18	6/6/18	220,000	912828D23	US TREASURY NOTES	1.62%	4/30/19	219,061.78	2.29%	(3,119.02)
6/5/18	6/7/18	975,000	06417GUE6	BANK OF NOVA SCOTIA HOUSTON LT CD	1.91%	4/5/19	972,535.69	2.56%	(5,723.25)
6/7/18	6/8/18	275,000	06427KRC3	BANK OF MONTREAL CHICAGO CERT DEPOS	1.88%	2/7/19	275,387.44	2.56%	(1,350.25)
6/11/18	6/13/18	275,000	717081DU4	PFIZER INC CORP NOTES	1.45%	6/3/19	272,110.51	2.59%	(3,268.00)
6/21/18	6/27/18	100,000	717081DU4	PFIZER INC CORP NOTES	1.45%	6/3/19	99,067.67	2.57%	(1,122.48)
6/21/18	6/27/18	200,000	3130A8DB6	FHLB GLOBAL NOTE	1.12%	6/21/19	197,569.50	2.40%	(2,440.51)
Total SELL		7,570,000					7,535,348.93		-69,960.47

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 10/31/2014 1.500% 10/31/2019	912828F62	125,000.00	AA+	Aaa	3/2/2017	3/2/2017	124,916.99	1.53	315.90	124,958.48	123,447.25
US TREASURY NOTES DTD 12/01/2014 1.500% 11/30/2019	912828G61	2,360,000.00	AA+	Aaa	12/1/2016	12/5/2016	2,363,687.50	1.45	2,998.36	2,361,767.95	2,328,194.28
US TREASURY NOTES DTD 02/02/2015 1.250% 01/31/2020	912828H52	1,110,000.00	AA+	Aaa	1/3/2017	1/5/2017	1,101,154.69	1.52	5,787.64	1,105,391.56	1,088,753.49
US TREASURY NOTES DTD 03/02/2015 1.375% 02/29/2020	912828J50	50,000.00	AA+	Aaa	2/1/2017	2/3/2017	49,697.27	1.58	229.79	49,834.01	49,076.15
US TREASURY NOTES DTD 03/02/2015 1.375% 02/29/2020	912828J50	275,000.00	AA+	Aaa	8/31/2017	9/1/2017	274,989.26	1.38	1,263.84	274,992.82	269,918.83
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	2,000,000.00	AA+	Aaa	7/13/2017	7/13/2017	1,992,109.38	1.52	4,633.15	1,994,808.32	1,959,062.00
US TREASURY NOTES DTD 06/01/2015 1.500% 05/31/2020	912828XE5	725,000.00	AA+	Aaa	10/4/2017	10/5/2017	723,442.38	1.58	921.11	723,872.45	711,009.68
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	2,200,000.00	AA+	Aaa	6/26/2017	6/28/2017	2,207,906.25	1.50	97.15	2,205,293.99	2,160,899.40
US TREASURY NOTES DTD 07/31/2015 1.625% 07/31/2020	912828XM7	950,000.00	AA+	Aaa	7/5/2017	7/7/2017	950,593.75	1.60	6,439.40	950,408.86	932,113.40
US TREASURY NOTES DTD 11/30/2015 1.625% 11/30/2020	912828M98	565,000.00	AA+	Aaa	11/1/2017	11/3/2017	562,550.19	1.77	777.65	563,066.14	552,331.57
US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	800,000.00	AA+	Aaa	12/1/2017	12/5/2017	796,187.50	1.91	38.04	796,885.91	783,781.60
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	1,500,000.00	AA+	Aaa	1/2/2018	1/4/2018	1,470,000.00	2.05	8,603.25	1,474,671.62	1,454,238.00
US TREASURY NOTES DTD 06/02/2014 2.000% 05/31/2021	912828WN6	1,650,000.00	AA+	Aaa	6/4/2018	6/6/2018	1,620,673.83	2.62	2,795.08	1,621,323.94	1,621,446.75
Security Type Sub-Total		14,310,000.00					14,237,908.99	1.72	34,900.36	14,247,276.05	14,034,272.40

Supra-National Agency Bond / Note

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Supra-National Agency Bond / Note											
INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 10/27/2016 1.125% 11/27/2019	459058FS7	550,000.00	AAA	Aaa	8/28/2017	8/30/2017	545,308.50	1.51	584.38	547,042.29	539,066.00
INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 08/29/2017 1.625% 09/04/2020	459058GA5	275,000.00	AAA	Aaa	8/22/2017	8/29/2017	274,942.25	1.63	1,452.34	274,957.87	268,930.75
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	550,000.00	AAA	Aaa	9/12/2017	9/19/2017	548,680.00	1.64	2,599.50	549,020.43	536,332.50
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	545,000.00	AAA	Aaa	10/2/2017	10/10/2017	550,051.66	1.81	1,672.85	548,889.90	537,669.75
INTERNATIONAL FINANCE CORPORATION NOTE DTD 03/16/2018 2.635% 03/09/2021	45950VLQ7	550,000.00	AAA	Aaa	3/9/2018	3/16/2018	549,587.50	2.66	4,226.98	549,625.64	545,228.20
INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 04/19/2018 2.625% 04/19/2021	4581X0DB1	615,000.00	AAA	Aaa	4/12/2018	4/19/2018	613,647.00	2.70	3,228.75	613,734.20	612,047.39
Security Type Sub-Total		3,085,000.00					3,082,216.91	2.05	13,764.80	3,083,270.33	3,039,274.59
Federal Agency Collateralized Mortgage Obligation											
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	380,000.00	AA+	Aaa	4/11/2018	4/30/2018	387,558.58	2.27	1,127.33	387,335.03	385,373.24
Security Type Sub-Total		380,000.00					387,558.58	2.27	1,127.33	387,335.03	385,373.24
Federal Agency Bond / Note											
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	575,000.00	AA+	Aaa	6/2/2016	6/3/2016	574,758.50	1.14	179.69	574,921.85	568,018.93
FHLMC REFERENCE NOTE DTD 07/20/2016 0.875% 07/19/2019	3137EAEB1	400,000.00	AA+	Aaa	9/1/2016	9/2/2016	398,076.00	1.04	1,575.00	399,292.35	393,681.20

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FHLMC REFERENCE NOTE DTD 07/20/2016 0.875% 07/19/2019	3137EAEB1	950,000.00	AA+	Aaa	7/19/2016	7/20/2016	947,701.00	0.96	3,740.63	949,187.17	934,992.85
FNMA BENCHMARK NOTE DTD 08/02/2016 0.875% 08/02/2019	3135G0N33	1,000,000.00	AA+	Aaa	7/29/2016	8/2/2016	998,320.00	0.93	3,621.53	999,386.45	983,379.00
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	1,175,000.00	AA+	Aaa	8/31/2016	9/2/2016	1,173,167.00	1.05	4,014.58	1,174,282.84	1,155,782.88
FHLB GLOBAL NOTES DTD 09/09/2016 1.000% 09/26/2019	3130A9EP2	825,000.00	AA+	Aaa	10/3/2016	10/5/2016	824,711.25	1.01	2,177.08	824,879.21	810,715.95
FEDERAL HOME LOAN BANK NOTES DTD 10/13/2017 1.500% 10/21/2019	3130ACM92	1,075,000.00	AA+	Aaa	10/12/2017	10/13/2017	1,073,097.25	1.59	3,135.42	1,073,764.18	1,061,427.05
FNMA NOTES DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	600,000.00	AA+	Aaa	2/24/2017	2/28/2017	599,616.00	1.52	3,075.00	599,785.63	589,860.00
FNMA NOTES DTD 08/01/2017 1.500% 07/30/2020	3135G0T60	1,075,000.00	AA+	Aaa	8/31/2017	9/1/2017	1,075,279.50	1.49	6,763.54	1,075,203.64	1,050,580.30
Security Type Sub-Total		7,675,000.00					7,664,726.50	1.20	28,282.47	7,670,703.32	7,548,438.16
Corporate Note											
GOLDMAN SACHS GROUP INC CORP NOTE DTD 07/24/2017 1.950% 07/23/2019	38141GWP5	200,000.00	BBB+	A3	7/19/2017	7/24/2017	199,976.00	1.96	1,711.67	199,987.11	198,010.00
IBM CREDIT CORP NOTE DTD 09/08/2017 1.625% 09/06/2019	44932HAA1	475,000.00	A+	A1	9/5/2017	9/8/2017	474,639.00	1.66	2,465.71	474,784.86	468,998.38
CISCO SYSTEMS INC CORP NOTES DTD 09/20/2016 1.400% 09/20/2019	17275RBG6	200,000.00	AA-	A1	9/20/2016	9/23/2016	200,216.00	1.36	785.56	200,089.11	197,183.00
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.750% 10/09/2019	931142DY6	255,000.00	AA	Aa2	10/11/2017	10/20/2017	254,994.90	1.75	1,016.46	254,996.33	252,385.49
AMERICAN EXPRESS CREDIT (CALLABLE) CORP DTD 10/31/2016 1.700% 10/30/2019	0258M0EC9	450,000.00	A-	A2	1/31/2017	2/3/2017	446,580.00	1.99	1,296.25	448,320.11	443,021.85

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
HONEYWELL INTERNATIONAL CORP NOTES DTD 10/30/2017 1.800% 10/30/2019	438516BQ8	150,000.00	A	A2	10/23/2017	10/30/2017	149,883.00	1.84	457.50	149,921.72	148,131.45
AMERICAN HONDA FINANCE DTD 11/16/2017 2.000% 11/13/2019	02665WBZ3	325,000.00	A+	A2	11/13/2017	11/16/2017	324,818.00	2.03	866.67	324,874.19	321,266.08
JPMORGAN CHASE & CO (CALLABLE) DTD 01/23/2015 2.250% 01/23/2020	46625HKA7	500,000.00	A-	A3	6/15/2017	6/20/2017	501,885.00	2.10	4,937.50	501,126.51	493,568.50
MICROSOFT CORP NOTES DTD 02/06/2017 1.850% 02/06/2020	594918BV5	215,000.00	AAA	Aaa	1/30/2017	2/6/2017	214,855.95	1.87	1,602.05	214,922.32	212,252.73
BNY MELLON (CALLABLE) CORP NOTE DTD 02/24/2015 2.150% 02/24/2020	06406HCZ0	475,000.00	A	A1	3/29/2017	3/30/2017	476,695.75	2.02	3,602.74	475,956.91	469,119.98
CHEVRON CORP NOTES DTD 03/03/2017 1.991% 03/03/2020	166764BP4	325,000.00	AA-	Aa2	2/28/2017	3/3/2017	325,000.00	1.99	2,120.97	325,000.00	321,031.43
WALT DISNEY COMPANY CORP NOTES DTD 03/06/2017 1.950% 03/04/2020	25468PDP8	90,000.00	A+	A2	3/1/2017	3/6/2017	89,976.60	1.96	570.38	89,986.72	88,508.79
HSBC USA INC NOTES DTD 03/05/2015 2.350% 03/05/2020	40428HPR7	195,000.00	A	A2	3/27/2018	3/29/2018	192,515.70	3.03	1,476.58	192,837.63	192,722.60
EXXON MOBIL (CALLABLE) CORP NOTE DTD 03/06/2015 1.912% 03/06/2020	30231GAG7	275,000.00	AA+	Aaa	8/14/2017	8/15/2017	276,394.25	1.71	1,679.64	275,907.46	271,134.88
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	150,000.00	AA-	Aa3	4/12/2017	4/17/2017	150,045.00	1.94	601.25	150,027.22	147,419.55
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	325,000.00	AA-	Aa3	4/11/2017	4/17/2017	324,850.50	1.97	1,302.71	324,909.55	319,409.03
GOLDMAN SACHS GROUP INC CORP NOTES DTD 01/23/2015 2.600% 04/23/2020	38148LAA4	350,000.00	BBB+	A3	11/1/2017	11/3/2017	352,639.00	2.28	1,718.89	351,948.04	346,697.40
INTEL CORP NOTES DTD 05/11/2017 1.850% 05/11/2020	458140AZ3	250,000.00	A+	A1	5/8/2017	5/11/2017	249,905.00	1.86	642.36	249,940.46	246,089.25

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
APPLE INC BONDS DTD 05/11/2017 1.800% 05/11/2020	037833CS7	220,000.00	AA+	Aa1	5/4/2017	5/11/2017	219,775.60	1.84	550.00	219,859.38	216,272.32
GENERAL DYNAMICS CORP DTD 05/11/2018 2.875% 05/11/2020	369550BA5	330,000.00	A+	A2	5/8/2018	5/11/2018	328,831.80	3.06	1,317.71	328,911.09	329,641.29
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BQ4	235,000.00	A	A2	5/24/2017	6/5/2017	234,863.70	1.82	305.50	234,911.58	230,773.06
WALT DISNEY COMPANY CORP NOTES DTD 06/06/2017 1.800% 06/05/2020	25468PDU7	500,000.00	A+	A2	6/1/2017	6/6/2017	499,420.00	1.84	650.00	499,623.29	488,832.50
JOHN DEERE CAPITAL CORP NOTES DTD 06/22/2017 1.950% 06/22/2020	24422ETS8	100,000.00	A	A2	6/19/2017	6/22/2017	99,939.00	1.97	48.75	99,959.44	97,837.10
BRANCH BANKING & TRUST (CALLABLE) CORP DTD 06/29/2015 2.625% 06/29/2020	05531FAU7	450,000.00	A-	A2	3/17/2017	3/22/2017	454,144.50	2.33	65.63	452,529.46	445,205.25
AMERICAN HONDA FINANCE CORP NOTES DTD 07/20/2017 1.950% 07/20/2020	02665WBT7	230,000.00	A+	A2	7/17/2017	7/20/2017	229,767.70	1.98	2,005.79	229,839.58	225,228.42
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	410,000.00	A	A3	9/5/2017	9/7/2017	409,655.60	1.88	2,465.13	409,747.56	399,262.10
AMERICAN EXP (CALLABLE) CREDIT CORP NOTE DTD 09/14/2015 2.600% 09/14/2020	0258M0DX4	100,000.00	A-	A2	3/5/2018	3/7/2018	99,144.00	2.95	772.78	99,248.75	98,750.60
JOHNSON & JOHNSON CORP NOTE DTD 11/10/2017 1.950% 11/10/2020	478160CH5	115,000.00	AAA	Aaa	11/8/2017	11/10/2017	114,876.95	1.99	317.69	114,902.68	113,109.75
APPLE INC DTD 11/13/2017 2.000% 11/13/2020	037833DJ6	330,000.00	AA+	Aa1	11/6/2017	11/13/2017	329,722.80	2.03	880.00	329,779.98	323,932.62
PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	155,000.00	A+	A1	11/6/2017	11/13/2017	154,986.05	2.05	423.67	154,988.93	151,269.00
VISA INC (CALLABLE) CORP NOTES DTD 12/14/2015 2.200% 12/14/2020	92826CAB8	150,000.00	A+	A1	8/25/2017	8/30/2017	151,650.00	1.85	155.83	151,230.49	147,563.70

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
JOHN DEERE CAPITAL CORP NOTES DTD 01/08/2018 2.350% 01/08/2021	24422ETZ2	205,000.00	A	A2	1/3/2018	1/8/2018	204,893.40	2.37	2,315.08	204,909.98	201,406.35
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	100,000.00	A-	A2	11/16/2017	11/20/2017	99,480.00	2.32	895.83	99,576.29	97,250.10
JP MORGAN CHASE & CO CORP NT (CALLABLE) DTD 03/01/2016 2.550% 03/01/2021	46625HQJ2	50,000.00	A-	A3	3/5/2018	3/7/2018	49,349.50	3.01	425.00	49,416.08	48,999.40
PACCAR FINANCIAL CORP NOTES DTD 02/27/2018 2.800% 03/01/2021	69371RN93	190,000.00	A+	A1	2/22/2018	2/27/2018	189,906.90	2.82	1,832.44	189,917.42	188,355.36
JOHN DEERE CAPITAL CORP NOTES DTD 03/13/2018 2.875% 03/12/2021	24422EUD9	400,000.00	A	A2	3/8/2018	3/13/2018	399,728.00	2.90	3,450.00	399,754.14	397,064.00
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	230,000.00	A	A2	2/21/2018	2/26/2018	229,744.70	2.94	2,315.97	229,774.14	228,289.03
UNILEVER CAPITAL CORP NOTES DTD 03/22/2018 2.750% 03/22/2021	904764AZ0	550,000.00	A+	A1	3/19/2018	3/22/2018	547,189.50	2.93	4,159.38	547,437.86	545,673.15
UNITED PARCEL SERVICE CORPORATE BOND DTD 11/14/2017 2.050% 04/01/2021	911312BP0	320,000.00	A+	A1	11/9/2017	11/14/2017	319,494.40	2.10	1,640.00	319,583.58	312,143.04
TOYOTA MOTOR CREDIT CORP CORP NOTES DTD 04/13/2018 2.950% 04/13/2021	89236TEU5	150,000.00	AA-	Aa3	4/10/2018	4/13/2018	149,940.00	2.96	958.75	149,944.18	149,227.05
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021	06406FAA1	75,000.00	A	A1	2/14/2018	2/16/2018	74,024.25	2.93	395.83	74,136.86	73,619.78
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	550,000.00	BBB+	A3	2/13/2018	2/15/2018	540,760.00	3.06	2,673.61	541,823.71	537,178.40
HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	205,000.00	A	A1	5/3/2018	5/10/2018	204,858.55	3.12	900.29	204,865.10	205,230.01
CHARLES SCHWAB CORP CORP NOTES DTD 05/22/2018 3.250% 05/21/2021	808513AW5	270,000.00	A	A2	5/17/2018	5/22/2018	269,991.90	3.25	950.63	269,992.15	271,078.92

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
WAL-MART STORES INC CORP NOTES DTD 06/27/2018 3.125% 06/23/2021	931142EJ8	380,000.00	AA	Aa2	6/20/2018	6/27/2018	379,981.00	3.13	131.94	379,981.05	381,885.18
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	550,000.00	A-	A3	11/27/2017	11/29/2017	547,409.50	2.46	3,201.00	547,799.06	537,683.85
Security Type Sub-Total		12,755,000.00					12,739,398.95	2.29	65,059.12	12,739,980.06	12,579,711.72
Certificate of Deposit											
SVENSKA HANDELSBANKEN NY LT CD DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	875,000.00	A-1+	P-1	1/10/2017	1/12/2017	875,000.00	1.91	7,901.25	875,000.00	871,199.88
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 02/09/2017 1.880% 02/07/2019	06427KRC3	600,000.00	A-1	P-1	2/8/2017	2/9/2017	600,000.00	1.90	4,512.00	600,000.00	598,882.20
SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVN0	975,000.00	A-1	P-1	5/3/2017	5/4/2017	975,000.00	2.05	3,275.73	975,000.00	970,854.30
SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	1,075,000.00	A+	Aa2	8/3/2017	8/4/2017	1,074,580.75	1.85	8,186.72	1,074,771.37	1,065,725.98
MUFG BANK LTD/NY CERT DEPOS DTD 09/27/2017 2.070% 09/25/2019	06539RGM3	550,000.00	A	A1	9/25/2017	9/27/2017	550,000.00	2.07	8,760.13	550,000.00	544,500.55
CREDIT SUISSE NEW YORK CERT DEPOS DTD 02/08/2018 2.670% 02/07/2020	22549LFR1	550,000.00	A	A1	2/7/2018	2/8/2018	550,000.00	2.67	5,833.21	550,000.00	549,979.65
NORDEA BANK AB NY CD DTD 02/22/2018 2.720% 02/20/2020	65590ASN7	550,000.00	AA-	Aa3	2/20/2018	2/22/2018	550,000.00	2.72	5,360.67	550,000.00	547,098.75
UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	550,000.00	A+	Aa2	3/2/2018	3/6/2018	550,000.00	2.93	5,183.75	550,000.00	551,808.40

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit											
CANADIAN IMP BK COMM NY FLT CERT DEPOS DTD 04/10/2018 2.731% 04/10/2020	13606BVF0	550,000.00	A+	A1	4/6/2018	4/10/2018	550,000.00	2.78	3,429.43	550,000.00	549,998.90
CREDIT AGRICOLE CIB NY FLT CERT DEPOS DTD 04/10/2018 2.801% 04/10/2020	22532XHT8	550,000.00	A	A1	4/6/2018	4/10/2018	550,000.00	2.85	3,517.12	550,000.00	550,607.75
BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	550,000.00	A+	A1	6/5/2018	6/7/2018	549,791.00	3.10	1,129.33	549,797.75	553,051.95
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	965,000.00	AA-	Aa3	8/3/2017	8/7/2017	965,000.00	2.05	7,913.00	965,000.00	949,727.91
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	550,000.00	AA-	Aa2	11/16/2017	11/17/2017	550,000.00	2.30	1,595.31	550,000.00	538,514.90
ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021	78012UEE1	700,000.00	AA-	A1	6/7/2018	6/8/2018	700,000.00	3.24	1,449.00	700,000.00	704,926.60
Security Type Sub-Total		9,590,000.00					9,589,371.75	2.38	68,046.65	9,589,569.12	9,546,877.72
Asset-Backed Security / Collateralized Mortgage Obligation											
CARMAX ABS 2017-1 A2 DTD 01/31/2017 1.540% 02/15/2020	14314JAB6	113,008.42	NR	Aaa	1/25/2017	1/31/2017	113,008.39	1.60	77.35	113,008.41	112,839.71
CNH 2017-A A2 DTD 03/22/2017 1.640% 07/15/2020	12636WAB2	177,790.47	AAA	NR	3/15/2017	3/22/2017	177,783.65	1.80	129.59	177,785.92	177,242.36
CITIBANK ABS 2017-A2 A2 DTD 01/26/2017 1.740% 01/17/2021	17305EGA7	450,000.00	AAA	Aaa	1/19/2017	1/26/2017	449,913.83	1.75	3,567.00	450,000.00	448,105.28
TOYOTA ABS 2017-A A3 DTD 03/15/2017 1.730% 02/15/2021	89238MAD0	120,000.00	AAA	Aaa	3/7/2017	3/15/2017	119,985.88	1.74	92.27	119,990.41	118,831.18
CARMX 2017-4 A2A DTD 10/25/2017 1.800% 04/15/2021	14314RAH5	164,840.16	AAA	NR	10/17/2017	10/25/2017	164,828.07	1.79	131.87	164,830.33	164,002.77
JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	90,000.00	NR	Aaa	2/22/2017	3/2/2017	89,987.18	1.79	71.20	89,989.11	89,160.55

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Asset-Backed Security / Collateralized Mortgage Obligation											
FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	305,000.00	NR	Aaa	1/18/2017	1/25/2017	304,998.87	1.67	226.38	304,999.34	301,492.90
ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	100,000.00	NR	Aaa	1/24/2017	1/31/2017	99,991.26	1.70	75.56	99,994.25	99,170.88
TOYOTA ABS 2017-B A3 DTD 05/17/2017 1.760% 07/15/2021	89190BAD0	450,000.00	AAA	Aaa	5/9/2017	5/17/2017	449,965.49	1.76	352.00	449,974.52	444,380.45
HONDA ABS 2017-1 A3 DTD 03/28/2017 1.720% 07/21/2021	43814TAC6	220,000.00	NR	Aaa	3/21/2017	3/28/2017	219,986.91	1.72	105.11	219,988.01	217,792.34
ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	380,000.00	NR	Aaa	3/21/2017	3/29/2017	379,955.20	1.79	300.62	379,968.69	376,610.55
NISSAN ABS 2017-A A3 DTD 03/28/2017 1.740% 08/15/2021	654747AD6	250,000.00	NR	Aaa	3/21/2017	3/28/2017	249,973.53	1.74	193.33	249,978.07	246,545.55
HYUNDAI ABS 2017-A A3 DTD 03/29/2017 1.760% 08/15/2021	44931PAD8	205,000.00	AAA	NR	3/22/2017	3/29/2017	204,983.42	1.76	160.36	204,983.42	202,352.57
HAROT 2017-3 A3 DTD 09/29/2017 1.790% 09/18/2021	43814PAC4	140,000.00	AAA	NR	9/25/2017	9/29/2017	139,984.84	1.94	90.49	139,987.58	137,761.50
CCCIT 2017-A9 A9 DTD 10/02/2017 1.800% 09/20/2021	17305EGH2	200,000.00	AAA	NR	9/25/2017	10/2/2017	199,985.10	1.80	1,010.00	199,987.90	197,536.02
NISSAN ABS 2017-B A3 DTD 08/23/2017 1.750% 10/15/2021	65478GAD2	275,000.00	NR	Aaa	8/16/2017	8/23/2017	274,984.63	1.75	213.89	274,987.69	270,616.56
JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	145,000.00	NR	Aaa	7/11/2017	7/18/2017	144,989.39	1.82	117.29	144,991.58	142,893.37
AMERICAN EXPRESS ABS 2017-4 A DTD 05/30/2017 1.640% 12/15/2021	02582JHG8	190,000.00	AAA	NR	5/22/2017	5/30/2017	189,969.56	1.65	138.49	189,976.47	188,363.36
HYUNDAI ABS 2017-B A3 DTD 08/16/2017 1.770% 01/15/2022	44932GAD7	230,000.00	AAA	Aaa	8/9/2017	8/16/2017	229,960.14	1.78	180.93	229,967.80	226,030.06
HAROT 2018-1 A3 DTD 02/28/2018 2.640% 02/15/2022	43814UAC3	235,000.00	AAA	Aaa	2/22/2018	2/28/2018	234,969.61	2.65	275.73	234,972.03	233,774.55
FORDO 2017-C A3 DTD 11/21/2017 2.010% 03/15/2022	34532AAD5	275,000.00	AAA	NR	11/14/2017	11/21/2017	274,950.42	2.02	245.67	274,957.11	271,114.77

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Asset-Backed Security / Collateralized Mortgage Obligation											
JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	130,000.00	NR	Aaa	2/21/2018	2/28/2018	129,990.65	2.66	153.69	129,991.49	129,331.63
HAROT 2018-2 A3 DTD 05/30/2018 3.010% 05/18/2022	43814UAG4	95,000.00	AAA	NR	5/22/2018	5/30/2018	94,997.93	3.01	103.26	94,998.03	95,116.89
HART 2018-A A3 DTD 04/18/2018 2.790% 07/15/2022	44891KAD7	90,000.00	AAA	Aaa	4/10/2018	4/18/2018	89,986.45	2.80	111.60	89,987.07	89,701.84
BANK OF AMERICA ABS 2017-A1 A1 DTD 03/30/2017 1.950% 08/15/2022	05522RCW6	275,000.00	NR	Aaa	6/11/2018	6/13/2018	270,638.67	2.73	238.33	270,638.67	270,792.36
TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	465,000.00	AAA	Aaa	5/9/2018	5/16/2018	464,993.07	2.96	611.73	464,993.30	465,077.52
AMXCA 2018-1 A DTD 03/21/2018 2.670% 10/17/2022	02582JHQ6	305,000.00	NR	Aaa	3/14/2018	3/21/2018	304,964.59	2.68	361.93	304,966.67	304,192.79
ALLYA 2018-2 A3 DTD 04/30/2018 2.920% 11/15/2022	02004VAC7	375,000.00	NR	Aaa	4/24/2018	4/30/2018	374,931.90	2.93	486.67	374,934.05	374,750.66
FORDO 2018-A A3 DTD 05/22/2018 3.030% 11/15/2022	34528FAD0	275,000.00	AAA	NR	5/15/2018	5/22/2018	274,955.53	3.04	370.33	274,956.54	275,300.44
Security Type Sub-Total		6,725,639.05					6,720,614.16	2.13	10,192.67	6,720,784.46	6,670,881.41
Managed Account Sub Total		54,520,639.05					54,421,795.84	1.97	221,373.40	54,438,918.37	53,804,829.24
Securities Sub-Total		\$54,520,639.05					\$54,421,795.84	1.97%	\$221,373.40	\$54,438,918.37	\$53,804,829.24
Accrued Interest											\$221,373.40
Total Investments											\$54,026,202.64

Bolded items are forward settling trades.

IMPORTANT DISCLOSURES

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- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

GLOSSARY

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

GLOSSARY

- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.

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CONSENT CALENDAR

Agenda Item # 4

AGENDA REPORT SUMMARY

Meeting Date: October 9, 2018

Subject: Ordinance No. 2018-450: Zoning Code Amendments regarding the disposition of City-owned property

Prepared by: Jon Biggs, Community Development Director

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Ordinance No. 2018-450

Initiated by:

City Council

Previous Council Consideration:

May 22, 2018; June 12, 2018; June 26, 2018; July 10, 2018; August 7, 2018; and September 25, 2018

Fiscal Impact:

None anticipated

Environmental Review:

The proposed amendments to the Zoning Ordinance relate to organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment, and therefore is not a project within the meaning of the California Environmental Quality Act (“CEQA”) and the State CEQA Guidelines, sections 15378(b)(5). Alternately, these amendments are exempt from CEQA pursuant to State CEQA Guidelines, section 15061(b)(3), “the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment” as the amendments have no potential to result in a direct, or reasonably foreseeable indirect impact on the environment.

Policy Question(s) for Council Consideration:

- Does the City Council wish to amend Title 14, Zoning, of the Los Altos Municipal Code to prohibit the sale or transfer of City owned land with an “Other Open Space” or “Parks” land use designation and prohibit the re-designation of these lands to a different land use designation without voter approval?

Summary:

- The City Council is considering a draft ordinance that requires voter approval for the sale, transfer title, or re-designation of City-owned lands with an “Other Open Space” or “Parks” designation on the Land Use Policy Map of the Land Use Element of the Los Altos General Plan



Subject: Ordinance No. 2018-450: Zoning Code Amendments regarding the disposition of City-owned property

Staff Recommendation:

Adopt Ordinance No. 2018-450 regarding the disposition of City-owned property with an “Other Open Space” and “Parks” land use designation



Subject: Ordinance No. 2018-450: Zoning Code Amendments regarding the disposition of City-owned property

Purpose

The City Council has expressed an interest in enacting general plan goals and policies and zoning regulations that would limit the City's ability to sell, transfer ownership, or re-designate certain City-owned property. This report includes an ordinance that would put in place land use policies and zoning code requirements for voter approval before disposing of any City-owned properties or re-designating them with a different land use designation.

Background

The City Council met several times in the spring and summer and discussed various options for placing a ballot measure before the voters in November that would limit or prohibit the City's ability to dispose of its property.

Rather than placing an item on the ballot, at a special meeting on August 7, 2018, the City Council directed staff to begin the process of amending the General Plan, and any necessary ordinances, to require voter approval for the sale, transfer of title, or re-designation of City-owned land with an "Other Open Space" or "Parks" land use designation.

The City Council is considering an ordinance that:

- Prohibits the sale or transfer of City-owned land with a "Parks" or "Other Open Space" General Plan Land Use Designation without voter approval; and
- Prohibits the re-designation of City-owned land with a "Parks" or "Other Open Space" General Plan Land Use Designation to another General Plan Land Use Designation without voter approval.

The proposed amendments also provide that the voter approval requirement may be waived by Council to comply with Federal or State law governing the provision of housing.

At its meeting of September 25, 2018, the City Council introduced and waived further reading of Ordinance No. 2018-450.

Discussion/Analysis

Ordinance No. 2018-450 will go into effect 31 days after adoption.

Options

- 1) Adopt Ordinance No. 2018-450

Advantages: Helps protect and preserve City-owned lands with the "Other Open Space" and "Parks" land use designations by making certain land use actions for these lands subject to voter approval



Subject: Ordinance No. 2018-450: Zoning Code Amendments regarding the disposition of City-owned property

Disadvantages: May limit the City's ability to efficiently address future unknown circumstances regarding City-owned properties with these land use designations

2) Do not adopt Ordinance No. 2018-450

Advantages: May provide the City with flexibility to address future unknown circumstances in an efficient manner

Disadvantages: Does not provide for the additional protective and preservation measures for City-owned lands with the "Other Open Space" and "Parks" land use designations

Recommendation

Staff recommends Option 1.

ORDINANCE NO. 2018-450

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS AMENDING CHAPTER 14.66, GENERAL PROVISIONS, BY ADDING SECTION 14.66.271, TO TITLE 14, ZONING, OF THE LOS ALTOS MUNICIPAL CODE THAT PROHIBITS: (1) THE SALE OR TRANSFER OF TITLE OF CITY-OWNED LAND; AND (2) THE RE-DESIGNATION OF CITY-OWNED LAND DESIGNATED AS “PARKS” OR “OTHER OPEN SPACE” WITHOUT VOTER APPROVAL

WHEREAS, the City of Los Altos has a unique arrangement of land uses that require regulations and standards that preserve the character of the community and provide for compatibility of adjacent uses; and

WHEREAS, under the City’s police power, the City may enact comprehensive land-use and zoning regulations to promote community values, beauty, health, safety and welfare; and

WHEREAS, the Open Space, Conservation, and Community Facilities Element of the Los Altos General Plan provide for public facilities and services and ensure a high quality of living for residents of and visitors to Los Altos; and

WHEREAS, the “Other Open Space” and “Parks” General Plan Land Use designations provide for appropriate land uses and certain site development standards that help protect and maintain public parks, open space, facilities and services; and

WHEREAS, the City Council desires to amend the City of Los Altos General Plan to prohibit the sale, transfer of title, or re-designation of City owned lands with a “Other Open Space” or “Parks” General Plan Land Use Designation without voter approval; and

WHEREAS, the amendments to the General Plan would require voter approval of: (i) the sale or transfer of title of any City-owned land; and (ii) the re-designation of any City-owned land with a General Plan land use designation of “Other Open Space” or “Parks” to any other use; and

WHEREAS, at its September 6, 2018 meeting the Planning Commission of the City of Los Altos reviewed the amendments to Chapter 14.66, General Provisions and voted to recommend their approval to the City Council.

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

SECTION 1. FINDINGS. After considering the record before it, including but not limited to the agenda report, presentation of staff, public comment, and discussion, the City Council hereby finds that adoption of this Ordinance will help protect and promote public health, safety, comfort, convenience, prosperity and welfare by clarifying the City’s existing regulations.

SECTION 2. AMENDMENT OF CODE. The following Section, is hereby added to Chapter 14.66, General Provision, of Title 14, Zoning, of the Los Altos Municipal Code.

14.66.271 Voter Approval Required for Sale, Transfer, or Re-designation of City Owned “Parks” and “Other Open Space” Lands

A. Voter approval shall be required for any of the following:

1. The sale or transfer of title of any City-owned land to another party, whether public or private, with a General Plan land use designation of “Parks” or “Other Open Space”; and

2. The re-designation of City-owned land with a General Plan land use designation of “Parks” or “Other Open Space” to a different land use designation, except that the re-designation of any City-owned land from “Parks” to “Other Open Space”, and vice versa, shall not require voter approval.

B. For purposes of this Policy, approval by a vote of the People is accomplished when an action is placed on the ballot at a general or special election through any procedure authorized in the California Elections Code, and a majority of the voters voting on the measure vote in favor of it.

C. The voter approval requirement may be waived by the City Council where necessary to comply with State or Federal law governing the provision of housing, including but not limited to affordable housing requirements.

SECTION 3. SEVERABILITY. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid, such decision or decisions shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance, and each section, subsection, sentence, clause and phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid.

SECTION 4. COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT. Based on all the evidence presented in the administrative record, including but not limited to the staff report for the proposed Ordinance, the City Council hereby finds and determines that the proposed Ordinance relates to organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment, and therefore is not a project within the meaning of the California Environmental Quality Act (“CEQA”) and the State CEQA Guidelines, sections 15378(b)(5). Alternately, this Measure is exempt from CEQA pursuant to State CEQA Guidelines, section 15061(b)(3), “the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment” as the Ordinance has no potential to result in a direct, or reasonably foreseeable, indirect impact on the environment.

SECTION 5. CUSTODIAN OF RECORDS. The documents and materials associated with this Ordinance that constitute the record of proceedings on which the City Council’s findings and determinations are based are located at Los Altos City Hall, One North San Antonio Road, Los Altos, California. The City Clerk is the custodian of the record of proceedings.

SECTION 6. NOTICE OF EXEMPTION. The City Council hereby directs City staff to prepare and file a Notice of Exemption with the County, County Clerk within five working days of the adoption of this Ordinance.

SECTION 7. PUBLICATION. This Ordinance shall be published as provided in Government Code section 36933.

SECTION 8. 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 September 25, 2018 and was thereafter, at a regular meeting held on October 9, 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: October 9, 2018

Subject: Ordinance No. 2018-451: Cannabis Prohibition

Prepared by: Jon Biggs, Community Development Director

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Ordinance No. 2018-451

Initiated by:

City Council

Previous Council Consideration:

November 28, 2017; January 9, 2018; May 8, 2018; and September 25, 2018

Fiscal Impact:

None anticipated

Environmental Review:

This Ordinance is not a project within the meaning of Section 15378 of the State of California Environmental Quality Act (“CEQA”) Guidelines, because it has no potential for resulting in physical changes in the environment, directly or indirectly. The City Council further finds, under CEQA Guidelines, Section 15061(b)(3), that this Ordinance is exempt from environmental review under the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. This Ordinance maintains the status quo by prohibiting all medical and adult-use commercial cannabis uses from establishing within the City of Los Altos. In addition, to the extent delivery services originating from outside City limits would be allowed, such delivery services would be subject to the discretionary review of the local jurisdiction where the retailer is physically established and to state licensing requirements, thus, this Ordinance is also exempt from further CEQA review pursuant to Business and Professions Code, Section 26055(h).

Policy Question(s) for Council Consideration:

- Does the City Council wish to prohibit all medical and adult-use commercial cannabis activities and limit cultivation of cannabis for personal use in Los Altos?

Summary:

The City Council is considering an ordinance that will provide for the regulation of medical and adult-use commercial cannabis activities and cultivation of cannabis for personal use



Subject: Ordinance No. 2018-451: Cannabis Prohibition

Staff Recommendation:

Adopt Ordinance No. 2018-451 clarifying the prohibition on all medical and adult-use commercial cannabis activities and limit cultivation for personal use in Los Altos



Subject: Ordinance No. 2018-451: Cannabis Prohibition

Purpose

This is a zoning ordinance amendment to establish regulations on the establishment, creation, or expansion of all medical and adult-use commercial cannabis activities, with exceptions for personal cannabis cultivation.

Background

On January 26, 2016, the City Council adopted Ordinance No. 2016-418, which prohibits marijuana cultivation, marijuana processing, marijuana delivery and marijuana dispensaries in the City as provided in Los Altos Code, Chapter 14.82. This Ordinance was created under, and in reference to, the state statutory framework of the (now repealed) Medical Marijuana Regulation and Safety Act (MMRSA).

On November 8, 2016, voters approved Proposition 64, the Control, Regulate, and Tax Adult-Use of Marijuana Act (“AUMA”), which legalized the non-medical use of marijuana by adults over 21 years of age and provides for state licensing of the adult-use marijuana businesses. Senate Bill 94 (“SB 94”) quickly followed on June 27, 2017, repealing the MMRSA, and amending AUMA to consolidate the state licensing scheme applicable to both medical and adult-use commercial marijuana/cannabis activity under a new law entitled the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”). MAUCRSA adopted new state licensing categories and definitions related to commercial cannabis activities than previously existed under the MMRSA.

MAUCRSA preserves local control over commercial cannabis uses. It allows local governments to ban all cannabis-related businesses outright, including dispensaries/retailers, delivery services and any other commercial cannabis use. Further, MAUCRSA prohibits the State licensing authorities from approving an application for a state cannabis license if it would violate the provisions of any local ordinance or regulation. However, the prevailing view is that cities and counties must have ordinances in place, either affirmatively allowing or prohibiting commercial cannabis activities, for this restriction to apply.

On November 28, 2017 the City Council adopted an urgency interim ordinance establishing a moratorium in all zoning districts on the establishment, creation or expansion of any and all medical and adult use commercial cannabis activities, with exceptions for personal cannabis cultivation. This urgency interim ordinance was extended on January 9, 2018 and remains in effect until November 27, 2018.

At its meeting of September 25, 2018, the City Council introduced and waived further reading of Ordinance No. 2018-451.

Discussion/Analysis

Ordinance No. 2018-451 will go into effect 31 days after adoption.



Subject: Ordinance No. 2018-451: Cannabis Prohibition

Options

1) Adopt Ordinance No. 2018-451

Advantages: Provides for the regulation (prohibition) of commercial cannabis activities and allows for the indoor cultivation of cannabis for personal use

Disadvantages: None identified

2) Do not adopt Ordinance No. 2018-451

Advantages: None identified

Disadvantages: Would not provide for the regulation (prohibition) of commercial cannabis activities and would not provide rules concerning the cultivation of cannabis for personal use

Recommendation

Staff recommends option 1.

ORDINANCE NO. 2018- 451

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS, CALIFORNIA, AMENDING LOS ALTOS MUNICIPAL CODE, CHAPTER 14.02 AND CHAPTER 14.82 RELATED TO MEDICAL AND ADULT-USE COMMERCIAL CANNABIS ACTIVITIES

THE CITY COUNCIL OF THE CITY OF LOS ALTOS DOES HEREBY FIND AS FOLLOWS:

WHEREAS, the City of Los Altos, California (the “City”) is a municipal corporation, duly organized under the constitution and laws of the State of California; and

WHEREAS, in 2015, the California Legislature enacted the Medical Cannabis Regulation and Safety Act (“MCRSA”), which for the first time in the State’s history adopted comprehensive regulations and licensing for the medical cannabis industry; and

WHEREAS, on January 26, 2016, the City Council of the City of Los Altos adopted Ordinance No. 2016-418, prohibiting marijuana cultivation, processing, delivery and dispensary uses in the City of Los Altos; and

WHEREAS, on November 8, 2016, voters approved Proposition 64, the Control, Regulate, and Tax Adult Use of Marijuana Act (“AUMA”), which legalized the non-medical use of marijuana by adults over 21 years of age, and provides for state licensing of adult-use marijuana businesses; and

WHEREAS, Senate Bill 94 (“SB 94”), a budget trailer bill made effective on June 27, 2017, repealed the MCRSA, and amended AUMA to consolidate the state licensing scheme applicable to both medical and adult-use commercial cannabis activity under a new law entitled the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”); and

WHEREAS, the MAUCRSA adopted different state licensing categories and definitions related to commercial cannabis activities, than existed under MCRSA and utilized by the City’s Ordinance No. 2016-418; and

WHEREAS, MAUCRSA recognizes, preserves and does not supersede or limit the authority of a local jurisdiction to adopt and enforce local ordinances that regulate licensed cannabis businesses, including, but not limited to, completely prohibiting the establishment or operation of one or more types of businesses licensed under MAUCRSA within the local jurisdiction (Business and Professions Code, § 26200); and

WHEREAS, on November 28, 2017, the City Council adopted Ordinance No. 2017-438 establishing, and extending for one full year via Ordinance No. 2018-439 on January 9, 2018, a moratorium in all Zoning Districts on the establishment, creation or expansion of any and all commercial cannabis uses pending study and adoption of permanent commercial cannabis regulations; and

WHEREAS, after having completed study of the issue, the purpose of this Ordinance is to prohibit the physical establishment and operation of all medical and adult-use commercial cannabis businesses within Los Altos, including all commercial cultivators, manufacturers, testing laboratories, retailers/dispensaries, distributors and microbusinesses with the exception that cannabis retailers,

microbusinesses, licensed nonprofits or other entities legally established and located outside of the City of Los Altos may provide delivery services to customers in Los Altos, subject to the reasonable regulations stated herein; and

WHEREAS, AUMA, as amended by SB 94, legalizes cultivation of not more than six living cannabis plants by persons 21 years of age or older for personal use; and

WHEREAS, AUMA, as amended by SB 94, provides that a city shall not completely prohibit personal cultivation of cannabis inside a private residence or inside an accessory structure to a private residence that is fully enclosed and secure, but that a city may completely prohibit personal cultivation of cannabis outdoors (Health and Safety Code, § 11362.2); and

WHEREAS, this Ordinance is also intended to regulate indoor cannabis cultivation, and to prohibit all outdoor cultivation, for personal use, including by qualified patients and primary caregivers; and

WHEREAS, the Los Altos City Council has reviewed all written evidence and oral testimony presented to date on this matter.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOS ALTOS DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council has duly considered the full record before it, which may include but is not limited to such things as the City staff report, testimony by staff and the public, and other materials and evidence submitted or provided to the City Council. Furthermore, the recitals set forth above are found to be true and correct and are incorporated herein by reference.

SECTION 2. AMENDMENT TO LOS ALTOS MUNICIPAL CODE, CHAPTER 14.02, SECTION 14.02.070. Los Altos Municipal Code, Section 14.02.070, entitled “Definitions” is hereby amended to revise the definitions of marijuana, marijuana cultivation, marijuana dispensary, marijuana processing as shown in underline/strike-out, and to add the following definitions for cannabis delivery, cannabis distribution, cannabis manufacture, cannabis product, cannabis retailer, cannabis testing laboratory, and commercial cannabis use, as set forth below.

"~~Marijuana~~Cannabis" means any or all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin or separated 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, ~~including cannabis/marijuana infused in foodstuff or any other ingestible or consumable product containing cannabis/marijuana.~~ The term "marijuana~~cannabis~~" shall also include "medical marijuana" as such phrase is used in the August 2008 Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use, as may be amended from time to time, that was issued by the office of the Attorney General for the State of California or subject to the provisions of the California Health and Safety Code Section 11362.5 (Compassionate Use Act of 1996) or California Health and Safety Code Sections 11362.7 to 11362.83 (Medical Marijuana Program Act). "Cannabis" includes marijuana as defined by Section 11018 of the Health and Safety Code, and includes "cannabis" as defined in Business and Professions Code, Section 26001. For purposes of this code, the terms "marijuana" and "cannabis" may be used interchangeably.

~~"Marijuana Cannabis cultivation" means growing, planting, harvesting, drying, curing, grading, trimming, or processing of marijuana/cannabis, regardless of whether there is an intent to produce, distribute, or sell the resulting product commercially. Marijuana cultivation shall not include cultivation by an individual qualified patient.~~

"Cannabis delivery" means the commercial transfer of cannabis or cannabis products to a customer. "Delivery" also includes the use by a cannabis retailer of any technology platform that enables customers to arrange for or facilitate the commercial transfer by a licensed retailer of cannabis or cannabis products.

"Cannabis distribution" means the procurement, sale, and transport of cannabis and cannabis products and any other activity allowed under the state distributor license(s), including, but not limited to, cannabis storage, packaging, quality control and collection of state cannabis taxes.

~~"Marijuana dispensary" or "Marijuana dispensaries" means any business, office, store, facility, location, retail or wholesale component of any establishment, cooperative or collective that delivers (as defined in Business & Professions Code section 19300.5(m) or any successor statute thereto) whether mobile or otherwise, dispenses, distributes, exchanges, transmits, transports, sells or provides marijuana to any person for any reason, including members of any medical marijuana cooperative or collective consistent with the August 2008 Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use, as may be amended from time to time, that was issued by the office of the Attorney General for the State of California or subject to the provisions of the California Health and Safety Code Section 11362.5 (Compassionate Use Act of 1996) or California Health and Safety Code Sections 11362.7 to 11362.83 (Medical Marijuana Program Act).~~

"Cannabis manufacture" means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product. Cannabis manufacture includes the production, preparation, propagation, or compounding of manufactured cannabis, or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages medical cannabis or cannabis products or labels or relabels its container.

~~"Marijuana processing" means any method used to prepare marijuana or its byproducts for commercial retail and/or wholesale, including but not limited to: drying, cleaning, curing, packaging, and extraction of active ingredients to create marijuana related products and concentrates.~~

"Cannabis products" means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients. Cannabis products include "cannabis products" as defined in Business and Professions Code, Section 26001.

"Cannabis retailer" means a facility where cannabis or cannabis products are offered, either individually or in any combination, for retail sale to customers, including an establishment that delivers cannabis and cannabis products as part of a retail sale or conducts sales exclusively by delivery. For purposes of this code, the term "cannabis retailer" includes microbusinesses, nonprofits licensed under Business and Professions Code, Section 26070.5, and any other state license designation that authorizes distribution, whether for free or in exchange for any

consideration, of cannabis and/or cannabis products to individual customers. For purposes of this code, “cannabis retailer” also includes medical cannabis dispensaries, patient collectives and cooperatives operating, or proposing to operate, pursuant to the Compassionate Use Act (Health and Safety Code, § 11362.5) and/or the Medical Marijuana Program (Health and Safety Code, § 11362.7 et seq.), as may be amended.

“Cannabis testing laboratory” means a facility, entity, or site in the state that offers or performs tests of cannabis or cannabis products and that is both accredited by an accrediting body that is independent from all other persons involved in the medical cannabis industry in the state, and licensed by the Bureau of Cannabis Control.

“Commercial cannabis use” includes all cannabis cultivation, cannabis manufacture, cannabis distribution, cannabis testing laboratories, cannabis retailers, cannabis delivery, and sale of cannabis and/or cannabis products, whether intended for medical or adult-use, and whether or not such activities are carried out for profit. “Commercial cannabis use” includes “commercial cannabis activity” as defined in Business and Professions Code, Section 26001, and includes any activity that requires a license from a state licensing authority pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act, Business and Professions Code, Division 10, as may be amended. “Commercial cannabis use” does not include possession or indoor cultivation of cannabis for personal use that is not sold and in strict accordance with Health and Safety Code, Section 11362.1 et seq.

SECTION 3. AMENDMENT TO LOS ALTOS MUNICIPAL CODE, CHAPTER 14.82. Los Altos Municipal Code, Chapter 14.82, entitled “Prohibition of Marijuana Cultivation, Processing, Delivery, and Dispensary Uses” is hereby amended and restated as set forth in Exhibit A, attached hereto and incorporated herein by this reference.

SECTION 4. CEQA. This Ordinance is not a project within the meaning of Section 15378 of the State of California Environmental Quality Act (“CEQA”) Guidelines, because it has no potential for resulting in physical change in the environment, directly or indirectly. The City Council further finds, under CEQA Guidelines, Section 15061(b)(3), that this Ordinance is exempt from environmental review under the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. This Ordinance maintains the status quo by prohibiting all medical and adult-use commercial cannabis uses from establishing within the City of Los Altos. In addition, to the extent delivery services originating from outside city limits would be allowed, such delivery services would be subject to the discretionary review of the local jurisdiction where the retailer is physically established and state licensing requirements, thus, this Ordinance is also exempt from further CEQA review pursuant to Business and Professions Code, Section 26055(h). The City Council, therefore, directs that a Notice of Exemption be filed with the County Clerk of the County of Santa Clara in accordance with CEQA Guidelines.

SECTION 5. SEVERABILITY. If any section, subsection, sentence, clause, or phrase of this Ordinance, or the application thereof to any person or circumstances, is held to be unconstitutional or to be otherwise invalid by any court competent jurisdiction, such invalidity shall not affect other provisions or clauses of this Ordinance or application thereof which can be implemented without the invalid provisions, clause, or application, and to this end such provisions and clauses of the Ordinance are declared to be severable.

SECTION 6. CUSTODIAN OF RECORDS. The documents and materials that constitute the record of proceedings on which this Ordinance is based are located at the City Clerk’s office located at Los Altos City Hall, 1 North San Antonio Road, Los Altos, CA 94022. The custodian

of these records is the City Clerk.

SECTION 7. RESTATEMENT OF EXISTING LAW. Neither the adoption of this ordinance nor the repeal of any other ordinance of this City shall in any manner affect the prosecution for violations of ordinances, which violations were committed prior to the effective date hereof, nor be construed as a waiver of any license or penalty or the penal provisions applicable to any violation thereof. The provisions of this ordinance, insofar as they are substantially the same as ordinance provisions previously adopted by the City relating to the same subject matter or relating to the enumeration of permitted uses under the City's zoning code, shall be construed as restatements and continuations, and not as new enactments.

SECTION 8. PUBLICATION. The City Clerk shall certify as to the adoption of this Urgency Ordinance and shall cause it to be published within fifteen (15) days of the adoption in accordance with California Government Code Section 36933.

SECTION 9. FILING WITH STATE BUREAU OF CANNABIS CONTROL. The City Clerk shall submit a copy of this ordinance to the Bureau of Cannabis Control as provided by Business and Professions Code, Section 26055.

SECTION 10.EFFECTIVE DATE. This ordinance shall be in full force and effect 31 days after adoption.

The foregoing ordinance was duly and properly introduced at a regular meeting of the City Council of the City of Los Altos held on September 25, 2018 and was thereafter, at a regular meeting held on October 9, 2018 passed and adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jean Mordo, MAYOR

Attest:

Jon Maginot, CMC, CITY CLERK

EXHIBIT A

Chapter 14.82 - MEDICAL AND ADULT-USE CANNABIS REGULATIONS

Sections:

14.82.10 - Legislative findings and statement of purpose.

- A. The City Council finds that the prohibitions on medical and adult-use commercial cannabis uses are necessary for the preservation and protection of the public peace, health, safety, and welfare for the City and its community. It is also the intent of this Chapter to regulate indoor cannabis cultivation, and to prohibit all outdoor cultivation, for personal use, including by qualified patients and primary caregivers. The City Council's prohibition of such activities is within the authority conferred upon the City Council by the California Constitution and other state law.
- B. The City Council finds that this chapter: (1) exercises its local authority to enact and enforce local regulations and ordinances, including those regarding the zoning, permitting, licensing, or other entitlement of the activities prohibited by this chapter; and (2) exercises its police power to enact and enforce regulations for the public benefit, safety, and welfare of the City and its community.

14.82.020 - Medical and Adult-Use Commercial Cannabis Uses.

- A. Commercial Cannabis Uses Prohibited. All medical and adult use commercial cannabis uses as defined in Section 14.02.070 are prohibited from establishing or operating within the City of Los Altos. No use permit, variance, building permit, or any other entitlement or permit, whether administrative or discretionary, shall be approved or issued for the establishment or operation of a commercial cannabis use in any zoning district, and no person shall otherwise establish such businesses or operations in any zoning district.
- B. Exception for Cannabis Deliveries. Cannabis retailers and other cannabis delivery services are prohibited from physically locating or establishing in the City. However, state-licensed cannabis retailers, as defined in Section 14.02.070 that are legally established and located outside City limits may provide cannabis deliveries to medical or adult-use customers within Los Altos, under the following conditions:
 1. The cannabis retailer must be licensed under the Medicinal and Adult-Use Cannabis Regulation and Safety Act (Business and Professions Code, Division 10) to provide cannabis deliveries.
 2. The cannabis delivery service must operate in compliance with the applicable laws and regulations of the local jurisdiction in which the delivery service is physically located and state law.
- C. This section shall not be construed to prohibit use of the public roads pursuant to Business and Professions Code, Section 26090 or those activities allowed by Section 26054, subdivisions (c) or (d).

14.82.030 - Cultivation of Cannabis for Personal Use.

- A. Indoor Cultivation. The indoor cultivation of cannabis for personal use, including cannabis cultivation for personal medical use by a qualified patient or primary caregiver, is prohibited except in compliance with the following:
 1. Cannabis cultivation shall only occur indoors at a private residence, or inside an accessory structure located upon the grounds of a private residence.
 2. Cannabis cultivation shall be limited to six plants total per residence, whether immature or mature, regardless of how many residents reside at the private residence.

3. Persons engaging in indoor cultivation must comply with all state and local laws regarding fire safety, water use, electrical wiring, buildings, and indoor cultivation, including without limitation, Health and Safety Code Sections 11362.1 and 11362.2.
 4. The use of gas products (CO2, butane, propane, natural gas, etc.) or generators for cultivation of cannabis is prohibited. Use of gas products shall be limited to those allowed by the California Building, Electrical, and Fire Codes as adopted and amended by the City of Los Altos.
 5. The residence shall maintain fully functional and usable kitchen, bathroom, and bedroom areas for their intended use by the resident(s), and the premises shall not be used primarily or exclusively for cannabis cultivation.
 6. All areas used for cannabis cultivation shall be located within a fully enclosed and secure structure. "Fully enclosed and secure structure" means a space within a building, greenhouse or other structure which has a complete roof enclosure supported by connecting walls extending from the ground to the roof, which is secure against unauthorized entry, provides complete visual screening, and which is accessible only through one or more lockable doors and inaccessible to minors.
- B. Outdoor Cultivation Prohibited. Outdoor cultivation of cannabis, including cannabis cultivation for personal medical use by a qualified patient or primary caregiver, personal adult-use, or commercial purposes, is prohibited in all zoning districts in the City of Los Altos.

14.82.040 - Public nuisance.

Any violation of this chapter is hereby declared to be a public nuisance.

14.82.050 - Violations.

Any violation of this chapter may be enforced through civil or administrative remedies or any other remedy as provided for by the law. In the event of any conflict between the penalties enumerated under this code, and any penalties set forth in state law, the maximum penalties allowable under state law shall govern.



CONSENT CALENDAR

Agenda Item # 6

AGENDA REPORT SUMMARY

Meeting Date: October 9, 2018

Subject: Ordinance No. 2018-452: Stormwater Pollution Prevention

Prepared by: Aida Fairman, Senior Engineer

Reviewed by: Susanna Chan, Public Works Director

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Ordinance No. 2018-452

Initiated by:

City Council

Previous Council Consideration:

September 25, 2018

Fiscal Impact:

None

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

None

Summary:

- Adopt Ordinance No. 2018-452 approving the updates to sections in Chapter 10.16 Stormwater Pollution Prevention of the Municipal Code, which were introduced at the September 25, 2018 City Council meeting

Staff Recommendation:

Adopt Ordinance No. 2018-452 amending Los Altos Municipal Code Chapter 10.16 Stormwater Pollution Prevention Measures to reflect current stormwater pollution prevention requirements for land development projects mandated by the Regional Water Quality Control Board



Subject: Ordinance No. 2018-452: Stormwater Pollution Prevention

Purpose

Adopt Ordinance No. 2018-452 approving the updates to Los Altos Municipal Code Chapter 10.16 Stormwater Pollution Prevention Measures, which were introduced at the September 25, 2018 City Council meeting. These updates revise references to the National Pollutant Discharge Elimination System (NPDES) Permit Order Number (replace R2-2009-0074 with R2-2015-0049) and revise text in section C.2.f to reflect acceptable methods of Low Impact Development (LID) treatment per current NPDES permit requirements.

Background

Beginning in 2001, the San Francisco Bay Regional Water Quality Control Board (Water Board) identified land development activity as a significant potential pollutant source in the region, threatening the water quality in local creeks and the San Francisco Bay. Accordingly, National Pollutant Discharge Elimination System (NPDES) stormwater permits issued since that time have included a set of pollution prevention requirements imposed upon land development and redevelopment projects.

In November 2015, the Water Board issued a new regional NPDES permit to the City of Los Altos and 76 other Bay Area entities for discharge of municipal stormwater to local creeks and the San Francisco Bay. This Municipal Regional Permit (MRP) specifies programs and measures to be conducted by local agencies to minimize stormwater pollution over the five-year permit period.

Discussion/Analysis

Ordinance No. 2018-452 modifies the City's existing stormwater pollution prevention regulations (LAMC Chapter 10.16) in order to comply with the current provisions of the MRP. The primary regulatory change in the MRP is the removal of the requirement that a "biotreatment system may be considered only if it is infeasible to implement harvesting and re-use, infiltration, or evapotranspiration at a project site." Biotreatment systems that are properly engineered and maintained are now considered to be an acceptable Permanent Stormwater Pollution Prevention Measure (PSPPM). This change is reflected in section 10.16.030.C.2.f.i and removal of sections 10.16.030.C.2.f.ii and 10.16.030.C.2.f.iii. Other requirements modified in the permit do not necessitate revisions to the municipal code, but are reflected in the City's annual permit submission to the RWQCB.

Options

- 1) Adopt Ordinance No. 2018-452 amending Los Altos Municipal Code Chapter 10.16 Stormwater Pollution Prevention

Advantages: Updates the City Municipal Code to reference the updated MRP

Disadvantages: None



Subject: Ordinance No. 2018-452: Stormwater Pollution Prevention

2) Do not approve the updates to the City Municipal Code

Advantages: None

Disadvantages: Chapter 10.16 does not reference the updated MRP

Recommendation

The staff recommends Option 1.

ORDINANCE NO. 2018-452

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
LOS ALTOS AMENDING SECTIONS 10.16.020, 10.16.030, AND
10.16.031 OF CHAPTER 10.16 STORMWATER POLLUTION
PREVENTION MEASURES OF THE LOS ALTOS MUNICIPAL
CODE TO REFLECT CURRENT REGIONAL WATER QUALITY
CONTROL BOARD PERMIT REQUIREMENTS**

WHEREAS, the City of Los Altos is a member of the Santa Clara Valley Urban Runoff Pollution Prevention Program (Program), which consists of fifteen public agencies in Santa Clara County; and

WHEREAS, the California Regional Water Quality Control Board, San Francisco Bay Region (Board), administers the National Pollutant Discharge Elimination System (NPDES) permit program under the Federal Water Pollution Control Act; and

WHEREAS, on November 19, 2015, the Board adopted Order No. R2-2015-0049 under NPDES Permit No. CAS029718 (collectively, the Permit), which replaced and amended the 2009 NPDES Permit requirements; and

WHEREAS, it is necessary to partially amend certain sections of the Los Altos Municipal Code Chapter 10.16 to reflect the current Permit requirements; 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: A portion of Section 10.16.020, Definitions of Chapter 10.16 Stormwater Pollution Prevention Measures, Title 10 Public Services of the Los Altos Municipal Code is hereby partially amended as follows:

"Low impact development (LID) measures" means an approved combination of source control measures, site design measures, and/or stormwater treatment measures that reduce runoff and mimic a site's predevelopment hydrology by minimizing disturbed areas and impervious cover and then infiltrating, storing, detaining, evapotranspiring, and/or biotreating stormwater runoff close to its source. LID measures embody principles such as preservation and recreation of natural landscape features and minimization of imperviousness to create functional and appealing site drainage that treats stormwater as a resource, rather than a waste product. LID measures include rain barrels and cisterns, green roofs, permeable pavement, preservation of undeveloped open space, and biotreatment through rain gardens, bioretention units, bioswales and planter/tree boxes. The design and implementation of the LID measures must be in accordance with the guidelines and technical specifications provided by the City or other City-approved authority and the requirements of Order No. R2-2015-0049 and any subsequent orders.

"Permanent stormwater pollution prevention measures" or "PSPPM" means an approved combination of source control measures, site design measures, and/or stormwater treatment

measures that reduce stormwater pollution to the maximum extent practicable as required by Order No. R2-2015-0049 under NPDES Permit No. CAS612008 issued by the water board, as it may be amended from time to time. The design and implementation of the PSPPM must be in accordance with the guidelines and technical specifications provided by the city or other city-approved authority and the requirements of Order No. R2-2015-0049 and any subsequent orders.

SECTION 2. AMENDMENT OF CODE: Subdivisions A, C, and C.2.f of Section 10.16.030, Permanent Stormwater Pollution Prevention Measures Required of Chapter 10.16 Stormwater Pollution Prevention Measures, Title 10 Public Services of the Los Altos Municipal Code are hereby partially amended as follows:

A. Permanent stormwater pollution prevention measures shall be incorporated into the following projects (collectively referred to sometimes in this chapter as "regulated projects"):

1. All development projects;
2. All significant redevelopment projects;
3. All road projects;
4. All high impact projects;
5. All trail projects; and
6. All street widening projects.

C. Unless the project is exempt as a special project pursuant to administrative guidelines adopted by the city engineer and approved by the water board, all permanent stormwater pollution prevention measures shall include the following low impact development (LID) measures or other alternative measures to be approved by the city engineer:

2.
 - f. Treatment of one hundred (100) percent of the amount of runoff identified in subsection D. below for the regulated project's drainage area with LID treatment measures onsite or with LID treatment measures at a joint stormwater treatment facility.
 - i. LID treatment measures are harvesting and re-use, infiltration, evapotranspiration, and biotreatment.
 - ii. Biotreatment systems shall be designed to have a surface area no smaller than what is required to accommodate a five (5) inches/hour stormwater runoff surface loading rate. The planting and soil media for biotreatment systems shall be designed to sustain plant growth and maximize stormwater runoff retention and pollutant removal, and shall conform to material specifications approved by the water board and the city engineer.
 - iii. Green roofs may be considered biotreatment systems for treatment of roof runoff only if they conform to specifications approved by the water board and the city engineer.

SECTION 3. AMENDMENT OF CODE: Subsections A.2 and B of Section 10.16.031, Hydromodification management measures required of Chapter 10.16 Stormwater Pollution Prevention Measures, Title 10 Public Services of the Los Altos Municipal Code are hereby partially amended as follows:

- A.
 - 2. Projects located in areas designated as exempt from hydromodification management requirements on the hydromodification management plan applicability map contained in Attachment C of Order No. R2-2015-0049 under NPDES Permit No. CAS612008 issued by the water board, as it may be amended from time to time.
- B. Hydromodification management measures shall be designed and implemented in accordance with guidelines and technical specifications provided by the City or other City-approved authority, the requirements of Order No. R2-2015-0049 under NPDES Permit No. CAS612008 issued by the Water Board, as it may be amended from time to time, and the provisions of the hydromodification management plan for the Santa Clara Valley Urban Runoff Pollution Prevention Program as approved by the water board.

SECTION 4. AMENDMENT OF CODE. Section 10.16.036, Required site design measures for small projects and detached single-family home projects, is hereby partially amended as follows:

- A. Any private or public project under the planning and building authority of the City, which creates and/or replaces between two thousand five hundred (2,500) square feet and ten thousand (10,000) square feet of impervious surface, and detached single-family home projects which are not part of a larger plan of development which create and/or replace two thousand five hundred (2,500) square feet or more of impervious surface, shall install one or more of the following site design measures:

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 September 25, 2018 and was thereafter, at a regular meeting held on October 9, 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 # 7

AGENDA REPORT SUMMARY

Meeting Date: October 9, 2018

Subject: Annual Concrete Repair Project, TS-01005

Prepared by: Zubair Trabzada, Junior Engineer

Reviewed by: Susanna Chan, Public Works Director

Approved by: Chris Jordan, City Manager

Attachments:

1. List of additional locations of damaged sidewalk and curb and gutter

Initiated by:

City Council: CIP Project TS-01005

Fiscal Impact:

Based on the lowest responsible and responsive bid, the estimated project costs are:

	Project Budget
Construction	\$184,744
Printing/Advertising/Misc.	\$6,000
Inspection Fees	\$30,000
Contingency (20%)	\$37,000
Total Approved Project Budget	\$257,744
Available Funds	\$381,330
Remaining funds	\$123,586

Environmental Review:

Categorical Exemption Pursuant to CEQA Section 15301(c)

Policy Question(s) for Council Consideration:

- N/A

Summary:

- Remaining funds due to lower than expected bid prices gives the City the opportunity to correct additional damaged and uplifted sidewalks, curbs and gutters

Staff Recommendation:

Authorize City manager to execute a change order of up to \$78,308.00 utilizing remaining funds in the Annual Concrete Repair Project, TS-01005



Subject: Annual Concrete Repair Project, TS-01005

Purpose

Authorize City Manager to execute a change order of up to \$78,308.00 utilizing remaining funds in the Annual Concrete Repair Project, TS-01005.

Background

The Capital Improvement Program (CIP) includes an annual budget for the repair of damaged or failed sections of concrete sidewalks and curbs/gutters. Staff maintains a list of damaged locations and categorizes and priorities work by vertical displacement of uplifted concrete.

The annual concrete sidewalk and curb/gutter repair project is intended to address the highest priority repair locations. The primary focus is on the replacement of damaged sidewalks that are potential public safety hazards caused from broken or uplifted sidewalks.

Discussion/Analysis

The project was awarded to Golden Bay Construction Inc. on July 10, 2018 to repair 246 locations of damaged sidewalk and curbs/gutter. Staff received lower than anticipated bids and were able award the base bid and add alternate No. 1 in the amount of \$184,744. An additional change order allows the City to take the advantage of low contract unit prices to repair additional damaged sidewalks, improve the accessibility of pedestrians and reduce the potential tripping hazards in the City. There are sufficient funds in the project budget to support the additional work.

Options

1. Authorize City Manager to execute a change order of up to \$78,308.00 utilizing remaining funds in the Annual Concrete Repair Project, TS-01005

Advantages: The damaged pedestrian walking paths and sidewalks that could cause a “trip and fall” type accidents/claims will be completed this year to improve public safety hazards

Disadvantages: None

2. Do not authorize the change order

Advantages: None

Disadvantages: The City will be at an increased risk for accidents or claims

Recommendation

Staff recommends Option 1.

CHANGE ORDER #1
Annual Concrete Repair Project, TS-01005 (17-18 & 18-19)
List of Additional Repair Locations

Address	Street	Squre Feet (SF)	Description	Notes
151	Giffin Road	40	Raised/Cracked concrete	Regular concrete sidewalk
186	Covington Road	20	Raised/Cracked concrete	
186	Covington Road	50	Raised concrete edges on all sides	
186	Covington Road	30	Raised/Cracked concrete	
186	Covington Road	25	Raised/Cracked concrete	
Int.	Pine and Linden Road	105	Raised concrete edges on all sides	Intersection - Call for inspection before demo
Int.	Pine and Linden Road	25	Raised/Cracked concrete	Intersection - Call for inspection before demo
972	N. San Antonio Rd.	15	Raised/Cracked concrete	Village court shopping center, in front of Sudam Korean Cuisine
972	N. San Antonio Rd.	15	Raised/Cracked concrete	Village court shopping center, in front of Sudam Korean Cuisine
972	N. San Antonio Rd.	15	Raised/Cracked concrete	Village court shopping center, in front of Sudam Korean Cuisine
972	N. San Antonio Rd.	15	Raised concrete edges on all sides	Village court shopping center, in front of Sudam Korean Cuisine
972	N. San Antonio Rd.	15	Raised/Cracked concrete	NOTE: All concrete sidewalk locations on N. San Antonio Road are exposed granite per the BASE BID
885	N. San Antonio Rd.	72	Raised/Cracked concrete	
885	N. San Antonio Rd.	24	Raised concrete edges on all sides	
1	N. San Antonio Rd.	120	Raised/Cracked concrete	
1	N. San Antonio Rd.	54	Raised/Cracked concrete	
1	N. San Antonio Rd.	90	Raised/Cracked concrete	
2	N. San Antonio Rd.	95	Raised concrete edges on all sides	
487	Tyndall St.	110	Raised/Cracked concrete	Regular concrete sidewalk
549	Lincoln Ave.	75	Raised/Cracked concrete	2 Locations - Lincoln Ave. side of the Foothill's Congregational Church
549	Lincoln Ave.	150	Raised/Cracked concrete	
Int.	Pine and Linden Ave.		Walkway Improvement	Median island walkway improvement
Int.	Pine and Linden Road	30	Cracked Asphalt	Remove and Replace Asphalt - Call for inspection before demo
Int.	Pine and Linden Road	30	Cracked Asphalt	Remove and Replace Asphalt - Call for inspection before demo
Total Amount of Concrete Remove & Replace (SF)		1,220		
385-755	N. San Antonio Rd.	59	Raised Concrete Sidewalk Edge	Additional field added location for Horizontal Cutting
341-491	Raquel Ln.	23.5	Raised Concrete Sidewalk Edge	Additional field added location for Horizontal Cutting
1	N. San Antonio Rd.	51	Raised Concrete Sidewalk Edge	Additional field added location for Horizontal Cutting
Total Amount of Concrete Horizontal Cutting (LF)		133.5		



CONSENT CALENDAR

Agenda Item # 8

AGENDA REPORT SUMMARY

Meeting Date: October 9, 2018

Subject: Los Altos Village Association Tree Lighting Funding Request

Prepared by: Anthony Carnesecca, Economic Development Coordinator

Reviewed by: Jon Biggs, Community Development Director

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Request by LAVA
2. LAVA's proposed budget for tree lighting

Initiated by:

Los Altos Village Association Request

Previous Council Consideration:

None

Fiscal Impact:

One-time expenditure of \$9,000 from City funds

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- Does the City Council wish to provide Los Altos Village Association (LAVA) funds to support the purchase of LED lights to replace existing incandescent light bulbs used in the trees Downtown?

Summary:

- LAVA annually installs light strands in the trees along Main Street, State Street, and the parking plazas in Downtown Los Altos
- LAVA has requested funds to help offset the cost of purchasing new LED light strands that will be installed in Downtown trees

Staff Recommendation:

Approve the \$9,000 expenditure request by LAVA to be used towards the purchase of LED light strands for the trees along Main Street, State Street, and the parking plazas in Downtown Los Altos



Subject: Los Altos Village Association Tree Lighting Funding Request

Purpose

Provide funding to upgrade to more energy efficient LED light strands for installation in Downtown trees.

Background

LAVA annually installs light strands in trees on Main Street, State Street, and within the parking plazas to enhance the unique character of Downtown Los Altos and brighten the streets for shoppers and residents throughout the year. These light strands are typically incandescent strands, which are cheaper, less energy efficient, and not very durable. LAVA has requested support from the City of Los Altos in their effort to upgrade the light strands on the trees to more efficient and durable LED lights. The cost of these lights exceeds their annual budget allocation for lights in Downtown. Silicon Valley Clean Energy, the Community Choice Aggregate for the City of Los Altos, has already pledged a grant to this same project.

Discussion/Analysis

Financial assistance by the City of Los Altos will help continue to light up the Los Altos Downtown with even brighter and better light strands. The light strands in the trees Downtown have become a unique amenity that visitors have come to enjoy. The upgrade to LED lights will allow for the continued enjoyment by the community and visitors to the Downtown and saves resources in the long term.

Options

- 1) Approve the \$9,000 expenditure request by LAVA to be used towards the purchase of LED light strands for the trees along Main Street, State Street, and the parking plazas in Downtown Los Altos

Advantages: Brighter lights that last significantly longer and cost less to operate over the life of the strand

Disadvantages: None

- 2) Reject the \$9,000 expenditure request to LAVA towards the purchase of LED light strands for the trees along Main Street, State Street, and the parking plazas in Downtown Los Altos

Advantages: Retained grant money

Disadvantages: Less energy-efficient, lower quality light strands that will cost more to operate over the long term



Subject: Los Altos Village Association Tree Lighting Funding Request

Recommendation

The staff recommends Option 1.



Dear Anthony:

Often the vitality of a downtown district like Downtown Los Altos relies on the overall experience a visitor has, and not just on the breadth of fine retail and dining selections. Subtle touches, big and small leave a lasting impression – even if they are not specifically noticed. While our Downtown has unique pieces of art and lush landscaping that are a part of the overall identity, one area that has elicited the most response is the twinkle lights in the street trees. These lights along our streets and parking plazas not only provide an additional sparkle, they invite people to walk safely as they peruse our shops and restaurants.

For a number of years, the Los Altos Village Association (LAVA) has purchased and maintained the tree lighting while the City of Los Altos has provided the trees and power. Prior to my arrival at LAVA, these lights were installed just before each holiday season, and then cut down and discarded shortly after the season ended. Not only is this costly and wasteful, it deprives the Downtown of a portion of its identity for a majority of the year. LAVA made the decision to leave the lights in the trees year-round. However, the lights we have been using were not meant to be out in the elements for as long as we would like. Hence, the current – rather hodgepodge – look of the lights as they reach the end of their short lives.

Still desiring to keep the lights on all year long, LAVA investigated alternatives and found energy-efficient LED lighting specifically designed for outdoor use in a downtown setting would be the best way to go. However, even given the expected lifetime of these types of lights, they are more expensive, and the initial investment needed to upgrade all the lights was cost-prohibitive for our organization. Which brings me to the actual “ask” of this letter. Would the City of Los Altos be able to cover the additional costs of an upgrade to LED lighting?

Before you go there, I want to give a little background on what we have done regarding these lights. When LAVA originally discovered the high cost of upgrading the lighting we looked for sources of funding. Our budget already accounts for inexpensive light replacement each year. But this is barely a third of what is needed overall. Our board voted to reserve some money from our “rainy day” account, and that only got us a bit closer. We applied for a grant from Los Altos Community Foundation and received a portion of our request. Those funds were used to upgrade the lighting in Veterans Community Plaza to test the look of the lights and gauge public reaction. Both tests have been positive. Even so, LAVA’s available funds are not enough to cover the nearly \$30K estimate we received for purchasing the lights, let alone the additional cost of installation.

Which brings us back to the ask. If the City is able to cover the cost of purchasing the lights LAVA will cover the cost of installation. There are a number of opportunities here for us to partner with others to promote them and this project as a big deal for Los Altos residents and Downtown businesses. Nina

Nesmith at Los Altos Hardware worked directly with her vendor to provide a quote for the lights, allowing us to purchase locally. And since LED will save energy, Silicon Valley Clean Energy (SVCE) has also awarded a grant toward the project.

LAVA and our board of directors hopes you will entertain this request as a cost-effective way to add to the growing vibrancy of Downtown Los Altos.

Thank you for your assistance and consideration,

Scott

Scott Hunter
Executive Director
Los Altos Village Association

Downtown Los Altos Tree Lighting

Proposed Budget

Labor and Supplies

Commercial-grade LED light strings	\$29,526
Installation labor	<u>\$9,000</u>
Total COGs	\$38,526

Funding

LAVA Budget	\$12,026
LAVA Village Fund	\$15,000
SVCE Grant	\$2,500
City of Los Altos Grant	<u>\$9,000</u>
Total Funding	\$38,526



DISCUSSION CALENDAR

Agenda Item # 9

AGENDA REPORT SUMMARY

Meeting Date: October 9, 2018

Subject: Stormwater Fee Report

Prepared by: Susanna Chan, Public Works Director

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Stormwater Fee Report
2. Resolution 2018-39
3. Resolution 2018-40

Initiated by:

City Council

Previous Council Consideration:

April 26, 2016; May 22, 2018

Fiscal Impact:

There is no fiscal impact associated with the requested actions. Approval of the Fee Report and associated resolutions would not directly affect revenues or expenditures; however, they do initiate a proceeding that could potentially generate approximately \$1,133,000 in annual revenue and a similar amount of expenditures for stormwater related projects and services described in the Fee Report.

Environmental Review:

Stormwater fee is exempt from environmental review under the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guideline 15378 as the adoption of any fee does not meet the definition of a “project” because it serves as the creation of a new government funding mechanism or constitutes other government fiscal activities that do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. Further, any fee adoption would also be exempt under CEQA Guideline 15273(a)(4) as rates or charges to obtain funds for capital projects.

Policy Question(s) for Council Consideration:

- Does the Council wish to initiate proceedings for establishing a property-related fee to fund the City’s Stormwater Program?

Summary:

- Council adopted a Stormwater Master Plan in 2016 and expressed interest in exploring options to develop a dedicated revenue source to fund the Stormwater Program
- A City-wide clean water and storm drainage opinion polling was conducted in April 2018



Subject: Stormwater Fee Report

- The survey found that Los Altos property owners strongly desire increased investment in storm drainage infrastructure, and are willing to pay for it especially at a rate less than \$100 per year per parcel
- Based on the survey, Council directed staff to move forward with developing a property-related fee for the Stormwater Program which requires property owners' approval
- A Stormwater Fee Report has been prepared as the first step in developing a property-related fee consistent with regulatory requirements

Staff Recommendation:

Approve the structure of the Stormwater Fees and findings of the Stormwater Fee Report; authorize staff to work in consultation with the City Attorney and the Rate Consultant to finalize the Stormwater Fee Report with such changes deemed advisable and not altering the structure of the Stormwater Fees; adopt Resolution 2018-39 initiating a proceeding to obtain approval of a property-related fee conforming to Article XIII D, Section 6 of the Constitution; adopt Resolution 2018-40 adopting ballot procedures for a property-related fee conforming to Article XIII D, Section 6 of the Constitution



Subject: Stormwater Fee Report

Purpose

Approve the structure of the Stormwater Fees and findings of the Stormwater Fee Report; authorize staff to work in consultation with the City Attorney and the Rate Consultant to finalize the Stormwater Fee Report with such changes deemed advisable and not altering the structure of the Stormwater Fees; adopt Resolution 2018-39 initiating a proceeding to obtain approval of a property-related fee conforming to Article XIII D, Section 6 of the Constitution; adopt Resolution 2018-40 adopting ballot procedures for a property-related fee conforming to Article XIII D, Section 6 of the Constitution.

Background

The City owns a network of stormwater conveyance facilities that deliver stormwater runoff to the four creeks in Los Altos which terminate at the San Francisco Bay. The estimated replacement value of the stormwater conveyance network is approximately \$170 million in current dollars.

In addition to operation and maintenance responsibilities, the City is required to comply with the Municipal Regional Permit (MRP) under the National Pollutant Discharge Elimination System (NPDES) permit issued by USEPA through the San Francisco Regional Water Quality Control Board (Water Board). The program aims to improve stormwater runoff quality and protect local creeks, channels and the San Francisco Bay. Compliance with the MRP requires a significant level of City resources.

The stormwater program is currently funded by the General Fund with an annual allocation of approximately \$470,000 for operation, maintenance, and regulatory compliance and \$300,000 for capital improvements. On April 26, 2016, the City Council adopted the Stormwater Master Plan which determined the appropriate service levels for operation and maintenance as well as identified and prioritized capital improvement needs. As part of adopting the Master Plan, the Council expressed interest to explore options to develop a dedicated revenue source to fully or partially fund the stormwater program.

In April 2018, the City conducted a community opinion survey to gauge support for a new fee for the stormwater program and mailed 10,491 surveys to property owners in Los Altos. There were three different survey versions mailed, each with a unique set of proposed storm drainage services and improvements and a corresponding fee rate and detailed questionnaire. The rates associated with the three versions are \$39.57, \$71.57, and \$134.36 per parcel per year.

A total of 2,214 surveys were returned for a return rate of 20.6%. The survey found that Los Altos property owners strongly desire increased investment in storm drainage infrastructure and are willing to pay for it especially at a rate less than \$100 per year per parcel. Other key findings from the survey include:

1. Both operation and maintenance and capital improvements of the storm drainage system are desired



Subject: Stormwater Fee Report

2. Support is strong for all three major goals of the stormwater program, including effective infrastructure, prevention of local flooding, and improved water quality
3. Property owners desire more information, especially detailed information that is quantitative and describes specific services
4. Strong fiscal controls and accountability are key provisions
5. A strong, effective, and comprehensive information outreach effort would be required

Based on the findings from the survey, Council directed staff to move forward with developing a property-related fee for stormwater systems at a rate less than \$100 per year per parcel.

Discussion/Analysis

Property-related fees are subject to the requirements of Articles XIIC and D of the State Constitution, which were approved by voters in 1996 through Proposition 218, as well as the Proposition 218 Omnibus Implementation Act (Government Code Sections 53750 – 53758). A Stormwater Fee Report has been prepared which contains a description of the stormwater services, the basis upon which the stormwater fee was calculated, the parcels upon which the storm drainage fee is proposed, the proportional cost of the services attributable to each parcel, and the amount of stormwater fee proposed for each parcel. The Stormwater Fee Report relies mainly on the 2016 Stormwater Master Plan for estimating the fiscal needs of the Capital Improvement Plan (“CIP”) and Operations and Maintenance (“O&M”) needs.

Capital Improvement Program Needs

The 2016 Stormwater Master Plan identified a CIP totaling \$29 million worth of improvements and repairs, with \$3.8 million categorized as High-Priority and \$11.5 million as Moderate-Priority. These amounts have been adjusted in the three following ways:

- Increased 7.1% for inflation,
- Increased 7% for program management costs (not included in the 2016 Master Plan), and
- Reduced to account for four High-Priority projects that have been funded through other sources.

The adjusted CIP is summarized in Table 1.



Subject: Stormwater Fee Report

Table 1 – Capital Improvement Program Costs

CIP Category	High Priority	Moderate Priority	Low Priority	Overall Cost
Conveyance	\$ 1,600,000	\$ 9,360,000	\$ 9,180,000	\$ 20,140,000
System Extension	-	510,000	3,860,000	4,370,000
Dry Wells	-	-	1,900,000	1,900,000
Problem Areas	1,130,000	3,210,000	840,000	5,180,000
Total Capital Needs	\$ 2,730,000	\$ 13,080,000	\$ 15,780,000	\$ 31,590,000

Operations and Maintenance Program Needs

Operations and Maintenance (“O&M”) needs include staff costs for day-to-day maintenance and engineering as well as the costs associated with regulatory compliance. The Master Plan recommends 1.7 Full-time Equivalent (FTE) in addition to other costs to meet the operational needs as well as the regulatory requirements. In summary, the 2016 Master Plan estimated costs of \$490,000 which have been escalated to a 2018 value of \$522,000 as shown below.

Table 2 – Operations and Maintenance Needs

Category	Cost
Engineering Staff	\$ 213,000
Maintenance Staff	181,000
Permit and Fees	107,000
Equipment	21,000
TOTAL Annual Cost	\$ 522,000

Annual Revenue Requirement

Based upon the 2016 Master Plan, annual revenues must include costs for O&M, CIP and establishing and maintaining an operational reserve. To determine an annual storm drainage fee amount, the financial needs must be expressed as an annual revenue requirement. For O&M needs, the cost estimates are already expressed in an annual format and can be assumed to increase at a predictable rate over time. The same applies for an operational reserve. However, the CIP needs are expressed as a series of lump sum present values and must be converted into an annual cost to form the basis for an annual Storm Drainage fee. The user rates will vary depending on the financing approach taken. Since the City has not yet determined the precise financing approach to be used, the Report evaluates some alternatives for consideration.



Subject: Stormwater Fee Report

Comparison of Approaches

A comparative analysis was performed using a 30-year forecast horizon. User rates were calculated to fund the O&M costs and complete the High- and Moderate-Priority projects. Assumptions included the following:

- Only the High- and Moderate-Priority projects were included,
- User rate increases based on the Consumer Price Index were assumed to increase 2.6% annually,
- O&M costs were assumed to increase 3.0% annually,
- Capital costs (for uncompleted projects) were assumed to escalate at 2.6% annually,
- Debt issuance costs are assumed to be 2% of net proceeds,
- A debt reserve is maintained equaling one year’s debt service,
- Interest on debt is assumed to be 5%, and
- An operating reserve is maintained at 20% of O&M costs.

Recommended Revenue

It is preferable to establish a financial program that provides for stable user rates while funding O&M, CIP and operating reserves at the most efficient and understandable level. The combined High/Moderate CIP is estimated in 2018 dollars to cost \$15,810,000. That translates into an initial annual revenue requirement of \$611,000. The initial annual revenue requirement for O&M (including NPDES permit compliance costs) is \$522,000 from Table 2 above. The total revenue requirement for Fiscal Year 2018-19 is \$1,133,000. Table 3 below summarizes the revenue requirements.

Table 3 – Annual Revenue Requirements

Element	Cost	Annual Revenue Req't	% of Annual Rev Req't
CIP - High / Moderate	\$ 15,810,000	\$ 611,000	54%
O & M	\$ 522,000	\$ 522,000	46%
TOTAL		\$ 1,133,000	

Rate Schedule

The table below shows the rates for various categories of properties. Residential properties are broken into four size categories and are charged “per parcel.” Non-residential properties are broken into seven categories based on typical percentage of impermeable surface and are charged “per acre.” All rates are shown as annual rates.



Subject: Stormwater Fee Report

Table 4 – Preliminary Rate Schedule

Land Use Category		SFE Rate	Proposed Fee FY 2018-19	
Single-Family Residential *				
Small	<i>Under 9,000 sf</i>	0.81822	\$ 72.00	per parcel
Medium	<i>9,000 to 14,500 sf</i>	1.00000	\$ 88.00	per parcel
Large	<i>14,500 to 20,000 sf</i>	1.14001	\$ 100.32	per parcel
Extra Large	<i>over 20,000 sf</i>	1.33630	\$ 117.59	per parcel
Condominium		0.81822	\$ 72.00	per parcel
Non-Single-Family Residential **				
Multi-Family Residential		6.50420	\$ 572.37	per acre
Commercial / Retail / Industrial		7.46487	\$ 656.91	per acre
Office		6.50420	\$ 572.37	per acre
Church / Institutional		5.06523	\$ 445.74	per acre
School		4.17416	\$ 367.33	per acre
Park		0.42120	\$ 37.07	per acre
Vacant (developed)		0.42120	\$ 37.07	per acre
Open Space / Agricultural		exempt		
* SFR category also includes duplex, triplex and four-plex units.				
** Non-SFR parcel size is calculated to the tenth of an acre or portion thereof.				

In addition to the rates shown above, the revenue would be deposited into a separate, restricted fund (enterprise fund) that could only be used for storm water purposes. Other rate structure features would include the following:

- Fiscal controls and accountability
 - Annual audit
 - Annual review by City Council
- Annual cost indexing
 - Tied to CPI
 - Capped at 3%
 - To be reviewed and determined annually by City Council
- Appeals procedure
- Allowance for a future Green Infrastructure incentive program



Subject: Stormwater Fee Report

The rate and fund structure as well as other features will be included in a new rate ordinance to be adopted by City Council and voted on by property owners.

Commission Review

Staff presented the Stormwater Fee Report information to the Financial Commission at its September 17, 2018 meeting. The Financial Commission recommended moving the program forward for Council consideration and approval. Staff also presented the Stormwater/Cleanwater Program to the Environmental Commission at its September 10, 2018 meeting and the Commission provided input on public education should the Council decide to move forward with initiating the proceeding for establishing a new fee.

Next Steps

Two resolutions are attached for Council consideration. Resolution 2018-39 initiates the proceedings, states the Fee Report is deemed sufficient and approved, details the annual amount of funds to be collected, and describes the services, procedures, and other features of the Stormwater Fee Initiative. Resolution 2018-40 establishes a set of procedures for conducting the ballot proceeding in accordance with Proposition 218. If the City Council approves the attached resolutions and directs staff to move forward with proceedings for the stormwater fee, the next steps will tentatively take place in accordance with the below Stormwater Fee Adoption Timeline (dates subject to change):

Step	Description	Proposed Timeline
1	City Council approval of the Fee Report, establishing public hearing (protest hearing) date and time, and authorizing the mailing of notices	October 9, 2018 Council meeting
2	Mailing of notices	January 15, 2019
3	Conducting a protest hearing (no less than 45 days after mailing of notices)	March 12, 2019 Council meeting
4	City Council authorizing mailing of ballots (if no 50% protest exists)	March 12, 2019 Council meeting
5	Mailing of ballots (10 days after the Council authorization)	March 22, 2019
6	Tabulation of ballots after close of ballot period	45 days after the mailing of ballots
7	City Council certification of results of balloting, authorizing the fee structure if support is over 50%	May 14, 2019 Council meeting
8	Submitting levy to County Auditor/Controller if applicable	By August 2019

Staff, with support from the consultant, will conduct information outreach to the community in the next few months through community meetings, key stakeholder presentations, city website, and various social media channels.



Subject: Stormwater Fee Report

Options

- 1) Approve the structure of the Stormwater Fees and findings of the Stormwater Fee Report; authorize staff to work in consultation with the City Attorney and the Rate Consultant to finalize the Stormwater Fee Report with such changes deemed advisable and not altering the structure of the Stormwater Fees; adopt Resolution 2018-39 initiating a proceeding to obtain approval of a property-related fee conforming to Article XIII D, Section 6 of the Constitution; adopt Resolution 2018-40 adopting ballot procedures for a property-related fee conforming to Article XIII D, Section 6 of the Constitution

Advantages: Initiates proceedings for establishing a property-related fee to fund the Stormwater Program

Disadvantages: Property owners will pay for a new fee if approved by voters

- 2) Do not approve the Stormwater Fee Report and associated resolutions

Advantages: No new property-related fee

Disadvantages: No secured and dedicated funding for the Stormwater Program

Recommendation

The staff recommends Option 1.



CITY OF LOS ALTOS

DRAFT - STORMWATER FEE REPORT

SEPTEMBER 2018

PURSUANT TO THE ARTICLES XIII C & D OF THE CALIFORNIA CONSTITUTION,
AND THE GOVERNMENT CODE SECTIONS 38900 – 38901 ET AL.

ENGINEER OF WORK:
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DRAFT

CITY OF LOS ALTOS

CITY COUNCIL

Jean Mordo, Mayor
Lynette Lee Eng, Vice Mayor
Jeannie Bruins, Councilmember
Jan Pepper, Councilmember
Mary Prochnow, Councilmember

CITY MANAGER

Chris Jordan

PUBLIC WORKS DEPARTMENT

Susanna Chan, Director

CITY ATTORNEY

Christopher Diaz

ENGINEER OF WORK

Jerry Bradshaw, SCI Consulting Group

DRAFT

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INTRODUCTION AND EXECUTIVE SUMMARY

OVERVIEW

The City of Los Altos (“City”) has engaged SCI Consulting Group to study, make recommendations, and assist in the implementation of a funding approach for its municipal separate storm sewer system¹ (“MS4”) including capital improvements, maintenance and operations, and compliance to all state and federal regulations associated with the National Pollutant Discharge Elimination System² (“NPDES”).

The City completed a Stormwater Master Plan in 2016 to better understand the condition and capacity of this critical infrastructure system. The most recent comprehensive master plan for the storm drain system had been in 1966 – 50 years earlier. Since that time, the City has grown substantially, and the runoff characteristics have changed. In addition, the City’s MS4 is now subject to an NPDES permit including a completely revamped approach to how stormwater management is integrated with all other aspects of the natural and built environments. The 2016 Master Plan outlined a Capital Improvement Program (“CIP”) that identified \$29 million of needed improvements to the current storm drainage system. This Master Plan lays the foundation for review of the storm drain system, development of funding strategies, public opinion surveys, and this Fee Report.

In 2017, the City embarked on a two-phase project to determine the feasibility of implementing a dedicated, sustainable revenue stream to fund the City’s storm drainage needs. Phase 1 included exploring potential funding sources, estimating user rate ranges for various budget scenarios, and conducting a public opinion survey of Los Altos residents and property owners to determine storm drain program priorities and willingness to pay. Phase 1 is complete, and the City Council has embarked on Phase 2, implementation of a funding mechanism. This Fee Report is the first task of Phase 2.

CITY’S FACILITIES

The City operates and maintains a storm drainage system, as empowered to do so per Government Code Sections 38900 and 38901, and it is comprised of an integrated system of storm drain pipes, culverts, ditches, dry wells and creeks. The City incorporated in 1952 and experienced most of its residential growth between 1950 and 1980. As the community grew, the storm drainage system was developed along with the neighborhoods and the business district while still maintaining many native creek segments. This development pattern resulted in Los Altos preserving its rural tone, and its storm drainage infrastructure is reflective of this rural character. This is evident by the many streets built without traditional suburban curbs and gutters as well as the large number of open creek segments still running

¹ In this report, the terms “storm sewer,” “storm drainage,” and “stormwater” are used interchangeably, and are considered to be synonymous.

² Created in 1972 by the Clean Water Act, the NPDES permit program is authorized to state governments by EPA to perform many permitting, administrative, and enforcement aspects of the program.

through the City's neighborhoods. Much of the City's storm drainage system is made up of pipes under City streets.

On average, the industry-standard life expectancy of a storm drain system is approximately 60 years. The majority of the City's storm drain pipes were installed approximately 50 or more years ago, and the system is approaching the end of its useful life. Moreover, some of the drainage system has inadequate capacity.

STORMWATER FUNDING BACKGROUND

The City historically has funded its storm drainage activity primarily through the General Fund. As a result, the capital expenditures have been very limited, and operations and maintenance activities have been kept to a minimum level of service, mostly responding to storm-related emergencies and basic regulatory compliance.

The scale and projected needs of the MS4 in a time of competing demands on the General Fund point toward the need for developing a separate, dedicated and sustainable funding stream. As with many other municipalities in California, the City is considering developing a separate financial entity, or enterprise fund, to track revenues and expenditures separately from other City functions – similar to an independent utility. This would also enable the City to better set goals and track progress toward those goals. The Fee Report would be the first step in that process, should the City decide to proceed.

This Report relies mainly on the 2016 Stormwater Master Plan for estimating the fiscal needs of the Capital Improvement Plan ("CIP") and Operations and Maintenance ("O&M") needs.

LEGAL REQUIREMENTS OF STORMWATER FEE

This Report calculates the Stormwater Fee as a property-related fee. Property-related fees are subject to the requirements of Articles XIIC and D of the State Constitution, which were approved by voters in 1996 through Proposition 218, as well as the Proposition 218 Omnibus Implementation Act (Government Code Sections 53750 – 53758).

FACILITIES AND SERVICES

The City operates and maintains a municipal separate storm sewer system (MS4) within the City's boundaries. The MS4 is made up of man-made drainage systems including, but not limited to, curbs and gutters, ditches, culverts, pipelines, manholes, catch basins (inlets), dry wells and outfall structures. The natural creek system that runs throughout the City serves as the backbone of the City's MS4; however, maintenance of those creeks is the responsibility of the Santa Clara Valley Water Department and is not considered part of the City's MS4 in this financial analysis. The service area for the City's MS4 is the entire City.

The primary storm drainage service provided by the City is the collection, conveyance, and overall management of the stormwater runoff from improved parcels. By definition, all improved parcels that shed stormwater into the City's MS4, either directly or indirectly utilize, or are served by, the City's storm drainage system. The need and necessity of this service are derived from property improvements, which historically have increased the amount of stormwater runoff from the parcel by constructing impervious surfaces such as rooftops, pavement areas, and certain types of landscaping that restrict or retard the percolation of water into the soil lens beyond the conditions found in the natural, or unimproved, state. To the extent that a property is in a natural condition or includes features that contain all increased runoff resulting from the property's development, that property is exempted from any MS4 service. As such, open space land (in a natural condition) and agricultural lands that demonstrate stormwater absorption equal to or greater than natural conditions are typically exempt.

The 2016 Stormwater Master Plan contains a thorough set of maps and lists of various elements within the MS4. Those descriptions are the basis for this Report.

FINANCIAL NEEDS AND REVENUE REQUIREMENTS

STORMWATER MASTER PLAN NEEDS SUMMARY

CAPITAL IMPROVEMENT PROGRAM NEEDS

The 2016 Stormwater Master Plan identified a CIP totaling \$29 million worth of improvements and repairs, with \$3.8 million categorized as High-Priority and \$11.5 million as Moderate-Priority. These amounts have been adjusted in the three following ways:

- Increased 7.1% for inflation³,
- Increased 7% for program management costs⁴ (not included in the 2016 Master Plan), and
- Reduced to account for four High-Priority projects that have been funded through other sources.

The adjusted CIP is summarized in Table 1 below. More detailed information about the High- and Moderate-Priority projects is contained in Appendix A.

TABLE 1 – CAPITAL IMPROVEMENT PROGRAM COSTS

CIP Category	High Priority	Moderate Priority	Low Priority	Overall Cost
Conveyance	\$ 1,600,000	\$ 9,360,000	\$ 9,180,000	\$ 20,140,000
System Extension	-	510,000	3,860,000	4,370,000
Dry Wells	-	-	1,900,000	1,900,000
Problem Areas	1,130,000	3,210,000	840,000	5,180,000
Total Capital Needs	\$ 2,730,000	\$ 13,080,000	\$ 15,780,000	\$ 31,590,000

OPERATIONS AND MAINTENANCE PROGRAM NEEDS

Operations and Maintenance (“O&M”) needs include staff costs for day-to-day maintenance and engineering needs as well as the costs associated with regulatory compliance. The City currently budgets 0.5 full-time-equivalent (FTE) maintenance worker and 0.5 FTE engineer positions to operate and manage the MS4. The Master Plan also recommends increasing the net 1.0 FTE to at least 1.7 FTE in addition to other costs to meet the operational needs as well as the regulatory requirements in the State’s Construction General Permit and the EPA’s NPDES permit. In summary, the Master Plan estimates costs of \$490,000. These are summarized in Table 2 below. Again, these amounts have been adjusted for inflation⁵ from the Master Plan year (2016).

³ Based on the Engineering News Record’s Construction Cost Index increase for two years.

⁴ Program management is projected to be in the form of contracted staff augmentation. This is estimated at one-half fulltime equivalent at \$200 per hour for a duration of 5 years.

⁵ A 6.6% increase was estimated based on the San Francisco Bay Area Consumer Price Index for two years.

TABLE 2 – OPERATIONS AND MAINTENANCE PROGRAM NEEDS

Category	Cost
Engineering Staff	\$ 213,000
Maintenance Staff	181,000
Permit and Fees	107,000
Equipment	21,000
TOTAL Annual Cost	\$ 522,000

ANNUAL REVENUE REQUIREMENT

Based upon the 2016 Master Plan, annual revenues must include costs for O&M, CIP and establishing and maintaining an operational reserve⁶. In order to determine an annual Stormwater Fee amount, the financial needs must be expressed as an annual revenue requirement. For O&M needs, the cost estimates are already expressed in an annual format and can be assumed to increase at a predictable rate over time. The same applies for an operational reserve. However, the CIP needs are expressed as a series of lump sum present values and must be converted into an annual cost in order to form the basis for an annual Stormwater Fee. The user rates will vary depending on the financing approach taken. Since the City has not yet determined the precise financing approach to be used, this Report evaluates some alternatives for consideration.

DEBT-DRIVEN APPROACH

A typical way to fund capital projects is to incur debt to raise funds immediately to build the projects first and pay for them over time through debt payments. This accomplishes two critical objectives: Deficiencies in the infrastructure are addressed immediately, and the property owners paying the rates do not have to wait 10, 20 or 30 years to benefit from their years of paying for the improvements.

This requires several assumptions and must include the interplay between revenues, O&M costs and reserve amounts. One constraint on the overall analysis is that, due to the requirement to put rate increases to a ballot measure, revenues for a stormwater program are typically set at an initial level and increase at a predictable indexed rate⁷ over the life of the fee structure. For that reason, long-term debt – which is typically structured with a level annual debt service – complicates a 30-year plan. Shorter-term (10-year or less) debt issuances can level this out somewhat but can increase debt issuance costs. In some cases,

⁶ Operation reserves equal to 20% of annual operating costs (or O&M costs) are recommended.

⁷ Formulaic escalation such as annual increases based on the Consumer Price Index are allowed under the law, provided they are included in the original ballot measure.

long-term debt service can be structured to increase over time to better match the fiscal reality of an enterprise fund.

PAY AS YOU GO APPROACH

Another option is a pay-as-you-go (“PAYGo”) approach whereby capital projects are constructed as sufficient revenues are collected. While this avoids incurring debt or its associated costs, construction costs invariably increase over time – sometimes at rates higher than debt interest costs. One additional drawback to this approach is that not all projects are built at the beginning of the 30-year period, but rather construction is spread over that entire time. The costs of this factor are difficult to quantify – they are more qualitative.

HYBRID APPROACH

There are myriad ways to finance a complex CIP such as this. The single, long-term debt issuance is one extreme, and the PAYGo is the other extreme. A more likely scenario may be a hybrid option where the High-Priority CIP may be completed on a PAYGo plan (first five years) and a series of 10-year debt issuances combined with a modest PAYGo set of projects (years 6 – 25) and PAYGo for the remaining five years. This also provides a hybrid project delivery schedule – one that may better resemble the real-world capabilities of a small city to deliver a multi-million dollar set of projects.

COMPARISON OF APPROACHES

A comparative analysis was performed using a 30-year forecast horizon⁸. User rates were calculated to fund the O&M costs and complete the High-, and Moderate-Priority projects. Assumptions included the following:

- Only the High- and Moderate-Priority projects were included⁹,
- User rate increases based on the Consumer Price Index were assumed to increase 2.6% annually¹⁰,
- O&M costs were assumed to increase 3.0% annually¹¹,
- Capital costs (for uncompleted projects) were assumed to escalate at 2.6% annually¹²,
- Debt issuance costs are assumed to be 2% of net proceeds¹³,
- A debt reserve is maintained equaling one year’s debt service,
- Interest on debt is assumed to be 5%¹⁴, and

⁸ A 30-year financing horizon matches the financial analysis contained in the 2016 Master Plan.

⁹ Including the Low-Priority projects, increased user rates were far outside the range found acceptable in the community survey performed by SCI Consulting Group in 2018.

¹⁰ The average CPI since 1990 is 2.7%, but with an annual cap of 3% some of that will not be realized. Used 2.6% as default.

¹¹ Typical assumed inflation value for personnel, materials, equipment and utility costs.

¹² Equal to the average Construction Cost Index (Engineering News Record) since 1990.

¹³ From the Los Altos Stormwater Master Plan.

¹⁴ From the Los Altos Stormwater Master Plan.

- An operating reserve is maintained at 20% of O&M costs.

Table 3 below shows the comparative results of the three approaches. Details of these calculations are contained in Appendix B.

TABLE 3 – COMPARISON OF ALTERNATIVE FINANCING APPROACHES

Approach	Long-Term Debt	PAYGo	Hybrid
Beginning Rate * (average SFR**)	\$ 129	\$ 86	\$ 88
Ending Rate * (average SFR**)	\$ 185	\$ 181	\$ 185
Cummulative Revenue*** (millions)	\$ 59.2	\$ 49.4	\$ 51.7

* Beginning and ending rates are computed by dividing the revenue of each year (shown in Appendix B, Tables 9, 10 and 11) by the total number of SFEs (or 12,880)

** SFR stands for Single Family Residential

*** Cummulative revenue is the sum of revenues shown in Appendix B, Tables 9, 10 and 11

RECOMMENDED REVENUE REQUIREMENTS

It is preferable to establish a financial program that provides for stable user rates while funding O&M, CIP and operating reserves at the most efficient and understandable level. The long-term debt approach starts at a higher rate and requires more cumulative revenue overall. In addition, the user rate would be structured in a bifurcated manner resulting in more confusion to the rate payer. The PAYGo and hybrid approaches produced almost identical results with both employing a steady and understandable rate progression. The hybrid approach represents the most versatile structure, allowing the City to maneuver the financial marketplace most easily. For that reason, the revenue requirements for this Report will be based on the hybrid approach.

The combined High/Moderate CIP is estimated in 2018 dollars to cost \$15,810,000. From the hybrid analysis, that translates into an initial annual revenue requirement of \$611,000. The initial annual revenue requirement for O&M (including NPDES permit compliance costs) is \$522,000 from Table 2 above. The total revenue requirement for Fiscal Year 2018-19 is \$1,133,000. Table 4 below summarizes the revenue requirements.

TABLE 4 – ANNUAL REVENUE REQUIREMENTS FOR FY 2018-19

Element	Cost	Annual Revenue Req't	% of Annual Rev Req't
CIP - High / Moderate	\$ 15,810,000	\$ 611,000	54%
O & M	\$ 522,000	\$ 522,000	46%
TOTAL		\$ 1,133,000	

RATE STRUCTURE ANALYSIS

Proposition 218 states that the amount of a fee upon any parcel shall not exceed the proportional costs of the service attributable to the parcel. It also states that no fee may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property. As noted earlier, all properties that shed stormwater into the City's MS4 are served by that system. In compliance with Proposition 218, the Stormwater Fee will only be imposed on properties that shed water into the City's MS4 system. Additionally, the amount of use attributed to each parcel is proportionate to the amount of stormwater runoff contributed by the parcel, which is, in turn, proportionate to the amount of impervious surface area on a parcel (such as building roofs and pavements).

SINGLE-FAMILY RESIDENTIAL PARCELS AS BENCHMARK

The most widely used method of setting storm drainage rates¹⁵ is to use the average or median single-family residential parcel¹⁶ ("SFR") as the basic unit of measure, or benchmark, which is called the single-family equivalent, or "SFE." Since the metric for this fee structure is impervious surface area, a benchmark amount of impervious surface area ("ISA") must be established.

Los Altos has a wide range of sizes of SFR parcels, which have varying levels of percentage of impervious area ("%IA"). Generally, smaller parcels tend to have a higher proportion of impervious area than larger parcels which tend to have a lower percentage of impervious area. (This can be best visualized by the fact that larger residential properties tend to have a larger *proportion of pervious* landscaping, and therefore a smaller *proportion of impervious* area.) Therefore, the range of SFR was broken into four size categories as shown in Table 5 below with the medium category containing the largest number of parcels. A random sample of 213 parcels in that size category was selected, and the ISA of each sample parcel was measured using aerial photographs. The median ISA is 5,171 square feet, which will be used as the benchmark (1 SFE) for all other size categories and other non-residential land uses.

$$5,171 \text{ square feet of ISA} = \text{SFE}$$

This becomes the basis for calculating the SFEs for all other types of land uses. In order to accomplish this, a representative sample of each land use category was studied through aerial photographs to measure the actual ISA, which was, in turn, used to calculate the %IA

¹⁵ *Stormwater Utility Survey*, 2017, page 2, Western Kentucky University.

¹⁶ The SFR category also includes multiplex parcels of two, three or four units, since the lot development characteristics do not vary significantly from the SFR parcels of similar size. In all, this includes the 73 multiplex parcels in the City, which were distributed to the same four parcel size categories as the other SFRs. Any residential structure with five or more units is categorized as multi-family residential ("MFR"), which is calculated separately.

for each land use category (see Appendix C). The SFE per parcel is a simple ratio of the median ISA for each category to the ISA (5,171 sf) for the benchmark category of medium-sized parcels as shown in the following formula:

$$SFE \text{ per Parcel} = \frac{\text{Median ISA}}{5,171}$$

SPECIAL NOTES ON CONDOMINIUMS

Condominium units are particularly difficult to categorize as they are often on very small individual parcels yet share larger common areas that are made up of landscaped (pervious) areas; parking lots and shared roofs (impervious); and other recreational uses (either pervious or impervious). The data for these variables is not readily available, so it is assumed that overall, their characteristics were most similar to the small lot makeup. Overall, condominium units are smaller than the average SFR, and may include two or more stories of residences in some cases. When combined with the various common areas (which were exempted from the SFE process), the overall effect would be less runoff impact than the median size SFR. Thus, the small SFR rate was used.

Table 5 below shows a summary of the SFEs for single-family residential parcels.

TABLE 5 – SUMMARY OF SINGLE-FAMILY RESIDENTIAL PARCELS

Lot Type	Parcel Size Range		# of	Median	SFE per	
	Acres	Square Footage	Parcels *	Acres *		ISA (sf) **
Small	under 0.21	under 9,000	871	138.59	4,231	0.82
Medium	0.21 to 0.33	9,000 to 14,500	7,032	1,758.24	5,171	1.00
Large	0.34 to 0.45	14,500 to 20,000	973	376.06	5,895	1.14
Very Large	over 0.45	over 20,000	519	322.75	6,910	1.34
Condos	Considered to be same as Small Lots		1,053	37.86	na	0.82
TOTAL			10,448	2,633.50		

* # of Parcels and Acres do not factor into the basis of the SFE calculation; they are shown for informational purposes only.

** From Table 12, Appendix C.

NON-SINGLE-FAMILY RESIDENTIAL PARCELS

Unlike the SFR parcels, the non-SFR parcels can vary widely in size as well as characteristics. For this reason, the parcels have been grouped into land use categories according their %IA characteristics (as shown in Appendix C) so that the SFE-per-acre can be computed for each category using the following formula:

$$\frac{(43,560 \text{ sf / acre}) \times \% IA}{5,171 \text{ sf}} = SFE \text{ per Acre}$$

where 5,171 square feet is the amount of ISA in one SFE.

Table 6 below shows a summary of the non-single-family parcel SFEs for each non-SFR land use category.

TABLE 6 – SUMMARY OF NON-SFR PARCELS

Land Use Category	# of Parcels *	Acres *	% Imperv Area **	SFE per Acre
Multi-Family (Apartments)	22	22.30	77.2%	6.50
Commercial / Retail / Industrial	216	78.84	88.6%	7.46
Office	303	67.26	77.2%	6.50
Church / Institutional	25	64.70	60.1%	5.07
School	14	172.21		
Park	14	32.07	5.0%	0.42
Vacant (developed)	94	53.03	5.0%	0.42
Open Space / Agricultural	98	na		Exempt
TOTAL	786	490.41		

* Aggregate # of Parcels and Acres do not factor into the basis of the SFE calculation; they are shown for informational purposes only.

** %IA is from Table 12, Appendix C.

Each individual parcel's SFE is then calculated by multiplying the parcel size (in acres¹⁷) times the SFE/acre for that land use category, as shown in the following formula:

$$\text{Parcel Size (acres)} \times \text{SFE per Acre} = \text{SFE}$$

DEVELOPED VACANT PARCELS

Developed vacant parcels are distinguished from undeveloped vacant land by one of several characteristics. Typically, a developed vacant parcel has been graded to be ready for building construction (possibly as part of the original subdivision or adjacent street grading). In some cases, the parcel was previously improved, but the improvement has been removed. Although developed vacant parcels may have significant vegetative cover, the underlying soil conditions resulting from grading work can usually cause some rainfall to runoff into the storm drainage system. The %IA for developed vacant parcels is reasonably assumed to be 5%, which is also used as a minimum value of imperviousness for any property. Vacant parcels that have significant impervious paving remaining from prior improvements may be classified as Commercial or some other classification best representing the %IA of the parcel.

¹⁷ Parcel size for non-SFR parcels is calculated to the tenth of an acre or portion thereof.

OPEN SPACE AND AGRICULTURAL PARCELS ARE EXEMPT

The City's MS4 was developed in response to land development over the past several decades. Tracts of land that have not yet been developed, or have been used primarily for agricultural purposes, have not created an impact on the Drainage system beyond the natural condition, and are therefore considered to receive no service from the MS4. In practical terms, these parcels generate no additional storm runoff beyond the natural condition. For these reasons, open space and agricultural parcels are exempt from the Stormwater Fee.

Los Altos is a City with some open space land that may be situated on portions of developed parcels. For parcels that have a significant portion that is considered open space (or agricultural), those open space portions have been taken into consideration in the calculations of the %IA and SFEs.

- For SFR parcels, these open space lands have been included in the sampled lot size when calculating the average %IA, which produced a lower %IA for the extra-large parcels, and, thus, a lower SFE and Fee to accommodate the open space areas.
- For non-SFR parcels the fees are calculated on individual acreage. However, the open space portion has been deducted from the parcel's acreage prior to all analysis including %IA as well as SFE and fee calculations.

LOW IMPACT DEVELOPMENT AND POTENTIAL INCENTIVE PROGRAMS

The current NPDES Permit requires certain properties to construct stormwater treatment and attenuation facilities, also known as low impact development ("LID"). These facilities are typically designed to capture a portion of the storm flows, retain them, and enable them to infiltrate into the ground. While this is intended to help filter pollutants from the water, it also can reduce the parcel's stormwater runoff quantity to some extent, which in turn can reduce a parcel's impact on the City's storm drainage system. In addition to NPDES-required LID, other parcel owners may elect to follow LID guidelines voluntarily.

For parcels utilizing LID, it may make sense for the City to reduce a parcel's user fee by an amount commensurate with its reduced impact on the City's MS4. However, data is not yet available to correlate a parcel's LID to its effect on the MS4. In the coming year, the City will be developing its Green Infrastructure Plan, which may include data that could support a fee reduction calculation. Such a fee reduction could in turn become an incentive for non-regulated parcels to voluntarily implement LID, thereby further reducing the City's overall MS4 burden.

STORMWATER FEE CALCULATION

The primary metric in this analysis is the SFE as illustrated above. To arrive at the fee amount for the various land use categories, the total SFEs must be divided into the revenue requirement to arrive at the rate per SFE. Using the analysis above, that calculation is represented by the following formula:

$$\frac{\text{Annual Revenue Req't}}{\text{Total SFEs}} = \text{SFE Rate}$$

Or, using numbers from the analysis:

$$\frac{\$1,133,000}{12,880.000} = \$88.00 \text{ per SFE}$$

This SFE rate amount is then multiplied by the SFEs per parcel or acre for the various land use categories to arrive at the Stormwater Fee Rate Schedule shown in Table 7 below.

TABLE 7 – PROPOSED 2018-19 STORMWATER FEE SCHEDULE

Land Use Category	SFE Rate	Proposed Fee FY 2018-19	
Single-Family Residential *			
Small Under 9,000 sf	0.81822	\$ 72.00	per parcel
Medium 9,000 to 14,500 sf	1.00000	\$ 88.00	per parcel
Large 14,500 to 20,000 sf	1.14001	\$ 100.32	per parcel
Extra Large over 20,000 sf	1.33630	\$ 117.59	per parcel
Condominium	0.81822	\$ 72.00	per parcel
Non-Single-Family Residential **			
Multi-Family Residential	6.50420	\$ 572.37	per acre
Commercial / Retail / Industrial	7.46487	\$ 656.91	per acre
Office	6.50420	\$ 572.37	per acre
Church / Institutional	5.06523	\$ 445.74	per acre
School	4.17416	\$ 367.33	per acre
Park	0.42120	\$ 37.07	per acre
Vacant (developed)	0.42120	\$ 37.07	per acre
Open Space / Agricultural	exempt		

* SFR category also includes duplex, triplex and four-plex units.

** Non-SFR parcel size is calculated to the tenth of an acre or portion thereof.

The specific assumptions utilized in this Report, the specific CIP projects listed, and the division of revenues and expenses between the two primary categories (CIP and O&M) are used as a reasonable model of future revenue needs and are not intended to be binding on future use of funds.

ANNUAL COST INDEXING

The Stormwater fees are subject to an annual adjustment tied to the Consumer Price Index-U for the San Francisco, Oakland, Hayward Area as of December of each succeeding year (the "CPI"), with a maximum annual adjustment not to exceed 3%. Any change in the CPI in excess of 3% shall be cumulatively reserved as the "Unused CPI" and shall be used to increase the maximum authorized rate in years in which the CPI is less than 3%. The maximum authorized rate is equal to the maximum rate in the first fiscal year the Fee was approved adjusted annually by the lower of either 3% or the change in the CPI plus any Unused CPI as described above.

COLLECTION, MANAGEMENT AND USE OF STORMWATER FUNDS

The City may collect the Stormwater Fees in the same manner as the annual property taxes on each parcel subject to the fee. The City shall also deposit into a separate account(s) all Stormwater Fee revenues collected and shall appropriate and expend such funds only for the purposes authorized by this Report. The specific assumptions utilized in this Report, the specific CIP projects listed, and the division of revenues and expenses between the two primary categories (CIP and O&M) are used as a reasonable model of future revenue needs and are not intended to be binding on future use of funds.

Dated: September 28, 2018

Engineer of Work

By _____
Jerry Bradshaw, License No. C48845

APPENDICES

APPENDIX A – LIST OF HIGH- AND MODERATE-PRIORITY CIP PROJECTS

Table 8 below lists the High- and Moderate-Priority projects from the 2016 Stormwater Master Plan that are used as the basis of the Stormwater Fee. The 2018 cost column includes an escalation factor of 7.1% plus an additional 7.0% added for program management costs not included in the 2016 Plan.

TABLE 8 – HIGH PRIORITY CAPITAL IMPROVEMENT PROJECTS

Project Name	Location	Description	Project No.	2016 Cost	2018 Cost
HIGH PRIORITY		Remedy Significant Flooding to Protect Property and Commerce			
Milverton Road	600 block	770' Pipe, Drywells, Inlets	AD_PA_1002	\$ 410,000	***
Deodora		240' Pipe, Manhole	PS_CNV_001	220,000	\$ 250,000
Fremont		1,330' Pipe, Manhole	PS_CNV_002	950,000	1,080,000
Stonehaven		280' Pipe, 3 Manholes	PS_CNV_003	240,000	270,000
Woods Lane	Citation Dr	36" Trash Rack or Inlet	PS_PA_1001	220,000	250,000
Stonehaven	2100 block	Improve Channel, New Trash Rack	PS_PA_1002	770,000	880,000
Windimer	Sierra Ventura Dr	Ditch Improvements	PL_PA_1003	460,000	***
Trash Capture Devices	City-wide	Install Trash Capture Devices	RC_10	400,000	***
Green Infrastructure	Plan	GI Plan Development	RC_02	150,000	***
High Priority Subtotal				\$ 3,820,000	\$ 2,730,000

Table continues on following page

*** These projects have been previously funded by other sources, and are not included in the revenue needs for purposes of this report.

Project Name	Location	Description	Project No.	2016 Cost	2018 Cost
MODERATE PRIORITY		Reduce Less Significant Flood Risks During More Extreme Events			
Loucks		1,970' Pipe, 8 Manholes	AD_CNV_001	1,720,000	\$ 1,960,000
Shasta St		Concrete Pipe, Manhole	AD_EX_015	450,000	510,000
Summerhill	S. El Monte	200' Pipe, 2 Inlets	AD_PA_1000	200,000	230,000
Edith		5,270' Pipe, 20 Manholes	HA_CNV_002	410,000	470,000
Renetta		580' Pipe, 2 Manholes	HA_CNV_005	3,880,000	4,430,000
Springer Rd		370 Pipe, 5 Manholes	HA_PA_1000	240,000	270,000
Sunshine Dr		Reconstruct 2 Inlets	HA_PA_1001	150,000	170,000
Oakwood Ct		Replace Drywell, 880' Pipe, 5 Inlets, 5 Manholes	HA_PA_1002	490,000	560,000
Payne Dr		Replace 6 Drywells, 2,130' Pipe, 6 Inlets, 9 Manholes	PM_PA_1000	1,100,000	1,260,000
Loma Prieta Ct		Lower Inlet	PM_PA_1001	30,000	30,000
Arboretum		1,570' Pipe, 21 Manholes	PS_CNV_004	1,550,000	1,770,000
Oak Ave		880' Pipe, 7 Manholes	PS_CNV_005	640,000	730,000
Dallas Ct	1600 block	1 Inlet, 1 Manholes	PL_PA_1001	200,000	230,000
Ranchita Dr	Julie Ln	Replace Inlet	PS_PA_1004	110,000	130,000
Cedar Pl	Redwood Dr	480' Pipe, 2 Inlets, 3 Manholes	PS_PA_1005	140,000	160,000
Foothill Exp	El Cereno Ave	1 Inlet	ST_PA_1000	150,000	170,000
Moderate Priority Subtotal				11,460,000	\$ 13,080,000
TOTAL COST				\$ 15,280,000	\$ 15,810,000

APPENDIX B – FINANCING SCENARIOS

TABLE 9 – HYBRID APPROACH

FY End	Revenues		Expenses			End Bal	Remaining Capital Need	
	Begin Bal	Revenue	O&M	Capital	Debt		High	Moderate
2019	-	1,133,440	522,000	507,040		104,400	2,730,000	13,080,000
2020	104,400	1,162,909	537,660	622,117		107,532	2,280,757	13,420,080
2021	107,532	1,193,145	553,790	636,129		110,758	1,701,764	13,769,002
2022	110,758	1,224,167	570,403	650,441		114,081	1,093,341	14,126,996
2023	114,081	1,255,995	587,516	397,325		385,235	454,416	14,494,298
2024	385,235	1,288,651	605,141	190,000	719,722	159,024	58,575	9,744,298
2025	159,024	1,322,156	623,295	-	719,722	138,163		9,802,710
2026	138,163	1,356,532	641,994	-	719,722	132,979		10,057,580
2027	132,979	1,391,802	661,254	11,000	719,722	132,805		10,319,077
2028	132,805	1,427,989	681,092	23,000	719,722	136,981		10,576,087
2029	136,981	1,465,116	701,524	40,000	719,722	140,851		10,827,468
2030	140,851	1,503,209	722,570	57,000	719,722	144,769		11,067,942
2031	144,769	1,542,293	744,247	74,000	719,722	149,093		11,297,226
2032	149,093	1,582,393	766,575	91,000	719,722	154,189		11,515,030
2033	154,189	1,623,535	789,572	106,000	719,722	162,430		11,721,055
2034	162,430	1,665,747	813,259	-	852,011	162,907		5,271,055
2035	162,907	1,709,056	837,657	15,000	852,011	167,296		5,408,102
2036	167,296	1,753,492	862,786	33,000	852,011	172,990		5,533,323
2037	172,990	1,799,082	888,670	53,000	852,011	178,392		5,643,331
2038	178,392	1,845,858	915,330	74,000	852,011	182,910		5,735,680
2039	182,910	1,893,851	942,790	93,000	852,011	188,960		5,808,884
2040	188,960	1,943,091	971,074	114,000	852,011	194,966		5,864,497
2041	194,966	1,993,611	1,000,206	136,000	852,011	200,361		5,900,010
2042	200,361	2,045,445	1,030,212	157,000	852,011	206,583		5,913,874
2043	206,583	2,098,627	1,061,119	180,000	852,011	212,081		5,906,553
2044	212,081	4,473,868	1,092,952	3,374,407		218,590		5,875,443
2045	218,590	2,209,174	1,125,741	1,076,876		225,148		2,566,063
2046	225,148	2,266,612	1,159,513	1,100,345		231,903		1,527,907
2047	231,903	2,325,544	1,194,298	1,124,289		238,860		438,678
2048	238,860	2,386,009	1,230,127	1,148,716		246,025		(703,437)

Table Notes:

- Interest and escalation factors are as listed on Page 6 of this Report.
- 10-yr Debt issuance in FY 2023-24 is for \$4.75 million in proceeds.
- 10-yr Debt issuance in FY 2033-34 is for \$6.45 million in proceeds.
- Revenue in FY 2043-44 is spiked upward as the bond reserve fund (not shown) is transferred into the operating fund.

TABLE 10 – PAY-AS-YOU-GO APPROACH

FY End	Begin Bal	Revenues	Expenses			End Bal	Remaining Capital Needs	
		Revenue	O&M	CIP High	CIP Mod		High	Moderate
2019	-	1,107,680	522,000	481,280	-	104,400	2,730,000	13,080,000
2020	104,400	1,136,480	537,660	595,688		107,532	2,307,187	13,420,080
2021	107,532	1,166,028	553,790	609,012		110,758	1,755,998	13,769,002
2022	110,758	1,196,345	570,403	622,619		114,081	1,176,807	14,126,996
2023	114,081	1,227,450	587,516	568,598	70,209	115,208	568,598	14,494,298
2024	115,208	1,259,364	605,141		648,402	121,028	-	14,799,115
2025	121,028	1,292,107	623,295	-	665,181	124,659		14,518,631
2026	124,659	1,325,702	641,994		679,968	128,399		14,213,640
2027	128,399	1,360,170	661,254		695,064	132,251		13,885,548
2028	132,251	1,395,534	681,092		710,475	136,218		13,533,436
2029	136,218	1,431,818	701,524		726,207	140,305		13,156,358
2030	140,305	1,469,046	722,570		742,266	144,514		12,753,334
2031	144,514	1,507,241	744,247		758,658	148,849		12,323,356
2032	148,849	1,546,429	766,575		775,389	153,315		11,865,380
2033	153,315	1,586,636	789,572		792,465	157,914		11,378,330
2034	157,914	1,627,889	813,259		809,892	162,652		10,861,098
2035	162,652	1,670,214	837,657		827,678	167,531		10,312,537
2036	167,531	1,713,639	862,786		845,827	172,557		9,731,466
2037	172,557	1,758,194	888,670		864,347	177,734		9,116,665
2038	177,734	1,803,907	915,330		883,245	183,066		8,466,878
2039	183,066	1,850,809	942,790		902,527	188,558		7,780,808
2040	188,558	1,898,930	971,074		922,199	194,215		7,057,116
2041	194,215	1,948,302	1,000,206		942,269	200,041		6,294,425
2042	200,041	1,998,958	1,030,212		962,744	206,042		5,491,312
2043	206,042	2,050,931	1,061,119		983,631	212,224		4,646,310
2044	212,224	2,104,255	1,092,952		1,004,936	218,590		3,757,909
2045	218,590	2,158,965	1,125,741		1,026,667	225,148		2,824,550
2046	225,148	2,215,099	1,159,513		1,048,831	231,903		1,844,628
2047	231,903	2,272,691	1,194,298		1,071,436	238,860		816,487
2048	238,860	2,331,781	1,230,127		1,094,488	246,025		(261,577)

Table Notes

- Interest and escalation factors are as listed on Page 6 of this Report.

TABLE 11 – LONG-TERM DEBT APPROACH

FY End	Begin Bal	Revenues			Expenses		End Bal
		O&M Rev	CIP Rev	TOTAL Rev	O&M	Debt Pmt	
2019	-	521,833	1,140,566	1,662,399	522,000		104,400
2020	104,400	540,792	1,140,566	1,681,358	537,660	1,140,566	107,532
2021	107,532	557,016	1,140,566	1,697,581	553,790	1,140,566	110,758
2022	110,758	573,726	1,140,566	1,714,292	570,403	1,140,566	114,081
2023	114,081	590,938	1,140,566	1,731,504	587,516	1,140,566	117,503
2024	117,503	608,666	1,140,566	1,749,232	605,141	1,140,566	121,028
2025	121,028	626,926	1,140,566	1,767,492	623,295	1,140,566	124,659
2026	124,659	645,734	1,140,566	1,786,300	641,994	1,140,566	128,399
2027	128,399	665,106	1,140,566	1,805,672	661,254	1,140,566	132,251
2028	132,251	685,059	1,140,566	1,825,625	681,092	1,140,566	136,218
2029	136,218	705,611	1,140,566	1,846,177	701,524	1,140,566	140,305
2030	140,305	726,779	1,140,566	1,867,345	722,570	1,140,566	144,514
2031	144,514	748,583	1,140,566	1,889,148	744,247	1,140,566	148,849
2032	148,849	771,040	1,140,566	1,911,606	766,575	1,140,566	153,315
2033	153,315	794,171	1,140,566	1,934,737	789,572	1,140,566	157,914
2034	157,914	817,996	1,140,566	1,958,562	813,259	1,140,566	162,652
2035	162,652	842,536	1,140,566	1,983,102	837,657	1,140,566	167,531
2036	167,531	867,812	1,140,566	2,008,378	862,786	1,140,566	172,557
2037	172,557	893,847	1,140,566	2,034,412	888,670	1,140,566	177,734
2038	177,734	920,662	1,140,566	2,061,228	915,330	1,140,566	183,066
2039	183,066	948,282	1,140,566	2,088,848	942,790	1,140,566	188,558
2040	188,558	976,731	1,140,566	2,117,296	971,074	1,140,566	194,215
2041	194,215	1,006,032	1,140,566	2,146,598	1,000,206	1,140,566	200,041
2042	200,041	1,036,213	1,140,566	2,176,779	1,030,212	1,140,566	206,042
2043	206,042	1,067,300	1,140,566	2,207,865	1,061,119	1,140,566	212,224
2044	212,224	1,099,319	1,140,566	2,239,884	1,092,952	1,140,566	218,590
2045	218,590	1,132,298	1,140,566	2,272,864	1,125,741	1,140,566	225,148
2046	225,148	1,166,267	1,140,566	2,306,833	1,159,513	1,140,566	231,903
2047	231,903	1,201,255	1,140,566	2,341,821	1,194,298	1,140,566	238,860
2048	238,860	1,237,293	1,140,566	2,377,859	1,230,127	1,140,566	246,025

Table Notes

- Interest and escalation factors are as listed on Page 6 of this Report.
- Debt Reserve Fund balance (not shown) is used to make 30th debt payment.
- Capital expenses are off-budget and are assumed expended in the first few years with minimal interest earnings.

APPENDIX C – PERCENTAGE OF IMPERVIOUS AREA SAMPLING RESULTS

For most land use categories, a sample of parcels was analyzed using aerial photography and other data to determine the average percentage of impervious area (“%IA”). Table 12 below shows the results of that analysis.

TABLE 12 – PERCENTAGE OF IMPERVIOUS AREA SAMPLING RESULTS

Land Use Category	# of Parcels	# Parcels Analyzed	Total Acres Sampled	Total Acres		
				Impervious Area	Impervious Area ^A	
Single-Family Residential						
Small	<i>Under 9,000 sf</i>	871	27	4.20	2.47	4,231 sf
Medium	<i>9,000 to 14,500 sf</i>	7,032	213	54.23	25.64	5,171 sf
Large	<i>14,500 to 20,000 sf</i>	973	40	15.83	5.64	5,895 sf
Extra Large	<i>over 20,000 sf</i>	519	40	29.30	7.02	6,910 sf
Condominium ^B		1,053		not sampled		
Non-Single-Family Residential						
Multi-Family Residential		22	18	9.61	7.42	77.21%
Commercial / Retail / Industrial		216	41	26.00	23.04	88.62%
Office ^C		303		not sampled		
Church / Institutional		25	14	60.32	36.27	60.13%
School		14	11	144.88	71.79	49.55%
Park ^D		14		not sampled		
Vacant (developed) ^D		94		not sampled		
TOTAL		11,136	404	344.37	179.29	na

A For Residential, impervious area is the median value of all parcels analyzed. For Non-Residential, impervious area is expressed as a percentage of parcel area (Total IA/Total Acres sampled).

B Condominium – Not sampled as explained on Page 9 of this Report.

C Office – Parcels in the Office category tended to be very large or very small in size. Furthermore, many of the large parcels were subdivided into office condominiums. For these reasons, a statistical approach was not considered representative. The SFE / Acres of 6.5 found in Table 6 was estimated based on other municipalities of similar makeup.

D Park and Vacant – Park and Vacant parcels were estimated to have a 5% impervious area based on other similar municipalities.

APPENDIX D – STORMWATER RATES FROM OTHER MUNICIPALITIES

There have been relatively few voter-approved local revenue mechanisms in the past 15 years to support Stormwater programs in California. A summary of those efforts plus some others in process or being studied is shown in Table 13 on the following page, in roughly chronological order. Amounts are annualized and are for single family residences or the equivalent.

TABLE 13 – RECENT STORM DRAIN BALLOT MEASURES

Municipality	Status	Annual Rate	Year	Mechanism
San Clemente	Successful	\$ 60.15	2002	Balloted Property-Related Fee
Carmel	Unsuccessful	\$ 38.00	2003	Balloted Property-Related Fee
Palo Alto	Unsuccessful	\$ 57.00	2003	Balloted Property-Related Fee
Los Angeles	Successful	\$ 28.00	2004	Special Tax - G. O. Bond
Palo Alto	Successful	\$ 120.00	2005	Balloted Property-Related Fee
Rancho Palos Verde	Successful , then recalled and reduced	\$ 200.00	2005, 2007	Balloted Property-Related Fee
Encinitas	Unsuccessful	\$ 60.00	2006	Non-Balloted Property-Related Fee adopted in 2004, challenged, balloted and failed in 2006
Ross Valley	Successful, Overturned by Court of Appeals, Decertified by Supreme Court	\$ 125.00	2006	Balloted Property-Related Fee
Santa Monica	Successful	\$ 87.00	2006	Special Tax
San Clemente	Successfully renewed	\$ 60.15	2007	Balloted Property-Related Fee
Solana Beach	Non-Balloted, Threatened by lawsuit, Balloted, Successful	\$ 21.84	2007	Non-Balloted & Balloted Property-Related Fee
Woodland	Unsuccessful	\$ 60.00	2007	Balloted Property-Related Fee
Del Mar	Successful	\$ 163.38	2008	Balloted Property-Related Fee
Hawthorne	Unsuccessful	\$ 30.00	2008	Balloted Property-Related Fee
Santa Cruz	Successful	\$ 28.00	2008	Special Tax
Burlingame	Successful	\$ 150.00	2009	Balloted Property-Related Fee
Santa Clarita	Successful	\$ 21.00	2009	Balloted Property-Related Fee
Stockton	Unsuccessful	\$ 34.56	2009	Balloted Property-Related Fee
County of Contra Costa	Unsuccessful	\$ 22.00	2012	Balloted Property-Related Fee
Santa Clara Valley Water District	Successful	\$ 56.00	2012	Special Tax
City of Berkeley	Successful	varies	2012	Measure M - GO Bond
County of LA	Deferred	\$ 54.00	2012	NA
San Clemente	Successful	\$ 74.76	2013	Balloted Property-Related Fee
Vallejo San & Flood	Successful	\$ 23.00	2015	Balloted Property-Related Fee
Culver City	Successful	\$ 99.00	2016	Special Tax
Palo Alto	Successful	\$ 163.80	2017	Balloted Property-Related Fee Reauthorization of 2005 Fee
Town of Moraga	Unsuccessful	\$ 120.38	2018	Balloted Property-Related Fee
City of Berkeley	Successful	\$ 42.89	2018	Balloted Property-Related Fee
City of Los Altos	In Process	NA	NA	Balloted Property-Related Fee
County of San Joaquin	Studying	NA	NA	Balloted Property-Related Fee
City of Sacramento	Studying	NA	NA	Balloted Property-Related Fee
City of Salinas	Studying	NA	NA	NA
City of Santa Clara	Studying	NA	NA	Balloted Property-Related Fee
County of San Mateo	Studying	NA	NA	NA
County of El Dorado	Studying	NA	NA	NA
County of Orange	Studying	NA	NA	NA
County of Ventura	Studying	NA	NA	NA

In addition to the agencies listed above in Table 13 that have gone to the ballot for new or increased Stormwater Fees, there are several other municipalities throughout the State that have existing Stormwater Fees in place. Some of these rates are summarized in Table 14 below. Amounts are annualized and are for single family residences or the equivalent.

The City's proposed \$92 SFR rate is well within the range of Stormwater rates adopted by other municipalities.

TABLE 14 – SAMPLE OF RATES FROM OTHER MUNICIPALITIES

Municipality	Annual Rate	Type of Fee
Bakersfield	\$ 200.04	Property-Related Fee
Culver City	\$ 99.00	Special Tax
Davis	\$ 84.94	Property-Related Fee
Elk Grove	\$ 70.08	Property-Related Fee
Hayward	\$ 190.20	Property-Related Fee
Hayward	\$ 28.56	Property-Related Fee
Los Angeles	\$ 27.00	Special tax
Palo Alto	\$ 136.80	Property-Related Fee
Redding	\$ 15.84	Property-Related Fee
Sacramento (City)	\$ 135.72	Property-Related Fee
Sacramento (County)	\$ 70.08	Property-Related Fee
San Bruno	\$ 46.16	Property-Related Fee
San Clemente	\$ 60.24	Property-Related Fee
San Jose	\$ 91.68	Property-Related Fee
Santa Cruz	\$ 109.08	Special Tax
Stockton *	\$ 221.37	Property-Related Fee
Vallejo Sanitation and Flood Control District	\$ 23.64	Property-Related Fee
West Sacramento	\$ 144.11	Property-Related Fee
Woodland	\$ 5.76	Property-Related Fee

* This is the calculated average rate for the City of Stockton, which has 15 rate zones with rates ranging from \$3.54 to \$651.68 per year.

RESOLUTION NO. 2018-39

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS
INITIATING A PROCEEDING TO OBTAIN APPROVAL OF THE CITY OF
LOS ALTOS STORMWATER FEE INITIATIVE**

WHEREAS, the City of Los Altos is initiating the Stormwater Fee Initiative; and

WHEREAS, the City maintains and manages a municipal separate storm sewer system (“MS4”) that includes capital improvements, maintenance and operations, and activities to ensure compliance with all state and federal regulations associated with the National Pollutant Discharge Elimination System (“NPDES”); and

WHEREAS, the City’s MS4 is made up of a comprehensive drainage infrastructure system that includes man-made drainage elements such as curbs and gutters, ditches, culverts, pipelines, manholes, catch basins (inlets), and outfall structures in addition to the City’s natural creek system that serves as an integral part of the system; and

WHEREAS, the City, through its MS4, provides Stormwater services (“Services”) that include, but are not limited to, collecting, conveying, and managing Stormwater runoff from properties within the City; and

WHEREAS, the City adopted a Stormwater Master Plan in 2016 to better understand the condition and capacity of this critical infrastructure system, and found there to be needs for capital improvements of as much as \$29 million, and annual maintenance and operations of \$490,000; and

WHEREAS, the City does not have adequate funding to pay for the MS4 needs identified above, and in order to finance these needs the City would need to enact a Stormwater Fee in compliance with Article XIII D of the Constitution, which would require a ballot proceeding; and

WHEREAS, the City Council authorized SCI Consulting Group to perform a rate study and draft a Stormwater Fee Report (“Fee Report”) to determine the amount of the fees on various parcels of land that would, in compliance with Article XIII D of the Constitution, finance the high- and medium-priority capital improvement program, the operations and maintenance needs, and the NPDES compliance needs.

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Los Altos hereby approves

SECTION 1. INTENTION TO SEEK APPROVAL OF A PROPERTY RELATED FEE. The City intends to seek property owner approval of a proposed property related fee to fund the Services (“Stormwater Fee”), pursuant to Article XIII D, Section 6 of the California Constitution.

SECTION 2. FEE REPORT. SCI Consulting Group has prepared and submitted to the City a Fee Report concerning the proposed Stormwater Fee. The Fee Report has been made, filed with the City and duly considered by the City Council and is hereby deemed sufficient and approved. The Fee Report shall stand as the Fee Report for all subsequent proceedings under and pursuant to this resolution. Reference is hereby made to the Fee Report for the following: (a) a description of the Services; (b) the identification of the parcels upon which a Stormwater Fee is proposed; (c) the proportional cost of the Services attributable to each parcel; (d) the amount of the Stormwater Fee proposed for each parcel; and (e) the basis upon which the amount of the proposed Stormwater Fee was calculated.

SECTION 3. TOTAL AMOUNT OF STORMWATER FEE. The proposed Stormwater Fee, if approved, would collect approximately \$1,133,000 in Fiscal Year 2019-20.

SECTION 4. STORMWATER SERVICES. The proposed Stormwater Fee will provide funds for the high-priority and moderate-priority capital improvement program and additional operations and maintenance activities as detailed in the 2016 Los Altos Stormwater Master Plan, as well as activities to help ensure City compliance with all state and federal clean water requirements under the National Pollutant Discharge Elimination System permits issued by the San Francisco Bay Regional Water Quality Control Board.

SECTION 5. PUBLIC HEARING. A noticed public hearing shall be held before this Council at the City Council chambers at One North San Antonio Road in Los Altos, California, and is tentatively planned for March 12, 2019, at 7:00 p.m. for the purpose of conducting a hearing and to consider all protests of property owners regarding the proposed Stormwater Fee and this Council's determination whether the public interest, convenience and necessity require the Services. The date set forth above for the public hearing may be delayed without returning for additional approval by the Council, provided that such date is not less than forty-five (45) days after the mailing of the notice required and described in Section 6 below.

SECTION 6. NOTICE OF PUBLIC HEARING. The City Clerk is hereby directed to cause notice of the hearing ordered hereof ("Notice") to be given in accordance with law by mailing, postage prepaid in the United States mail, and such Notice shall be deemed to have been given when so deposited in the mail. The Notice shall be mailed to all record owners, who shall be those persons whose names and addresses appear on the last equalized secured property tax assessment roll for the County of Santa Clara, or in the case of any public entity, the representative of such public entity at the address thereof known to the City Clerk or SCI Consulting Group. The Notice shall be mailed not less than forty-five (45) days before the date of the public hearing.

SECTION 7. MAJORITY PROTEST. If written protests against the proposed Stormwater Fee are presented to the Council by a majority of owners of the identified parcels before the end of the public hearing, the Stormwater Fee shall not be imposed. Otherwise, this Council may authorize the City to proceed with a property owner ballot proceeding.

SECTION 8. DESCRIPTION OF THE PROPOSED STORMWATER FEE.

Information regarding the Stormwater Fee, including but not limited to the amount of the Stormwater Fee proposed to be imposed upon each parcel, the basis upon which the amount of the proposed Stormwater Fee was calculated, the reason for the Stormwater Fee, and other elements of the Stormwater Fee shall be described in the Fee Report, Notice of Public Hearing, Ballot Guide and/or Ballot.

SECTION 9. FISCAL CONTROLS. All revenues received from the proposed Stormwater Fee shall be spent only to fund the Services. Stormwater Fee revenues received will be deposited into a separate account or fund.

SECTION 10. COST-OF-LIVING ADJUSTMENT MECHANISM. If approved by property owners, the Stormwater Fee shall be imposed annually. The Stormwater Fee may be adjusted in future years by an amount equal to the annual change in the Consumer Price Index (“CPI”) for All Urban Consumers in the area including Santa Clara County, not to exceed 3% (three percent) per year without a further vote or balloting process, any excess CPI can be held in “reserve” to be used in future years when the CPI is less than 3%.

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the ____ day of ____, 2018 by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Jean Mordo, MAYOR

Attest:

Jon Maginot, CMC, CITY CLERK

RESOLUTION NO. 2018-40

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS
ADOPTING BALLOT PROCEDURES FOR A PROPERTY-RELATED FEE
CONFORMING TO ARTICLE XIII D, SECTION 6 OF THE CALIFORNIA
CONSTITUTION**

WHEREAS, Proposition 218 was adopted on November 6, 1996, adding Articles XIII C and XIII D to the California Constitution; and

WHEREAS, Article XIII D of the California Constitution imposes certain procedural and substantive requirements relating to property related fees; and

WHEREAS, barring a protest by a majority of affected property owners, the City intends to conduct a ballot proceeding to obtain approval of a proposed property related fee, called the “Stormwater Fee” consistent with the procedures established in Article XIII D of the California Constitution. If approved, the Stormwater Fee would raise revenue to provide funds for the high-priority and moderate-priority capital improvement program and additional operations and maintenance activities as detailed in the 2016 Los Altos Stormwater Master Plan, as well as activities to help ensure City compliance with all state and federal clean water requirements under the National Pollutant Discharge Elimination System permits issued by the San Francisco Bay Regional Water Quality Control Board; and

WHEREAS, the City is initiating the process necessary to adopt the Stormwater Fee.

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Los Altos adopts

SECTION 1. STATEMENT OF LEGISLATIVE INTENT. In adopting this resolution, it is the Council’s intent to conduct property related fee ballot proceedings for adoption of a proposed Stormwater Fee that are consistent and in compliance with Article XIII D of the California Constitution.

SECTION 2. DEFINITION OF PROPERTY RELATED FEE. Article XIII D of the California Constitution defines “fee” as “any levy other than an ad valorem tax, a special fee, tax, or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user, or charge for a property related service.”

SECTION 3. Property Related Fee Ballot Proceeding. Article XIII D of the California Constitution states “an agency may adopt procedures similar to those for increases in assessments in the conduct of elections” for a property related fee. The following procedures shall be used to conduct a ballot proceeding to seek property owner approval of the proposed Stormwater Fee:

A. Property Related Fee Ballots: The following guidelines shall apply to the property related fee ballots:

1. The record owner(s) of each parcel to be subject to the Stormwater Fee shall be determined from the last equalized property tax roll.
2. The ballot shall be designed in such a way that, once sealed, its contents are concealed.
3. The ballot and ballot guide shall be sent at least forty-five (45) days prior to the date set for the close of balloting on the proposed Stormwater Fee.
4. The ballot and/or ballot guide provided by this section shall contain the following information:
 - a. The total amount to be charged to parcels City-wide;
 - b. The amount to be charged to the owner's particular parcel;
 - c. The duration of Stormwater Fee payments;
 - d. The reason for the proposed Stormwater Fee;
 - e. The basis upon which the amount of the proposed Stormwater Fee was calculated;
 - f. A summary of the procedures for the completion, return and tabulation of the ballots;
 - g. A statement that the failure to receive a majority of ballots in support of the proposed Fee will result in the Fee not being imposed;
 - h. On the face of the envelope in which the notice of election and ballot are mailed, there shall appear in substantially the following form in no smaller than 16-point bold type: "OFFICIAL BALLOT ENCLOSED"; and
 - i. The ballot shall include the City's address for return of the ballot, the date and location where the ballots will be tabulated, and a place where the person returning it may indicate his or her name, a reasonable identification of the parcel, and his or her support or opposition to the proposed Stormwater Fee.
5. Failure of any person to receive a ballot(s) shall not invalidate the proceedings.
6. All ballots must be returned either by mail or by hand delivery not later than the date for return of ballots stated on the ballot described in this section. Mailed ballots must be returned to the City Clerk at the address shown on the ballot and pre-

printed on the ballot return envelope. Hand delivered ballots must be returned to the City Clerk at One North San Antonio Road, Los Altos, California.

7. Each ballot must be signed under penalty of perjury.
8. Only one vote will be counted per parcel. If more than one vote per parcel is submitted, then only the first vote opened and tabulated will be counted and any subsequent votes submitted for the same parcel will not be accepted or counted.
9. The City will only accept official ballots issued by the City.
10. If a Stormwater Fee ballot is lost, withdrawn, destroyed or never received, the City will mail or otherwise provide a replacement ballot to the owner upon receipt of a request delivered to the City. The replacement ballot will be marked to identify it as a replacement ballot. Any request for a replacement ballot to be mailed to another location must include evidence, satisfactory to the City, of the identity of the person requesting the ballot. The same procedure applies to replacement ballots which are lost, withdrawn, destroyed, or never received.
11. If a Stormwater Fee ballot is returned by the United States Post Office as undeliverable, the City may mail a redelivered ballot to the current property owner, if updated ownership or owner mailing address can be determined. The redelivered ballot will be marked to identify it as a redelivered ballot.
12. A property related fee ballot is a disclosable “public record” as that phrase is defined by Government Code section 6252 during and after tabulation of the ballots.
13. To complete a Stormwater Fee ballot, the owner of the parcel or his or her authorized representative must (1) mark the appropriate box supporting or opposing the proposed Stormwater Fee, and (2) sign, under penalty of perjury, the statement on the ballot that the person completing the ballot is the owner of the parcel or the owner's authorized representative. Only one box may be stamped or marked on each ballot. All substantially incomplete or improperly marked ballots shall be disqualified from balloting. The Tabulator will retain all such invalid ballots.
14. After returning a Stormwater Fee ballot to the City Clerk, the person who signed the ballot may withdraw the ballot by submitting a written statement to the City directing the City to withdraw the ballot. Such statement must be received by the City prior to the close of the balloting period. When ballots for the Stormwater Fee are tabulated, the City Clerk will segregate withdrawn ballots from all other returned ballots. The City will retain all withdrawn ballots and will indicate on the face of such withdrawn ballots that they have been withdrawn.
15. In order to change the contents of a ballot that has been submitted, the person who has signed that ballot may (1) request that such ballot be withdrawn, (2) request that a replacement ballot be issued, and (3) return the replacement ballot fully completed. Each of these steps must be completed according to the procedures set forth above.

B. Tabulating Ballots. The following guidelines shall apply to tabulating Stormwater Fee ballots:

1. Los Altos Stormwater Fee ballots shall remain sealed until tabulation commences at the conclusion of the balloting period.
2. The ballots shall be tabulated in a location accessible to the public.
3. The City Clerk shall oversee the tabulation of the Stormwater Fee ballots and may be assisted by technical staff from a third party. The City Clerk shall follow the rules and procedures of the laws of the State of California, this resolution and any other rules and procedures of the Council or the City. All ballots shall be accepted as valid and shall be counted except those in the following categories:
 - a. A photocopy of a ballot, a letter or other form of a ballot that is not an official ballot issued by the City or on behalf of the City;
 - b. An unsigned ballot, or ballot signed by an unauthorized individual;
 - c. A ballot which lacks an identifiable mark in the box for a “yes” or “no” vote or with more than one box marked;
 - d. A ballot which appears tampered with or otherwise invalid based upon its appearance or method of delivery or other circumstances;
 - e. A ballot for which the parcel number is damaged or obstructed, unless the parcel number or property ownership information is legible and allows the Tabulator to clearly determine the property(s) identified on the ballot;
 - f. A ballot received by the City Clerk after the close of the balloting time period; and
 - g. A subsequent ballot for a parcel for which a ballot has already been counted.
4. The City Clerk’s decision, after consultation with the City’s legal counsel that a ballot is invalid, shall be final and may not be appealed to the City.
5. In the event of a dispute regarding whether the signer of a ballot is the owner of the parcel to which the ballot applies, the City will make such determination from the official County Assessor records and any evidence of ownership submitted to the City prior to the conclusion of the balloting period. The City will be under no duty to obtain or consider any other evidence as to ownership of property and its determination of ownership will be final and conclusive.
6. In the event of a dispute regarding whether the signer of a ballot is an authorized representative of the owner of the parcel, the City may rely on the statement on the

ballot signed under penalty of perjury that the person completing the ballot is the owner's authorized representative, and any evidence submitted to the City prior to the conclusion of the balloting period. The City will be under no duty to obtain or consider any other evidence as to whether the signer of the ballot is an authorized representative of the owner and its determination will be final and conclusive.

7. A property owner who has submitted a Stormwater Fee ballot may withdraw the ballot and submit a new or changed ballot up until the conclusion of the balloting period.
8. A property owner's failure to receive a Stormwater Fee ballot shall not invalidate the proceedings conducted under this section and Article XIII D, Section 6 of the California Constitution.
9. The City shall retain all Stormwater Fee ballots for a minimum period of two (2) years from the date of the close of the balloting period.
10. The period of time in which ballots may be submitted (balloting period) shall end on at 5:00 p.m. on the date called for the election. All Stormwater Fee ballots must be received by this date and time to be tabulated.
11. At the conclusion of the balloting period, the Tabulator shall tabulate the ballots at the direction of the City Council.
12. The ballot tabulation may be continued to a different time or different location accessible to the public, provided that the time and location are announced at the location at which the tabulation commenced and posted by the City in a location accessible to the public. The City Clerk may use technological methods to tabulate the ballots, including, but not limited to, punch card or optically readable (bar-coded) ballots.
13. If, according to the final tabulation of the ballots, ballots submitted against the Stormwater Fee exceed the ballots submitted in favor of the Stormwater Fee, the City Council shall not impose the Stormwater Fee.

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the ____ day of ____, 2018 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jean Mordo, MAYOR

Attest:

Jon Maginot, CMC, CITY CLERK



STUDY SESSION

Agenda Item # 10

AGENDA REPORT SUMMARY

Meeting Date: October 9, 2018

Subject: Review of Floor Area Ratios

Prepared by: Jon Biggs, Community Development Director

Approved by: Chris Jordan, City Manager

Attachment(s):

None

Initiated by:

City Council

Previous Council Consideration:

None

Fiscal Impact:

Undetermined

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- Shall new floor area ratios be developed?
- If so, which areas or zone districts in Los Altos should they be created for?
- What is the appropriate floor area ratio for a given area or zone district?
- Are there other development standards complimentary to floor area ratio regulations worth exploring?

Summary:

- A discussion on floor area ratios has been agendized to allow the City Council to determine if it wants to direct staff to develop a set of floor area regulations and begin the public review process of those regulations

Staff Recommendation:

Discuss and provide direction to staff



Subject: Review of Floor Area Ratios

Purpose

To discuss and collect feedback from City Council on the establishment of floor area ratio regulations.

Background

The City Council has requested that a study session regarding floor area ratios (FAR) be agendized.

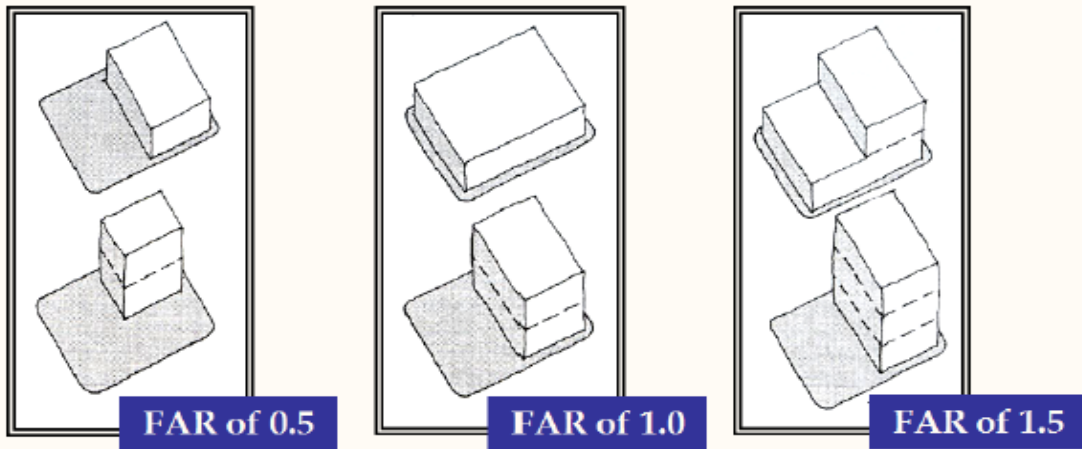
Discussion/Analysis

Floor area ratios (FAR) are defined in the Los Altos Municipal Code as “the maximum ratio of gross floor area on a site to the total site area”. In short, it is a ratio that relates all the square footage of a building to the size of the lot it occupies. They are typically represented as a percentage of the lot size, but sometimes are listed in table form where a corresponding “floor area” maximum is listed for various lot sizes or range of lot sizes. When the percentage method is used (reflected in decimal point form – 35% = .35), the listed floor area multiplied by the square footage of the lot gives the maximum “floor area” that can be developed on a site. For example, if a floor area maximum of a given zone is 50% (.50), this is multiplied by the square footage of a lot, say a 10,000 square foot lot. The maximum floor area of a building in this instance would be $.50 \times 10,000 = 5,000$ square feet of total floor area in the building. This square footage is the total floor area of all floor levels in a building. The following image provides a depiction of how FARs work:

FLOOR AREA RATIO (FAR): DEFINED

Floor Area Ratio (FAR) is a measure of development density.
Higher FARs equate to more dense development of a parcel.

$$\text{Floor Area Ratio} = \frac{\text{Building Space Square Footage}}{\text{Land Square Footage}}$$





Subject: Review of Floor Area Ratios

In Los Altos, FAR limits are found in the CN, OA-1, R1-10, R1-H, R1-20, and R1-40 zone districts. The FARs in these districts are reflected as a percentage and begin at 35% (.35) with incremental increases for larger lots in the single-family residential zone districts. There are no FARs in the zone districts of the Downtown triangle, which include the R3-1, CD-R#, CRS, CRS/OAD, an CD districts.

What's the difference between floor area and lot coverage?

A FAR accounts for the entire floor area of a building, not simply the building's footprint, and is the space enclosed by four walls on each floor of a building. It is measured to the outside edge of the exterior walls and can include halls, stairways, service and mechanical equipment rooms, interior courts, garages, carports and enclosed accessory structures. They typically do not include basements.

Buildings with varying numbers of stories may have the same FAR value. For example, the FAR of a 1,000-square-foot building with one story situated on a 4,000-square-foot lot would be 0.25. A two-story building on the same lot, where each floor was 500 square feet, would have the same FAR value.

Lot coverage is the area of a site that is covered by the footprint of all structures on a site. A building footprint is measured to the outside edge of exterior walls and/or supports and can include covered porches, gazebos and trellises.

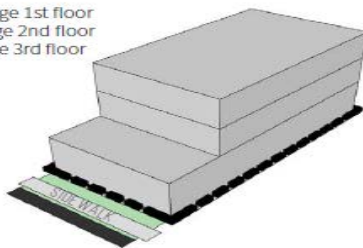
Appropriate Floor Area Limits

In developing FAR regulations, consideration needs to be given to the appropriate FAR for the given district in which it will be applied. In general floor area ratios range from .25 for low density residential development to between 2.25 – 2.5 for commercial development in small downtowns. The Los Altos Downtown Vision provides the following guidance on FARs in the Downtown:

FLOOR AREA RATIO

In areas of Downtown, such as the First Street or San Antonio Road Districts, use of a Floor Area Ratio (FAR) in conjunction with height limitations, setbacks/massing, and articulation, may be an additional tool to ensure Downtown appropriate new development. Requiring a certain FAR in these Districts would limit the ultimate square footage of any new development. However, the City could allow for additional FAR coverage as an incentive if the development provided certain public benefits. Examples of public benefits could include publicly accessible open space or off-site public realm improvements, among others.

100% coverage 1st floor
75% coverage 2nd floor
75% coverage 3rd floor



100% coverage 1st floor
100% coverage 2nd floor
50% coverage 3rd floor

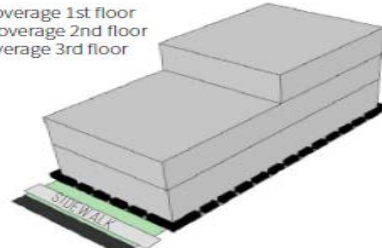


Figure 7: Examples of conceptual 2.5 FAR configurations.



Subject: Review of Floor Area Ratios

To gain more experience in evaluating FARs, the City Council may want to visit the following website, which provides some interactive diagrams allowing manipulation of FARs in different scenarios: <http://whatisfar.org/>.

Other Development Standards

In addition to FARs, some cities have adopted other site development standards, which are complimentary to FARs. These have been adopted to help achieve a desired level of development or overall design concept for specific areas in their community. Some of these complementary standards include:

- Variable FARs, that adjust in line with the height of buildings
- Upper plate height limits
- Wall height limits – especially on upper floors
- Allowances for dormers or roof projections
- Roof pitch standards
- Setbacks for upper floors

These standards fall within the realm of form-based codes and their applicability to development in Los Altos may be worth evaluating further.

Council Direction

Staff is seeking the following direction from the City Council on next steps in this process:

- Shall new floor area ratios be developed?
- If so, which areas or zone districts in Los Altos should they be created for?
- What is the appropriate floor area ratio for a given area or zone district?
- Are there other development standards complimentary to floor area ratio regulations worth exploring?

Staff will enlist the guidance and input of the Planning Commission in the development of standards, should that be the direction of the City Council.

Options

- 1) Direct staff to return with draft ordinances that amend existing or introduce new floor area ratio site development standards

Advantages: Provides a tool that can help regulate the mass and scale of projects

Disadvantages: May limit diversity in the design and structures and impede redevelopment



Subject: Review of Floor Area Ratios

- 2) Do not proceed with development of draft ordinances that amend existing or introduce new floor area ratio site development standards

Advantages: Retains current site development standards

Disadvantages: City will lack a productive tool that will help it achieve its desired level of development

Recommendation

The staff recommends Option 1.



1 North San Antonio Road
Los Altos, California 94022-3087

M E M O R A N D U M

DATE: October 9, 2018

TO: City Council

FROM: Chris Jordan, City Manager

SUBJECT: CITY MANAGER – APPROVED PURCHASES BETWEEN \$50,000 AND \$75,000 FOR THE PERIOD JULY 1 – SEPTEMBER 30, 2018

The City Manager's signature authority for one-time purchases is up to \$75,000. Council requested quarterly updates from the City Manager regarding additional expenditures over \$50,000.

During the period July 1 to September 30, 2018, there was only one new agreement to report between \$50,000 and \$75,000 approved by the City Manager:

1. Palo Alto Housing Corporation for administrative services for affordable housing, final cost not expected to exceed \$69,825.

Approximate Address	Land Use (GP)	Lot Size (ft2)	
1 N San Antonio Rd (Civic Center Campus- City Hall, PD, LAYC, Orchard)	Public and Institutional	206598	
1 N San Antonio Rd (Civic Center Campus- Library, Bus Barn, Soccer/Baseball fields, Hillview Community Center)	Public and Institutional	562987	Hillview Park
1575 Holt Ave (Grant Park)	Park	172996	
1575 Holt Ave (Grant Park)	Single Family, Small Lot (4 du/net acre)	11556	Grant Park
1575 Holt Ave (Grant Park)	Single Family, Small Lot (4 du/net acre)	12966	Grant Park
1575 Holt Ave (Grant Park)	Single Family, Small Lot (4 du/net acre)	13032	Grant Park
Portland Ave/ Miramonte Ave (Heritage Oaks Park)	Open Space; Park	203924	
Lincoln Park	Park	193406	
Lincoln Park parking along University Ave	Park	30536	
1285 Fremont Ave (Marymeade Park)	Park	97556	
707 Fremont Ave (McKenzie Park)	Park; Public and Institutional	352411	
482 Univeristy Ave (Redwood Grove)	Open Space; Park	59192	
482 University Ave (Redwood Grove)	Park; Open Space	170381	
482 University Ave (Redwood Grove)	Park; Open Space	5341	
401 Rosita (Rosita Park)	Park	249163	
400 Univeristy Ave (Shoup Park)	Open Space; Single Family, Small Lot (4 du/net acre); Park	156176	
400 University Ave (Shoup Park)	Open Space; Park	10018	
2 N San Antonio Rd (Village Park)	Park	30926	
1975 Grant Road (Woodland Library)	Public and Institutional	63828	
10 Almond Ave (Fire Station)	Public and Institutional	39287	
201 Covington Rd (Los Altos School District- Los Altos Parent Preschool, Stepping Stones Preschool, Covington School, Rosita Park)	Public School / Park	664662	
647 N San Antonio Rd (Tiny tots)	Public and Institutional	15675	
647 N San Antonio Rd (Tiny Tots)	Public and Institutional	6120	
1st St (Parking Plaza 1)	Downtown Commercial	46258	
2nd St (Parking Plaza 2)	Downtown Commercial	46695	
3rd St (Parking Plaza 3)	Downtown Commercial; Public and Institutional	88401	
1st St (Parking Plaza 4)	Public and Institutional	24833	
2nd St (Parking Plaza 5)	Public and Institutional	25994	
State St (Parking Plaza 6)	Public and Institutional; Downtown Commercial	25296	
1st St (Parking Plaza 7)	Public and Institutional	45454	
2nd St (Parking Plaza 8)	Outside of City Limits; Public and Institutional	51213	
4th St (Parking Plaza 9)	Public and Institutional	7874	
4th St (Parking Plaza 10)	Public and Institutional	25234	
Parking behind State of Mind	Downtown Commercial	4500	
Along Permanente Creek at Portland Ave and Miramonte Ave	Public and Institutional	5800	Heritage Oaks Park
N Springer Rd and El Monte Ave (corner parcel/public art)	Park	17868	
NE corner of Fremone Ave and Grant Road	Park	94080	
S corner of Grant Road and Fremont Ave	Park	10685	
Paco Drive and Springer	Open Space; Single Family, Small Lot (4 du/net acre)	2105	
Along Grant Road between Richardson Ave and Green Oak Lane	Planned Community	5155	
Corner of Bendigo Dr and Green Oak Lane	Planned Community	11228	
Green Oak Lane & Grant Road	Planned Community	1169	
Along Los Altos Ave across from Santa Rita Ave	Single Family, Small Lot (4 du/net acre)	3920	
Corner of N San Antonio Road and Arbuelo Way	Single Family, Small Lot (4 du/net acre)	9472	
N Corner of Woodstock Ln and S. El Monte Ave	Single Family, Small Lot (4 du/net acre)	9636	
Ranchita Court	Single Family, Small Lot (4 du/net acre)	3104	
S Corner of Woodstock Ln and S. El Monte Ave	Single Family, Small Lot (4 du/net acre)	10099	
S corner of El Camino Real and San Antonio Raod	Thoroughfare Commercial	13908	