



CITY COUNCIL MEETING

AGENDA

7:00 PM - Tuesday, January 25, 2022
via Teleconference

Please Note: Per California Executive Order N-29-20, the City Council will meet via Telephone/Video Conference Only.

Telephone: 1-650-242-4929 Meeting ID: 144 291 0272

<https://webinar.ringcentral.com/j/1442910272>

TO PARTICIPATE VIA VIDEO: Follow the link above. Members of the public will need to have a working microphone on their device and **must have the latest version of Ringcentral installed** (available at <http://www.ringcentral.com/download.html>). To request to speak, please use the “Raise hand” feature located at the bottom of the screen.

TO PARTICPATE VIA TELEPHONE: Members of the public may also participate via telephone by calling the number listed above. To request to speak, press *9 on your telephone.

TO SUBMIT WRITTEN COMMENTS: Prior to the meeting, comments on matters listed on the agenda may be emailed to PublicComment@losaltosca.gov. Emails sent to this email address are sent to/received immediately by the City Council. Please include a subject line in the following format:

PUBLIC COMMENT AGENDA ITEM ## - MEETING DATE

Correspondence submitted in hard copy/paper must be received by 2:00 PM on the day of the meeting to ensure distribution prior to the meeting. Correspondence received prior to the meeting will be included in the public record. [Please follow this link for more information on submitting written comments.](#)

Public testimony will be taken at the direction of the Mayor, and members of the public may only comment during times allotted for public comments.

AGENDA

CALL MEETING TO ORDER

ESTABLISH QUORUM

PLEDGE ALLEGIANCE TO THE FLAG

REPORT ON CLOSED SESSION

SPECIAL ITEMS

- Proclamation In Recognition Of The Lunar New Year
- Recognition of Santa Clara Valley Science and Engineering Fair Association's 2021 Synopsys Championship Participants and Award Winners from the City of Los Altos

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. 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 noted 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.

2. **City Council Minutes:** Approve Minutes of the January 11, 2022 Regular City Council Meeting and January 11, 2022 Joint Study Session with the Planning Commission (A. Chelemengos)
3. **2022 City Council Assignments - Reassignment:** Accept the Mayor's re-assignment of Council Member Weinberg as the Council Liaison to the Los Altos Parks and Recreation Commission and Council Member Fligor as representative to CHAC to resolve meeting schedule conflicts. (A. Chelemengos)
4. **Financial Statements and Compliance reports:** Accept the Comprehensive Annual Financial Report and compliance reports for the fiscal year ended June 30, 2021. (J. Furtado)

PUBLIC HEARINGS

5. **D20-0004 and TM20-0001: GreenTek Homes - 440 First Street:** Requests for Design Review Approval and a Tentative Subdivision Map for a three-story building that includes 4 residential condominium units, one level of underground parking for 9 parking spaces and a useable rooftop area. The project is categorically exempt from environmental review pursuant to Section 15332 (Class 32), Infill Exemption of the California Environmental Quality Act (CEQA) Guidelines. The Planning Commission and Complete Streets Commission recommended approval of the project with the incorporation of specific design plan modifications. (S. Golden)

DISCUSSION ITEMS

6. **Council Legislative Subcommittee:** Discuss and consider changes to the format of the Standing Council Legislative Subcommittee (Council Member Fligor)

INFORMATIONAL ITEMS ONLY

7. Tentative Council Calendar

COUNCIL/STAFF REPORTS AND DIRECTIONS ON FUTURE AGENDA ITEMS**ADJOURNMENT**

(Council Norms: It will be the custom to have a recess at approximately 9:00 p.m. Prior to the recess, the Mayor shall announce whether any items will be carried over to the next meeting. The established hour after which no new items will be started is 11:00 p.m. Remaining items, however, may be considered by consensus of the Council.)

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) 947-2610.

Agendas Staff Reports and some associated documents for City Council items may be viewed on the Internet at <http://www.losaltosca.gov/citycouncil/online/index.html>.

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.

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.



Proclamation

of the Mayor
of the City of Los Altos, California

WHEREAS different cultures celebrate a New Year at various times as a way to look forward with joy and optimism; and

WHEREAS many ethnic communities use lunar-based calendars; and

WHEREAS Lunar New Year begins on the second new moon following the winter solstice, or the first day of the New Year according to the lunisolar calendar, and extends until the full moon 15 days later; and

WHEREAS February 1, 2022, marks the first day of Lunar New Year for calendar year 2022; and

WHEREAS the 15th day of the New Year, according to the lunisolar calendar, is called the Lantern Festival; and

WHEREAS Lunar New Year is often referred to as “Spring Festival” in various Asian cultures; and

WHEREAS Lunar New Year began in China more than 4,000 years ago and is widely celebrated in East and Southeast Asia; and

WHEREAS the Asian diaspora has expanded the Lunar New Year celebration throughout the Pacific and into an annual worldwide event; and

WHEREAS Lunar New Year is traditionally a time to wish upon others good fortune, health, prosperity, and happiness;

NOW THEREFORE BE IT RESOLVED that I, Anita Enander, Mayor of the City of Los Altos, and on behalf of the entire Los Altos City Council do hereby

- (1) Recognize the cultural and historical significance of the Lunar New Year;
- (2) In observance of Lunar New Year, express our deepest respect for Asian Americans and all individuals throughout the world who celebrate this significant occasion; and
- (3) Wish Asian Americans and all individuals who observe this holiday a happy and prosperous New Year.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Los Altos this 25th day of January 2022.

Anita Enander, MAYOR



City of Los Altos

CERTIFICATE OF RECOGNITION

The City Council of the City of Los Altos hereby
presents this certificate to

Elizabeth Barnett

In recognition of the 2021 STEM Winners and
Participants from the City of Los Altos in the
Santa Clara County 2021 Synopsys Championship

Dated: January 25, 2022

Anita Enander, MAYOR



City of Los Altos

CERTIFICATE OF RECOGNITION

The City Council of the City of Los Altos hereby
presents this certificate to

Vivek Bharati

In recognition of the 2021 STEM Winners and
Participants from the City of Los Altos in the
Santa Clara County 2021 Synopsys Championship

Dated: January 25, 2022

Anita Enander, MAYOR



City of Los Altos

CERTIFICATE OF RECOGNITION

The City Council of the City of Los Altos hereby
presents this certificate to

Saanvi Bhargava

In recognition of the 2021 STEM Winners and
Participants from the City of Los Altos in the
Santa Clara County 2021 Synopsys Championship

Dated: January 25, 2022

Anita Enander, MAYOR



City of Los Altos

CERTIFICATE OF RECOGNITION

The City Council of the City of Los Altos hereby
presents this certificate to

Andy Chung

In recognition of the 2021 STEM Winners and
Participants from the City of Los Altos in the
Santa Clara County 2021 Synopsys Championship

Dated: January 25, 2022

Anita Enander, MAYOR



City of Los Altos

CERTIFICATE OF RECOGNITION

The City Council of the City of Los Altos hereby
presents this certificate to

Olivia Colace

In recognition of the 2021 STEM Winners and
Participants from the City of Los Altos in the
Santa Clara County 2021 Synopsys Championship

Dated: January 25, 2022

Anita Enander, MAYOR



City of Los Altos

CERTIFICATE OF RECOGNITION

The City Council of the City of Los Altos hereby
presents this certificate to

Ori Gillai

In recognition of the 2021 STEM Winners and
Participants from the City of Los Altos in the
Santa Clara County 2021 Synopsys Championship

Dated: January 25, 2022

Anita Enander, MAYOR



City of Los Altos

CERTIFICATE OF RECOGNITION

The City Council of the City of Los Altos hereby
presents this certificate to

Kinjal Govil

In recognition of the 2021 STEM Winners and
Participants from the City of Los Altos in the
Santa Clara County 2021 Synopsys Championship

Dated: January 25, 2022

Anita Enander, MAYOR



City of Los Altos

CERTIFICATE OF RECOGNITION

The City Council of the City of Los Altos hereby
presents this certificate to

Prakrit Jain

In recognition of the 2021 STEM Winners and
Participants from the City of Los Altos in the
Santa Clara County 2021 Synopsys Championship

Dated: January 25, 2022

Anita Enander, MAYOR



City of Los Altos

CERTIFICATE OF RECOGNITION

The City Council of the City of Los Altos hereby
presents this certificate to

Thomas Lilygren

In recognition of the 2021 STEM Winners and
Participants from the City of Los Altos in the
Santa Clara County 2021 Synopsys Championship

Dated: January 25, 2022

Anita Enander, MAYOR



City of Los Altos

CERTIFICATE OF RECOGNITION

The City Council of the City of Los Altos hereby
presents this certificate to

Tara Pande

In recognition of the 2021 STEM Winners and
Participants from the City of Los Altos in the
Santa Clara County 2021 Synopsys Championship

Dated: January 25, 2022

Anita Enander, MAYOR



City of Los Altos

CERTIFICATE OF RECOGNITION

The City Council of the City of Los Altos hereby
presents this certificate to

Saloni Shah

In recognition of the 2021 STEM Winners and
Participants from the City of Los Altos in the
Santa Clara County 2021 Synopsys Championship

Dated: January 25, 2022

Anita Enander, MAYOR



City of Los Altos

CERTIFICATE OF RECOGNITION

The City Council of the City of Los Altos hereby
presents this certificate to

Kallie Wang

In recognition of the 2021 STEM Winners and
Participants from the City of Los Altos in the
Santa Clara County 2021 Synopsys Championship

Dated: January 25, 2022

Anita Enander, MAYOR



**MINUTES OF THE REGULAR MEETING OF
THE CITY COUNCIL OF THE CITY OF LOS ALTOS
7:00 P.M., TUESDAY, JANUARY 11, 2022**

Held Via Video/Teleconference Per California Executive Order N-29-20.

MEETING CALLED TO ORDER

At 7:17 p.m., Mayor Enander called the meeting to order.

ESTABLISH QUORUM

Present: Mayor Enander, Vice Mayor Meadows, Council Members Fligor, Lee Eng, and Weinberg

Absent: None

PLEDGE OF ALLEGIANCE TO THE FLAG

Jilly Jaros of Girl Scout Troop 60199 led the Council in the Pledge of Allegiance.

REPORT ON CLOSED SESSION

1. Conference with Legal Counsel – Existing Litigation
Pursuant to Government Code Section 54956.9(d)(1)
Name of Case: *Satish Ramachandran v. City of Los Altos, et al.*
United States District Court, Northern District of California
Case No. 5:18-cv-01223-VKD
2. Conference with Legal Counsel – Existing Litigation
Pursuant to Government Code Section 54956.9(d)(1)
Name of Case: *Satish Ramachandran v. City of Los Altos, et al.*
Santa Clara County Superior Court
Case No. 21CV391414
3. Conference with Legal Counsel – Existing Litigation
Pursuant to Government Code Section 54956.9(d)(1)
Name of Case: *Satish Ramachandran v. City of Los Altos, et al.*
Santa Clara County Superior Court
Case No. 21CV386694

Mayor Enander reported that the Council held a Closed Session earlier in the evening and stated that no action was taken and there was nothing to report out.

CHANGES TO THE ORDER OF THE AGENDA

There were no changes made.

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Frank Martin, Janet Corrigan, Roberta Phillips, Anne Paulson, and Joe Beninato provided comments.

CONSENT CALENDAR

- 1. City Council Minutes:** Approve the (amended) Minutes of the December 14, 2021, Regular City Council Meeting. (A. Chelemengos)
- 2. Professional Services Agreement Amendment:** Authorize the City Manager or designee to execute Amendment No. 2 to the Professional Services Agreement with Alta Planning + Design for Complete Streets Master Plan in a not-to-exceed amount of \$14,000 for a total contract value of \$179,426; and find that the amendment is exempt from review under the California Environmental Quality Act. (M. Lee)
- 3. Professional Services Agreement Amendment:** Authorize the City Manager to execute Amendment No. 1 to the Professional Services Agreement with Bellecci and Associates, Inc. in the amount of \$120,090 for consulting and support services for various engineering tasks for FY 2021-2022. (T. Nguyen)
- 4. Los Altos Summer Internship Program:** Approve the program outlined in the Los Altos Summer Internship Program and authorize program implementation. (I. Silipin)
- 5. Extension of Local Emergency:** Adopt Resolution extending the declaration of a local emergency due to the COVID-19 pandemic. (J. Maginot)

Council Member Fligor moved to approve the Consent Calendar. The motion was seconded by Vice Mayor Meadows and the motion passed 5-0 with the following roll call vote:

AYES: Council Members Fligor, Lee Eng, Weinberg, Vice Mayor Meadows, and Mayor Enander
NOES: None
ABSENT: None
ABSTAIN: None

PUBLIC HEARINGS - None

DISCUSSION ITEMS

- 6.** Item removed from agenda per applicants request 01.05.2022

Mayor Enander announced that Agenda Item number 6 had been removed from the agenda at the applicant's request.

- 7. Establishment of Permanent Dog Parks:** Consider development of one fenced-in dog park in north Los Altos located adjacent to the Civic Center Soccer Field and one fenced-

in dog park in south Los Altos at McKenzie Park West; make findings that the (Project) is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Sections 15061(b)(3) , 15301, 15304, and 15305; that none of the exceptions set forth in CEQA Guidelines Section 15300.2 to the availability of the foregoing categorical exemptions applies to the Project; and direct the City Manager or designee to prepare and file a notice of exemption in connection with this project pursuant to CEQA Guidelines Section 15062 and increase the current fiscal year budget by \$100,000 allocated from Park in Lieu funds. If approved by Council, staff will return with changes to the City's Municipal Code, policies and procedures, and appropriate findings as required. (D. Legge/M. Hernandez)

City Manager Engeland provided introduction of the item and introduced Facilities Director Hernandez and Recreation and Community Services Director Legge who provided a report and answered questions from the Council.

The following members of the public commented on the matter: Frank Martin, Teresa Morris, Bette Houtchens (with time cede from Steven Houtchens) Diane, Barbara Adey Alon Amit, Lisa Deegan, David Stiff, Millie Squire, Larry Baron, Linda White, call in speaker identified last digits 9493, Jeanine Valadez, Bill Sheppard, and Jim Sweeney.

City Attorney Houston clarified that the matter would be back before the Council in an ordinance form.

Council discussion commended. Neighborhood notification was discussed as well as possibly staggering the opening of multiple dog parks.

Following Council discussion, Council Member Weinberg moved that the Council find the project to be exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Sections 15061(b)(3) , 15301, 15304, and 15305; that none of the exceptions set forth in CEQA Guidelines Section 15300.2 to the availability of the foregoing categorical exemptions applies to the Project and direct staff to proceed with the necessary process, including City outreach to the residents of the area, to establish a fenced in dog park adjacent to the Civic Center Soccer Field including bringing back to Council for review and approval specific siting areas within the designated field to place a fenced in dog area. The motion was seconded by Council Member Lee Eng and the motion passed 5-0 with the following roll call vote:

AYES: Council Members Fligor, Lee Eng, Weinberg, Vice Mayor Meadows, and Mayor Enander
NOES: None
ABSENT: None
ABSTAIN: None

Council Member Weinberg moved that the Council find the project to be exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Sections

15061(b)(3) , 15301, 15304, and 15305; that none of the exceptions set forth in CEQA Guidelines Section 15300.2 to the availability of the foregoing categorical exemptions applies to the Project and direct staff to proceed with the necessary process to establish a fenced in dog park in McKenzie Park West, per the staff recommendation. The motion was seconded by Mayor Enander and the motion passed 4-1 with the following roll call vote:

AYES: Council Members Lee Eng, Weinberg, Vice Mayor Meadows, and Mayor Enander
NOES: Council Member Fligor
ABSENT: None
ABSTAIN: None

Council Member Fligor stated she voted No because she preferred a delayed opening of the second dog park.

Council Member Lee Eng moved that the Council direct staff to proceed with the implementation of the parks as directed and return to the Council for adoption of the necessary ordinances and formal authorization to increase the current fiscal year budget by \$100,000 allocated from Park in Lieu funds for use toward implementation of the dog parks. The motion was seconded by Council Member Weinberg and the motion passed 5-0 with the following roll call vote:

AYES: Council Members Fligor, Lee Eng, Weinberg, Vice Mayor Meadows, and Mayor Enander
NOES: None
ABSENT: None
ABSTAIN: None

INFORMATIONAL ITEMS ONLY

- Tentative Council Calendar

COUNCIL/STAFF REPORTS AND DIRECTIONS ON FUTURE AGENDA ITEMS

Council Member Lee Eng reported that a collective effort to place an initiative on the ballot opposing SB 9 and 10 is underway and she would like the Council to place the matter on a future agenda of whether to join or somehow support the effort. Mayor Enander stated that she may be willing to support the request after she has had time to discuss the matter with the City Manager.

Council Member Fligor, supported by Council Member Weinberg, requested an agenda item to discuss the nature of the Council Legislative Subcommittee as a Standing committee.

In addition, Council Member Fligor reported the existence of a meeting conflict relative to her 2022 Council assignments. She requested a reassignment. Mayor Enander advised Council

Member Fligor to work with another Council member on an agreeable trade of assignments and asked that staff place the matter on the next agenda.

ADJOURNMENT

At 11:14 p.m., Mayor Enander adjourned the meeting.

Anita Enander MAYOR

ATTEST:

Andrea M. Chelemengos MMC, CITY CLERK

DRAFT



**MINUTES OF THE STUDY SESSION OF
THE CITY COUNCIL AND PLANNING COMMISSION
OF THE CITY OF LOS ALTOS,
5:00 P.M., TUESDAY, JANUARY 11, 2022,
HELD VIA TELECONFERENCE**

MEETING CALLED TO ORDER

At 5:00 p.m., Mayor Enander called the meeting to order.

ESTABLISH QUORUM

PRESENT: Council Members Fligor, Lee Eng, Weinberg, Vice Mayor Meadows, and Mayor Enander

ABSENT: Planning Commissioners Ahi, Mensinger, Roche, Steinle, Vice Chairperson Doran
Planning Commissioner Marek and Planning Chairperson Bodner

PUBLIC COMMENTS ON AGENDA ITEM

Mayor Enander reordered the agenda to hear Public Comments following the project presentation

DISCUSSION ITEM

1. **330 Distel Circle Project Pre-Application Submittal:** Review the submitted material and provide preliminary feedback to the applicant to address before submitting the formal development application. (R. Hayagreev)

Planning Consultant Hayagreev provided project information to the Council and introduced the development team of Welton Jordan of EAH Housing, Lily Ciammaichella of KTG Y and Bruce Jett of Jett Landscaping. Each presented information on the proposed development and answered questions from the Council and Planning Commissioners.

PUBLIC COMMENTS ON AGENDA ITEM

The following individuals provided public comment: County Supervisor Simitian, Salim, Anne Paulson, David Law, Jeanine Valadez, Roberta Phillips, Elaine Haight, Pierre Beddard, Jon Baer, Lois Bear Kelsey, Susan Russell representing the League of Women Voters, Ellen D., Scott Spielman and Donna Poulos

Councilmembers and Commissioners discussed various details of the design and offered several suggestions relative to the design, exterior color, bike storage access, potential green elements and garage and parking access for the applicants to consider.

ADJOURNMENT

Mayor Enander adjourned the meeting at 6:29 p.m.

Anita Enander, MAYOR

Andrea M. Chelemengos, MMC, CITY CLERK

DRAFT



CONSENTCALENDAR

Agenda Item # 2

AGENDA REPORT SUMMARY

Meeting Date: January 25, 2022

Subject: Re-Assignment of (Certain) 2022 Council Assignments

Prepared by: Andrea Chelemengos, City Clerk

Approved by: Gabriel Engeland, City Manager

Attachment(s):

None

Initiated by:

City Council

Previous Council Consideration:

None

Fiscal Impact:

None

Environmental Review:

Not applicable

Summary:

The Mayor annually appoints Council Members to serve on regional boards and Council Committees. At the December 14, 2022, meeting Council Assignments for 2022 were approved by the Council. It was later determined that Council Member Fligor was given assignments in which the meetings conflict. The proposed changes are to appoint Council Member Fligor as the City representative to CHAC (previously assigned to Council Member Weinberg) and appoint Council Member Weinberg as the Council Liaison to the Parks and Recreation Commission (previously assigned to Council Member Fligor) Council Member Weinberg.

Staff Recommendation:

Accept the Mayor's appointment of Council Member Fligor as the City representative to CHAC (previously assigned to Council Member Weinberg) and appoint Council Member Weinberg as the Council Liaison to the Parks and Recreation Commission



CONSENTCALENDAR

Agenda Item # 4

AGENDA REPORT SUMMARY

Meeting Date: January 25, 2022

Subject: Acceptance of Fiscal Year 2021 Audited Financial Statements and Compliance reports

Prepared by: John Furtado, Finance Director

Approved by: Gabriel Engeland, City Manager

Attachment(s):

1. Draft Annual Comprehensive Financial Report
2. Results of FY 21 GANN Limit
3. Memorandum on internal control (MOIC)
4. FY21 Year End General Fund Summary

Initiated by:

Staff and the Financial Commission

Previous Council Consideration:

N/A

Fiscal Impact:

None

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- Does the Council Accept the Fiscal Year 2021 Audited Financial Statements and Compliance reports?

Summary:

- The City's Finance Department has prepared the FY2021 ACFR which was reviewed by the Finance Commission on December 20th, 2021. The Certified Public Accounting firm, Maze & Associates, has audited the financial statements in the report. The auditors have issued an opinion that the financial statements represent the position of the City fairly, in all material respects

Staff Recommendation:

Accept the Comprehensive Annual Financial Report and compliance reports for the fiscal year ended June 30, 2021.

Reviewed By:

City Manager

GE

City Attorney

JH

Finance Director

JE



Subject: Fiscal Year 2021 Annual Comprehensive Financial Report (ACFR)

Purpose

A number of state and federal laws require that the City's financial statements be audited annually by external auditors who are Certified Public Accountants. The result of the audit is a compilation of detailed financial statements, known as the Annual Comprehensive Financial Report (ACFR), prepared in accordance with generally accepted accounting principles (GAAP) as required by the Government Accounting Standards Board (GASB). The ACFR is a useful tool in understanding and evaluating the City's financial condition.

Background

The audit typically begins a few months before the fiscal year-end with a review of the City's financial processes and internal controls. However, the scope of the audit is to express an opinion on the City's financial statements, not to express an opinion on the effectiveness of the City's internal controls. Next, the auditor completes a site visit to conduct the interim audit procedures; however, due to the COVID-19 pandemic, this year the interim and final audits were performed mostly remotely, with the Auditors on site for a couple of days. Staff was available for questions using Zoom, Teams, in person, and other forms of remote communication. The interim audit occurred in May and June 2021. The auditors completed those year-end testing procedures and an evaluation of fund balances in November 2021.

This is the sixth year that Maze & Associates has performed the City's annual audit, and the City has received an "unmodified" or "clean" opinion.

The ACFR is presented to the Finance Commission for its review prior to being submitted to the City Council for review and acceptance.



Subject: Fiscal Year 2021 Annual Comprehensive Financial Report (ACFR)

Discussion/Analysis

READING THE ACFR AND RELATED DOCUMENTS

1. **ACFR:** The ACFR highlights both the results of operations during FY2021 and changes to fund balances. The report is divided into three major sections, as follows:
 - **Introductory Section** – provides a narrative summary of changes in fund balances and highlights of the results of operations. It includes a letter of transmittal from management, an organizational profile, and a listing of key officers and personnel.
 - **Financial Section** – presents the independent auditor’s report, management’s discussion and analysis of the financial reports, all of the financial statements, notes on the financial statements, and supplemental information.
 - **Statistical Section** – includes several unaudited schedules that provide comparative information over a 10-year period.

Select highlights from the ACFR are presented below. The full draft ACFR can be seen in Attachment 1.

2. **Single Audit:** The Uniform Guidance addresses audit requirements for entities receiving federal grants. Audits performed under this provision are designed to reduce the risk of waste, fraud, and abuse. The annual dollar threshold requirement for a single audit is \$750,000 or more in grant expenditures. During the fiscal year 2021, the City exceeded this threshold as its federal grant-related expenditures. Therefore, the City is required to issue a Single Audit report for the fiscal year 2021. The current deadline to submit Single Audit reports is September 30, 2022, which was extended by the Office of Management and Budget (OMB) due to impacts associated with the pandemic. The Single Audit fieldwork will be completed in February/ March 2022. We intend to bring the report to the Finance Commission and subsequently to the council upon completion.
3. **Appropriations Limit:** The auditor has reviewed the City’s calculation of the allowed spending caps defined in State legislation, known as Gann limits. The City’s numbers were found to be accurate, as documented in Attachment 2.



Subject: Fiscal Year 2021 Annual Comprehensive Financial Report (ACFR)

FY2021 RESULTS

During the year, the net position of Governmental Activities increased by \$6.3 million, from \$101.45 million to \$107.7 million. Total assets and deferred outflows of resources increased by \$15.1 million, offsetting the increase in total liabilities and deferred inflows of resources of \$8.8 million during the year.

Total fund balances include cash and non-cash assets (such as capital assets). A notable change in governmental fund balances in FY2021 was a decrease in the General Fund from \$32.5 million to \$22.7 million. This \$9.8 million decrease is primarily attributable to the Transfer of \$10 million to fund the new community center project as well as another transfer from the FY 20 unassigned fund balance of \$6.4 million to Fund other CIP projects.

The unassigned General Fund balance as of June 30, 2021, is approximately \$1.2 million after required contributions to reserves and encumbrances. The primary contributor to this lower amount is when the City Council entered into the Purchase and Sale and Settlement agreement for 999 Fremont Ave. the staff report indicated the fiscal impact was \$2.85M. When the land purchase was recorded, instead of placing it as an expenditure and realizing the fiscal impact in the budget, the City decided to record it as an investment. At the time, City staff represented to the auditors that the purpose of the property was for sale and redevelopment. We are unaware of any plans by the City to sell the property or make it available for development. Because of this, we cannot record the property as an investment and must comply with the terms of the agreement and record the \$2.85M as an expenditure. Additionally, the unassigned General Fund balance was drawn down due to the adjustment of \$1.1M of unrealized gains which were incorrectly recorded as unassigned in the previous fiscal year.

The City's liability for unfunded CalPERS pension costs (UAL) increased from \$39.1 million to \$42.3 million, an increase of \$3.2 million. This is primarily driven by lower-than-expected investment returns and increases in pension expense, based on the valuations date of June 30, 2019, and a measurement date of June 30, 2020.

The City's liability for Other Postemployment Benefits (OPEB) costs increased from \$1.4 million to \$1.6 million, an increase of \$0.2 million. This is primarily driven by lower-than-expected investment returns and increases in health care costs and higher life expectancy.



Subject: Fiscal Year 2021 Annual Comprehensive Financial Report (ACFR)

General Fund Operating Results

The General Fund is the chief operating fund of the City. For the year ending June 30, 2021, the total fund balance was \$23.7 million, \$21.5 million of which is non-spendable, restricted, or has been committed or assigned to cover contingencies, claims, encumbrances, advances to other funds, and other City projects. The unassigned General Fund balance as of June 30, 2021, is approximately \$1.2 million after required contributions to reserves and encumbrances. This amount represents an operating reserve of 18.9% of expenditures. This is due in large part to the approval of \$1.1M in additional legal fee expenditures out of this reserve.

Revenues were \$2.4 million higher in the fiscal year ended June 30, 2021, compared to last fiscal year, a change of 5.2%, however, this number includes stimulus monies received of \$3.8 million. Without the stimulus, revenues would have been lower by \$1.6 million

Expenditures increased \$0.2 million in the fiscal year ended June 30, 2021, compared to last fiscal year, a change of -0.6%. Significant changes in revenues and expenditures that affected the General Fund balance are discussed below:

General Fund Revenues

Property Taxes overall increased by \$2.7 million (10.4%) compared to the prior year primarily attributable to continued increases in property values (assessed value) and increased residential sales activity that increased the tax roll.

Sales and Use Taxes overall decreased by \$0.4 million (-11.2%) compared to the prior year. This was due to the full-year impacts faced by the global pandemic that started in March of 2020.

Utility user Taxes overall increased by \$0.1 million (2.8%) compared to the prior year. This was due to normal inflationary increases rather than an increased tax base.

Charges for Services decreased by \$0.7 million (-18.9%) from the prior year, mainly affected by the closing of all recreational activities during the construction of the new community center.

Grants and donations increased by \$3.9 million (4,424%) from the prior year, mainly due to the receipt of the American Rescue Plan Act and CARES Act stimulus monies allocated to cities.



Subject: Fiscal Year 2021 Annual Comprehensive Financial Report (ACFR)

Other Taxes decreased significantly by \$1.3 million (-35.9%) compared to the prior fiscal year, primarily due to lower levels of Transient Occupancy Taxes caused by lack of demand due to the pandemic.

Interest and Rentals decreased significantly by \$2.1 million (-91.8%) compared to the prior fiscal year, primarily due to the federal reserve bank reducing the discount rates to near zero in their attempts to stimulate the economy.

General Fund Expenditures

Public Safety expenditures increased by \$0.6 million (3.2%) from the prior year primarily due to increased personnel and benefit costs, offset by lower other expenses.

Public works expenditures increased by \$0.15 million (2.7%) compared to the prior year primarily due to salary increases, and other increased expenses on protection such as plexiglass screens and cleaning supplies for COVID-19 in the city facilities.

Community development expenditures increased \$0.8 million (15.1%) from the prior fiscal year primarily attributable to salary adjustments and an added position for sustainability, planned work on the housing element as well an increased cost that were related to higher revenues from planning activity.

Recreation expenditures were \$0.5 million (-23.0%) less than the prior year primarily due to an overall decrease in operations from the pandemic and closure of the community center for construction activity.

Administration and Finance expenditures decreased by \$0.8 million (-9.5%) compared to the prior year primarily due to an overall decrease in operations and a large number of vacant positions.

Budgetary Highlights

Over the course of the year, the City Council revised the City's budget with adjustments for various revenue and expenditure changes. After considering these adjustments, General Fund actual revenues were higher than the final budget by \$6.3 million (15.1%), which is primarily attributable to higher property taxes and grants revenue, offset by lower sales



Subject: Fiscal Year 2021 Annual Comprehensive Financial Report (ACFR)

tax, transient occupancy tax and recreation fees which were impacted by the pandemic and community center closure respectively.

General Fund actual expenditures were \$0.6 million (-1.5%) under the final budget, with significant savings in Public safety (\$0.95 million) partly offset by higher costs in Administration and finance (\$0.16 million) due to higher legal fees and contract staffing to cover vacancies.

Net unassigned fund balance for the year was \$4.9 (\$1.2 after reserving ARPA proceeds) million after accounting for contributions to the Capital projects, Debt service, and other. Further details are provided in the Transmittal letter.

NEXT STEPS

Upon acceptance by the City Council, the ACFR will be submitted to the Government Finance Officers Association for consideration of a Certificate of Achievement for Excellence in Financial Reporting.

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021



City of Los Altos



**CITY OF LOS ALTOS, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED June 30, 2021**

**Prepared by
FINANCE DEPARTMENT**



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INTRODUCTORY SECTION



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CITY OF LOS ALTOS
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

INTRODUCTORY SECTION:

Letter of Transmittal..... i

List of Principal Officials viii

Organizational Chart ix

GFOA Certificate of Achievement x

FINANCIAL SECTION:

Independent Auditor’s Report..... 1

Management’s Discussion and Analysis 5

Basic Financial Statements:

 Government-wide Financial Statements

 Statement of Net Position 33

 Statement of Activities 34

 Fund Financial Statements

 Governmental Funds:

 Balance Sheet 38

 Reconciliation of the Governmental Funds - Balance Sheet with the Statement
 of Net Position..... 39

 Statement of Revenues, Expenditures, and Changes in Fund Balances..... 40

 Reconciliation of the Net Change in Fund Balances - Total Governmental
 Funds with the Statement of Activities 41

 Proprietary Funds

 Statement of Net Position..... 44

 Statement of Revenues, Expenses and Changes in Fund Net Position 45

 Statement of Cash Flows..... 46

 Fiduciary Funds

 Statement of Net Position 48

 Statement of Activities..... 49

CITY OF LOS ALTOS
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

FINANCIAL SECTION (Continued):

Notes to Basic Financial Statements 51

Required Supplementary Information:

Cost-Sharing Multiple-Employer Defined Pension Plan:

Schedule of Proportionate Share of the Net Pension Liability and Related
Ratio as of the Measurement Date 94

Schedule of Contributions..... 95

Agent Multiple Employer Retiree Healthcare OPEB Plan:

Schedule of Changes in the Net OPEB Liability and Related
Ratios – Retiree Healthcare OPEB Plan 96

Schedule of Contributions..... 97

Notes to Schedule of Employer Contribution 97

Schedules of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual:

General Fund..... 98

In-Lieu Park Land Special Revenue Fund 99

Notes to Required Supplementary Information..... 100

Other Supplementary Information

General Fund

Combining Balance Sheet..... 104

Combining Schedule of Revenues Expenditures and Changes in Fund Balances..... 105

Non-major Governmental Funds

Combining Balance Sheet..... 110

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances 114

Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:

Vehicle Impound Fund..... 118

Supplemental Law Enforcement Fund..... 119

Gas Tax Fund 120

CITY OF LOS ALTOS
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

FINANCIAL SECTION (Continued):

Proposition 1B Fund	121
Community Development Block Grant Fund	122
Downtown Parking Fund	123
Traffic Impact Fee Fund.....	124
Estate Donation Fund.....	125
TDA Fund	126
PEG Fund.....	127
Vehicle Registration Fees Fund	128
SBI Road Maintenance Rehabilitation Fund.....	129
Traffic Congestion Relief Program Fund.....	130
Equipment Replacement Capital Projects Fund.....	131

Internal Service Fund:

Combining Statement of Net Position.....	134
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	135
Combining Statement of Cash Flows	136

STATISTICAL SECTION:

Net Position by Component – Last Ten Fiscal Years.....	141
Changes in Net Position – Last Ten Fiscal Years	142
Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	144
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	146
Tax Revenues by Source – Governmental Funds – Last Ten Fiscal Years.....	148
Assessed Value of Taxable Property – Last Ten Fiscal Years	149
Property Tax Dollar Breakdown	150
Property Tax Dollars By Recipient Group	151
Direct and Overlapping Tax Rates – Last Ten Fiscal Years	152
Principal Property Taxpayers – Current Year and Nine Years Ago.....	153
Property Tax Levies and Collections – Last Ten Fiscal Years.....	154
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	155
Schedule of Direct and Overlapping Bonded Debt	156
Legal Debt Margin – Last Ten Fiscal Years.....	157

CITY OF LOS ALTOS
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

STATISTICAL SECTION (Continued):

Demographic Statistics – Last Ten Fiscal Years	158
Principal Employers – Current Year and Ten Years Ago	159
Full-time Equivalent City Employees by Function/Program – Last Ten Fiscal Years	160
Full-time Equivalent City Employees	161
Operating Indicators by Function/Program – Last Ten Fiscal Years	162
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	163
Trust and Agency Debt Administration – Last Ten Fiscal Years.....	164



ONE NORTH SAN ANTONIO ROAD
LOS ALTOS, CALIFORNIA 94022 - 3087

December 15, 2021

**Honorable Mayor and Members of
the City Council
City of Los Altos,
California**

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Los Altos, California (the City) for the fiscal year ended June 30, 2021. This document provides citizens, businesses, property owners, investors, and other interested parties with an overview of the City's finances. The information in this ACFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and includes an unmodified opinion on the report by the City's independent certified public accountants. Although we rely on the standards and expertise of these external authorities, the responsibility for the accuracy and fairness of this report ultimately rests with the City. For readers interested in a more detailed review of the City's financial statements, the Management's Discussion and Analysis (MD&A) is also included in this document. The MD&A reports on the financial highlights of the City and provides additional analysis on the variances and trends reported as part of the financial statements. The MD&A also discloses significant items affecting the financial condition of the City and is designed to be read in conjunction with this Letter of Transmittal and can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY AND ITS SERVICES

Tree-lined streets and a small village atmosphere characterize Los Altos, which is in the heart of the world-famous Silicon Valley. Just 40 miles south of San Francisco, Los Altos is a residential community with a population of approximately 31,000 served by seven small retail areas. The seven-square-mile residential city is developed with small businesses, schools, libraries, and churches. Incorporated on December 1, 1952, Los Altos is a general law city operating under the Council-Manager form of government. There are five Council members elected at large, serving four-year overlapping terms. Municipal services provided include police, street maintenance, engineering, community development, parks, recreation, and sewer. Fire protection is contracted with the Santa Clara County Central Fire Protection District.

City Structure

The City operates under the Council-Manager form of government, with five at-large Council Members elected to staggered four-year terms. The Mayor and Mayor Pro Term are elected by the Council from their membership, and each serves a one-year term. The City Council serves as the legislative and policy-making body of City government and is responsible for enacting City ordinances, adopting resolutions, approving the annual budget, appointing commissions and committees, and hiring the City Manager and City Attorney.

The City Manager is responsible for implementing City Council policies, ordinances, and directives; overseeing day-to-day operations; and appointing the directors of the City's departments and all personnel. As of June 30, 2021, the City had a permanent staff of 136 and augmented this staff with temporary, limited duration, and seasonal employees to address needs such as summer recreation programs. The City provides an array of services that include public safety/police services, recreation, Executive, finance, technology, human resources, public works, and community and economic development. Responsibilities in each service area include:

- **Executive** - includes The City Manager's Office, Economic Development, Emergency Preparedness, City Clerk's Office, City Attorney's Office, Risk Management, Human Resources, Information Technology, and Public relations;
- **Public Safety** - includes all Police functions, comprised of Training, Communications, Patrol, Investigations, Community Policing, Animal Control, School Service Officers, Traffic Enforcement. Fire Services are contracted to the County.
- **Finance** - includes Finance, Budget, Treasury, Business License, and Accounting.
- **Recreation and Community Services** - includes Recreation Classes, Senior Services, Facility Rentals, Sports and Camps,
- **Community Development**- includes Building Code Enforcement, Planning, Housing, and Transportation Planning.
- **Engineering Services**- includes managing the Capital investment program, sewer, and storm drain operations as well Transportation Planning.
- **Maintenance services** - includes Maintenance of Buildings, Parks, Streets, and Vehicles; Transportation Operations; Open Space Management.

The City also oversees the enterprise funds associated with Sewer and solid waste operations and several other special revenue funds such as the Park in Lieu fund, financial information for these operations is included in the ACFR. Library services are provided by The County. Fire services are contracted to the County, water utilities are provided by a separate special district, with their own governing body.

SERVICE EFFORTS AND MAJOR INITIATIVES

Service Efforts

In FY 2020-21, the City continued its commitment to provide a high level of service to its residents and citizens, adhered to its adopted financial plan as evidenced by the budget-to-actual reporting presented within this document. The latter half of FY 2020-21 saw the City face operational uncertainty due to the departure of the City Manager and Administrative Services Director compounded with the effects of the COVID-19 pandemic. Prudent and quick decision-making by the city council helped speed the hire of an Interim City Manager and consultants were engaged to meet the workloads in the Finance department. All major funds have performed within acceptable limits through proper stewardship and management.

Major Initiatives

Capital Improvements: FY 2020-21 marked another year of capital investment into the community with further resources applied to City-wide improvements. Some of the key capital expenditures of note during FY 2020-21 include the following:

- \$20,088,533 – Hillview Community Center Redevelopment
- 1,482,295 – Annual Sewer Structural Reach Replacement
- 1,151,484- Annual Sewer System Repair Program
- 663,979 – Annual Street Resurfacing
- 551,391 – Annual Collector Street Traffic Calming
- 531,566 – El Monte Ave Sidewalk Gap closure (School route project)
- 303,508 – IT Initiatives

Pedestrian Safety, Roads, and Walkways: Los Altos invests a significant amount of resources on a variety of roadway, pedestrian, and bikeway initiatives and improvements. Over \$1 million was applied to street resurfacing, sidewalk repairs, and street lighting systems which enhanced safety lighting and street striping. These efforts support the City’s highway condition index while increasing overall pedestrian, bicycle, and vehicle safety.

Civic Facilities: In FY 2020-21, the City undertook the demolition and first stages of construction of a \$38 million state-of-the-art community center.

FINANCIAL CONTROLS AND PROCEDURES

Financial Policies: On an annual basis, the Council approves financial policies designed to promote sound financial management and ensure fiscal integrity over time. This ACFR reflects the implementation of these financial guidelines and presents all fund reserves and designations to define fund balance commitments and obligations as of the financial report date.

Internal Control Structure: City management is responsible for establishing and maintaining fiscal internal controls designed to safeguard the assets of the government from loss, theft, or misuse, and to ensure that accounting data is accurately compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of controls should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management.

Cash Management Policies: It is the City’s practice to “pool” available cash from all funds for investment purposes. In accordance with the annually adopted investment policy, available cash is invested with the goal of safety, meaning the protection of principal, as the priority, ensuring adequate liquidity as the second priority, and maximizing yield as the third priority. This past year interest rates hit historical lows with the Federal Discount rate dropping to near zero. The Local Agency Investment Fund (LAIF) earnings rate averaged 0.5% and is dropping. Staff continues to act on Council direction to engage investment advisory services and continues to diversify the City’s investment portfolio as a means of mitigating the impact of interest rate swings. As always, the emphasis remains on preserving the safety of principal.

Strengthening Key Fund Reserves: This financial report reflects the attainment of judicious fiscal reserves noting continued funding to both capital and economic safety fund balances. As projected in the budget process, the results herein place the City in a position to maintain at least two months of budget expenditures in General Fund reserve. The City continues to prepare for the increase in the annual CalPERS payments by maintaining the CalPERS Reserve at \$5 million.

Risk Management: The City is insured for general liability through the Bay Cities Joint Powers Insurance Authority that covers claims in an amount up to \$10 million with a deductible or uninsured liability of up to \$100,000 per claim. The City is self-insured for Workers' Compensation and has an excess insurance policy for such claims up to the statutory limits. The City continues to maintain adequate funding levels to cover the cost of its actuarial obligations, but these rising cost areas will require continued attention in the coming years.

GASB 75 Compliance: This report complies with the provisions of Government Accounting Standard Board Statement #75 (GASB 75). This standard pertains to Other Post Employee Benefits (OPEB) and requires the completion of an actuarial study to account for post-employee benefit liabilities that exist. This reporting requirement is described in financial note 12 of the ACFR and the related liabilities reflected in the statements. As of June 30, 2021, the City's net OPEB obligation was valued at \$1.6 million, an amount reflected in the government-wide statements. The City has set aside \$1.5 million in reserves to address this liability funding. The City has also invested another \$1.5 million in an irrevocable trust for OPEB with CalPERS.

EXECUTIVE FINANCIAL OVERVIEW

This executive financial overview is presented as a supplement to the more detailed and comprehensive analysis presented in the MD&A. This section highlights key financial performance indicators for our major funds.

General Fund

The General Fund, the primary operating fund of the City, favorably exceeded expectations with an operating surplus of \$ 7.6 (includes onetime American rescue plan act, ARPA funds of \$3.9) million before transfers, for Fiscal Year 2020-21. At year end, the total General Fund balance equaled \$22.7 million with an unassigned fund balance of \$1.2 million after commitments and assignments. At the beginning of the Fiscal Year, the unassigned fund balance was \$7.8million. A primary factor reducing this balance was that the city decided to reclassify land it had purchased in the prior year from held for sale to held for park development, the land purchase was valued at \$ 2.86 million.

As planned for in the budget process, this surplus must be allocated to maintain the City's Operating Reserve at 20% and allocating major funding to capital improvements, such as street maintenance and annual facilities improvements. At year end, the City's Operating Reserve fell short of 20%, at 18.9%, and the City's CIP fund, after initial transfers, was \$1.4 million less than what is required to meet planned projects. In order to ensure the City's Operating Reserve is increased to 20%, the City will have to defer or cancel planned CIP projects. After the transfer and use of reserve activity listed below, the final General Fund balance decreased by \$12.7million. These non-operating and transfer activities are as follows:

- \$146,176 transfer in from public safety grant funds and others
- \$867,200 transfer out for general debt service payments
- \$16,781,172 transfer out for capital projects
- \$7,754 transfer out for closing out Raymundo Curb and Gutter District

The General Fund’s key revenue streams continue to grow at a steady pace. Property tax, which accounts for nearly 59% of the City’s revenues, continues to be the strongest driver with an increase of 10.4% in FY 2020-21 over the prior year.

Table of Revenues compared to Last Year and Current Year Budget

Revenue (in Millions)	FY 2020 Actual	FY 21 Budget	FY 2021 Actual	Actual Var %	Budget Var%
Property Tax	25.79	27.29	28.46	10.4%	4.3%
Sales Tax	3.37	2.64	3.00	-11.2%	13.4%
Transient Occupancy Tax	2.36	0.58	0.66	-71.9%	13.7%
Utility Users Tax	2.84	2.46	2.92	2.8%	18.4%
Other Taxes	1.12	1.02	1.49	32.9%	46.3%
Franchise Fees	2.29	2.35	2.21	-3.1%	-5.9%
Interest Income	1.79	0.41	0.14	-91.9%	-64.2%
Recreation Fees	0.85	0.04	0.27	-67.9%	605.0%
Community Development Fees	3.48	3.42	3.94	13.3%	15.3%
Other Revenue	1.69	1.95	1.42	-15.5%	-26.9%
Grants (ARPA + CARES)	-	-	3.98	100.0%	100.0%
Total Revenue	45.57	42.16	48.51	6.4%	15.1%

General Fund revenues increased by 6.4% overall in contrast to a 0.7% increase in the prior year. Revenues came in above the annual budget estimates with Sales Tax, UUT, and property tax being the front runners. Interest income witnessed a large decrease due to the discount rate falling to near zero. Property Tax grew with an increase of 10.4% from the prior year. Sales tax decreased by 11.2% on actuals mainly due to slower recovery of the economy during the current COVID-19 pandemic, sales tax however did exceed budgeted numbers for the year by 13.4%. Interest income is expected to remain relatively flat in the upcoming year. The City’s other taxes, such as real estate transfer tax and documentary transfer tax, grew 32.9% primarily driven by higher real estate activity. License and permit fees increased based on development activity and timing of payments within the City. Recreation programs declined 67.9% due to the cancellations during the construction of the new Community Center and a reduction in community offerings in response to the COVID-19 pandemic.

General Fund expenditures were 1.5% lower than final budget. The General Fund expenditures came in significantly below General Fund revenues by \$3.6 million after adjusting for one-time revenues related to grants American Rescue Plan Act (ARPA) & Coronavirus Aid, Relief, and Economic Security Act (CARES).

Other Funds

Capital Project Funds: Expenditures in the Capital Projects Fund were \$22.8 million driven by the construction work on the new community center. The year end fund balance stood at \$11.5 million. Based on commitments in the Capital budget for the period FY 22-26 and the commitments made for the first and second year of that period these reserves will be insufficient to fulfill commitments unless additional funding sources are identified and/or Capital projects are deferred or cancelled.

Special Revenue, Internal and Enterprise Funds: All other Governmental and Business Type funds results were as expected. In Lieu Parkland, special revenue funds ended the year with a combined balance of \$5.8 million while Enterprise funds ended the year with a combined net position of \$30.25 million.

Fiduciary Funds: The City acts as a custodian of funds held for the benefit of others including the administration of the North County Library Authority (NCLA). The long-standing Raymundo and the Blue Oak Lane Sewer special assessment district are classified in the custodial group in recognition of the limited nature of this debt which is fully collateralized by homeowner assessments without City obligation.

ECONOMIC TRENDS

The last quarter of the Fiscal Year 2020 and the entirety of Fiscal Year 2021 were marked by the impacts of the novel coronavirus, COVID-19 pandemic. The declaration of local and state-wide emergencies and public health orders closed large parts of the economy to encourage physical distancing and protect public health. Since the initial public health orders, restrictions have been applied and lifted with regularity. This caused a severe impact on economic activity. The effects of this can be clearly seen in Los Altos financial statements, wherein Sales tax is still below pre-pandemic levels and Transient occupancy tax has taken a huge hit languishing at 21% of pre-pandemic levels.

Nationally, March 2021 saw non-farm payroll employment grow by 916,000 jobs, reflecting the continued resumption of economic activity. Job growth in March 2021 was widespread, with leisure and hospitality, public and private education, and construction sectors experiencing job gains. Despite improvements in the unemployment rate, non-farm payroll employment is still down by 8.4 million compared to pre-pandemic employment¹.

As of October 2021, the national unemployment rate² was 6.0%, down from a peak of 14.8% in April 2020. In Santa Clara County, the unemployment rate was 3.7% in October 2021, compared to a pandemic peak of 12.2% in April 2020. Los Altos unemployment rate was at 3.6%.

As public health restrictions ease and City facilities and programs continue to reopen, the FY22 & FY23 budget includes increases in expenditures and additional staffing to support these changes. The economic recovery is expected to continue over the next two years. Accordingly, staff developed a budget for FY22 that served as a bridge year between the deepest moments of the pandemic and the return to normalcy. We expect it to be a year of continued recovery from the economic recession triggered by the pandemic. Likewise, the budget for FY23 will include the acknowledgment that some areas of operations are still likely to be in recovery, and not yet restored to pre-pandemic levels of operation. Additionally, the passage of the American Rescue Plan Act (ARPA), which was signed into law on March 11, 2021, provides the City with \$7.2 million in one-time stimulus funds, which allows the City to support economic recovery, provide essential City services, and fund key projects and initiatives.

The City continues to perform fairly but was unable to maintain target reserve levels without delaying or canceling capital projects. As we move forward, we remain constantly aware of the financial challenges that face all local municipalities in particular the financial challenges caused by the COVID-19 pandemic, the effects of which will continue to impact the City for multiple years to come. In addition, we continue to monitor and plan to address the significant rises in pension, healthcare, and construction costs. Given the reliance on property tax revenues and the higher revenues in Community Development and other revenue streams, we must remain ever vigilant in monitoring economic trends and long-term financial issues. Only through fiscal stewardship, proper budgeting and prudent use of our reserves, the City of Los Altos will be set to continue its commitment to taking care of its capital needs and residents for the foreseeable future.

1. https://www.bls.gov/news.release/archives/empsit_04022021.pdf

2 <https://fred.stlouisfed.org/series/CASANT5URN>

INDEPENDENT AUDIT

The public accounting firm of Maze and Associates performed the annual independent audit. The auditors' report on the City's financial statements is included in the financial section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for the fiscal year ended June 30, 2019. In the last 14 years, the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements, the award for 2020 has not yet been awarded but we anticipate that we will meet the requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

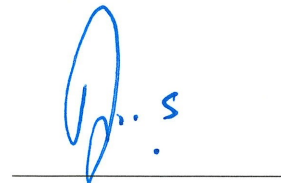
ACKNOWLEDGEMENTS

Preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance Division staff, June Du, Liz Sandstorm, and Josh Chen. Every member of the department deserves recognition and thanks for their commitment to the City and their profession. We also want to thank Maze and Associates, our independent auditors, for their professionalism in performing this year-end financial audit, as well as the members of the Financial Commission for their dedication and expertise to help shape policies and procedures. We would also like to thank the members of the City Council, Jon Maginot and Brad Klinger, former Interim City Manager, along with the Executive Team for their leadership and oversight in managing the financial operations of the City.

Respectfully submitted,



Gabriel Engeland
City Manager



John Furtado
Finance Director

City of Los Altos

List of Principal Officials

As of June 30, 2021

ELECTED OFFICIALS

Mayor	Neysa Fligor
Mayor Pro Tem	Anita Enander
City Council	Lynette Lee Eng
City Council	Sally Meadows
City Council	Johnathan Weinberg

APPOINTED OFFICIALS

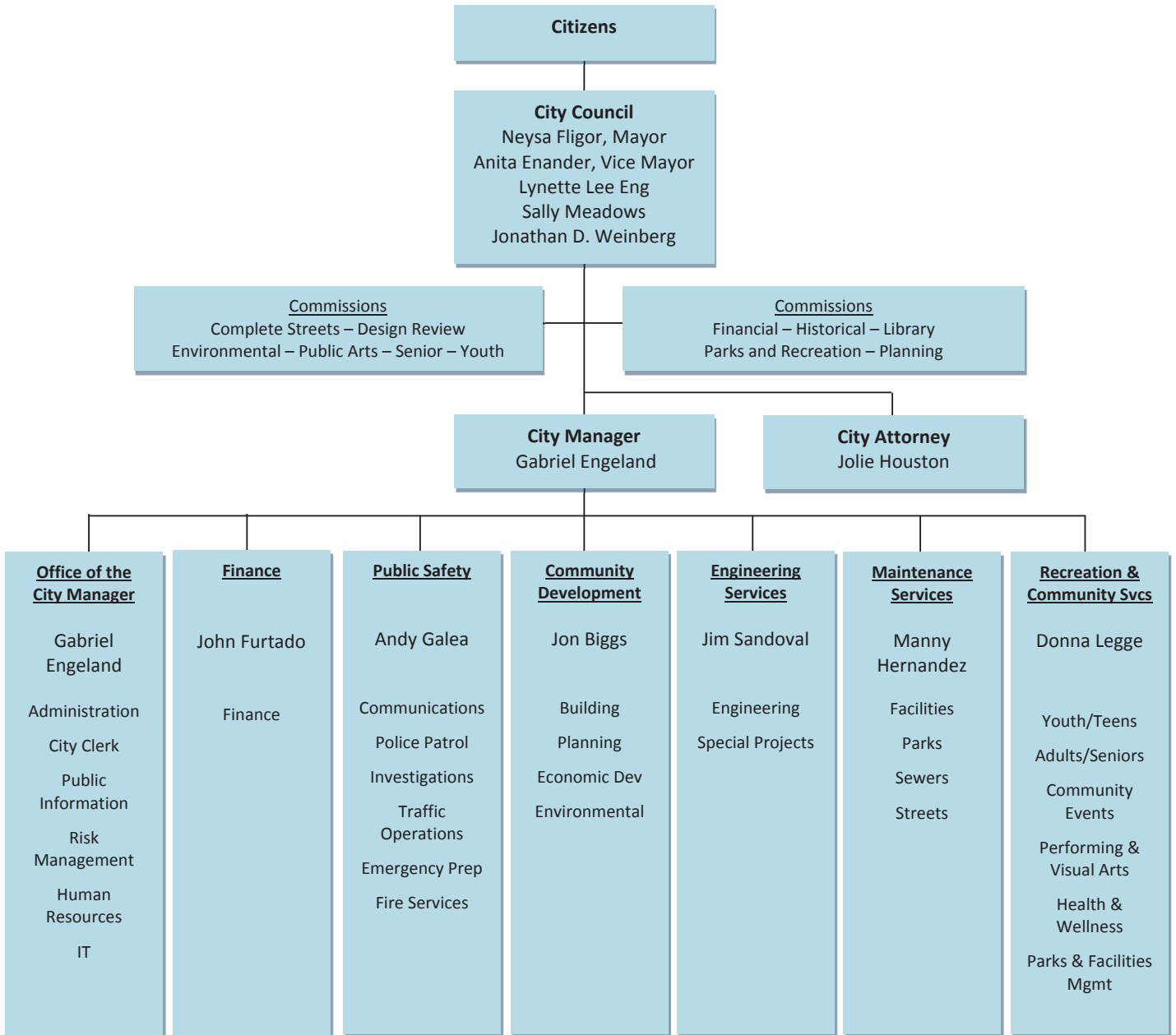
City Manager	Gabriel Engeland
City Attorney	Jolie Houston

EXECUTIVE TEAM

Community Development Director	Jon Biggs
Deputy City Manager	Jon Maginot
Assistant City Manager	Vacant
Chief of Police	Andy Galea
Finance Director	John Furtado
Engineering Services Director	Jim Sandoval
Human Resources Manager	Irene Silipin
Recreation & Community Services	Donna Legge
Municipal Services Director	Manuel Hernandez



City of Los Altos



GFOA CERTIFICATE

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Los Altos, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Los Altos (City), California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 84 – Fiduciary Activities, which became effective during the year ended June 30, 2021 and established the new fund type, Custodial Funds, and eliminated the fund type of Agency Funds as discussed in Note 8J to the financial statements.

Management also early adopted the provisions of Governmental Accounting Standards Board Statement No. 98 – The Annual Comprehensive Financial Report which changes the name of the Annual Comprehensive Financial Report to Annual Comprehensive Financial Report.

Emphasis of a Matter

During the fiscal year 2021, the City made some prior period adjustments, as a result, the beginning fund balances for General Fund, the Capital Projects Fund, the Community Development Block Grant special revenue fund were reduced by \$2,939,821, \$161,894 and \$4,617 respectively. The beginning fund balances for the Gas Tax, TDA and Vehicle Registration special revenue funds were increased by \$19,392, \$52,724 and \$147,017 respectively. Beginning net positions at July 1, 2021 for the Governmental Activities were reduced by \$2,887,199 correspondingly.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and other Required Supplementary Information listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 15, 2021



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MANAGEMENT'S DISCUSSION AND ANALYSIS



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City of Los Altos

Management's Discussion and Analysis

For the year ended June 30, 2021

As management of the City of Los Altos (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021, in accordance with standards established by the Governmental Accounting Standards Board. We encourage readers to consider the information presented here, in conjunction with additional information furnished in the Letter of Transmittal, which can be found in the preceding introductory section of this report, and with the City's basic financial statements and accompanying notes to those financial statements.

USING THIS ANNUAL REPORT

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Reporting on the City as a Whole

Government-wide Financial Statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business.

The *statement of net position* presents information on all City assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, maintenance, and public works services, planning, building, engineering, and recreation. The City's business-type activities include sewer, solid waste, and storm drain.

The government-wide financial statements can be found on pages 21 to 23 of this report.

Reporting on the City's Most Significant Funds

Fund Financial Statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds; proprietary funds; and fiduciary funds.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Notes to the Basic Financial Statements. The notes provide additional information that is essential, or a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information, such as the budgetary comparison information on the City's General Fund. Each major special revenue fund as well as the schedule of changes in the City's net pension liability for the miscellaneous plan, schedule of the City's proportionate share of the safety cost-sharing plan and the schedules of the City's pension contributions to each plan. This information is intended to furnish additional detail to support the basic financial statements.

Governmental Funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, In-Lieu Park Land Special Revenue Fund, and Capital Project Fund, each of which are major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* elsewhere in the fund financial statements section of this report.

The City adopts a budget annually for the General Fund, Special Revenue Funds, (except for the Storm Drain Deposits Fund), and Equipment Replacement Capital Projects Fund that is effective July 1 for the ensuing fiscal year. A budgetary comparison statement has been provided for several key governmental funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 26 to 29 of this report.

Proprietary Funds: The City maintains two types of *proprietary funds*. Services for which the City charges customers a fee are generally reported in the City's *enterprise funds*. These proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its City dental plan and unemployment insurance, as well as Workers' Compensation and Liability Insurance costs. Because these services predominantly benefit the governmental function, they have been included in the government-wide financial statements and related intra-fund charges have been eliminated accordingly.

**City of Los Altos
 Management’s Discussion and Analysis, Continued
 For the year ended June 30, 2021**

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. All four internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The City’s three enterprise funds (Sewer, Solid Waste and Storm Drain) are considered major funds and are presented as such in the fund financial statements. The City follows the practice of adopting annual budgets for these operations as well.

The combining statements referred to earlier in relation to non-major governmental funds, proprietary and internal service funds, are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 93 to 103 of this report.

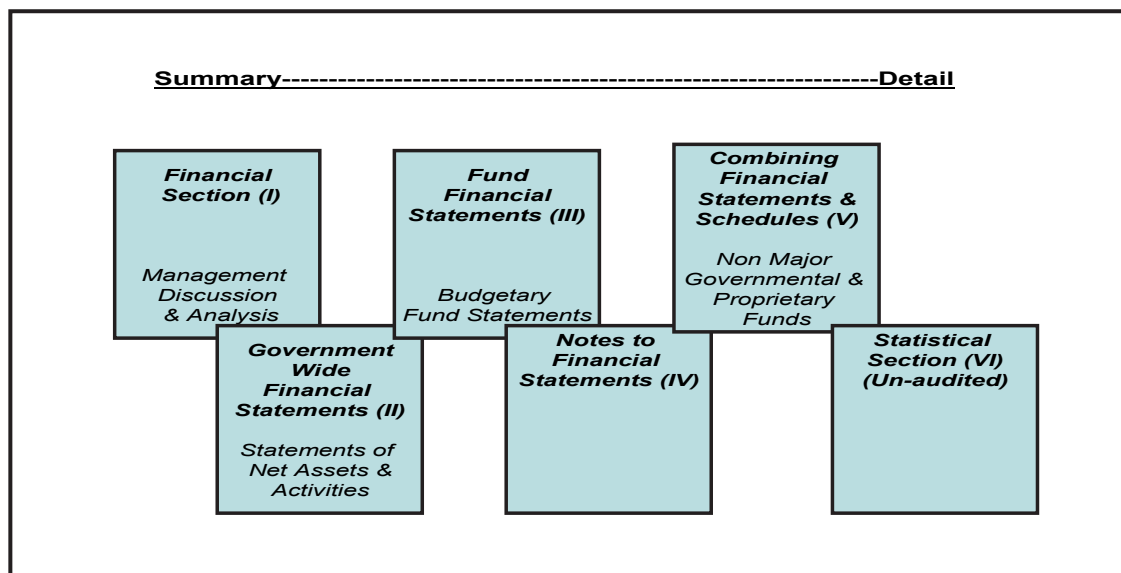
Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These can be found on pages 37 to 75 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City’s budget-to-actual financial comparisons for the General Fund. The City has elected to present this information within the basic financial statement and financial statement sections of the report.

The City as Trustee

Fiduciary Funds: The City is the trustee, or fiduciary, for the North County Library Authority (NCLA) and two special assessment districts – Raymundo and Blue Oak Sewer Lane improvements. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

In summary, the various sections of this financial report are arranged as follows:



City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

FINANCIAL HIGHLIGHTS

Financial highlights of the year ended June 30, 2021, include the following:

The City ended its fiscal year on a government-wide basis with total revenues of \$61.5 million, which was an increase of \$2.9 million or 5.0% compared to the prior year, and total expenses of \$50.0 million, a decrease of \$4.5 million or 8.3%. The results represent combined government and business operations, with an overall increase in net position of \$8.7 million due to stronger than anticipated revenues combined with contained expenditures City-wide. These favorable fiscal results have continued to strengthen the City's reserves. (See tables 2 and 5 for additional information).

Operational revenue gains were predominantly in property tax, utility tax and while hotel occupancy tax has not recovered to pre-pandemic levels it has exceeded the projected budget, interest income was well below last year's level due to the drop in the discount rates. Recreation revenues were significantly lower due to the closure of the community center and the reduction or elimination of many events, programs, and activities that were fee based. The Operating Grants and Contributions increased by \$4.2 million due to an inflow of stimulus money related to the Cares Act and the American Rescue Plan Act (ARPA). Sewer revenues decreased by \$0.8 million due to lower planned billing to users and solid waste revenues were stable and positioned to facilitate future operational and capital needs.

The decrease in Government-wide expenses is the result of vacant full-time staff positions as well as lower expenses caused by restrictions related to COVID-19. Resource uses continue to reflect an emphasis on public safety, infrastructure maintenance, quality of life, and community development activity.

The City made significant progress on many capital improvement initiatives, which include maintenance and street resurfacing, streetscape and intersection improvements, and pedestrian and traffic safety enhancements throughout the City. Currently, the largest project is the Los Altos Community Center, which was completed in fall 2021. The City has also made significant capital investments in the maintenance and improvement of the City-wide sewer systems.

Government-Wide View

- Net position (excess of assets over liabilities) equaled \$137.9 million, an increase of \$8.7 million, or 6.75%. This is mainly attributed to the increase in tax revenue with the use of portions of those increased revenues for infrastructure maintenance and improvements. The City's net position represents its total net holdings, which are not necessarily unrestricted depending upon the source of the original funding. (See tables 1 and 4 for additional information)
- Governmental activities reported an ending net position of \$107.7 million, an increase of \$6.3 million. The increase in government net position arises from positive operating results, fee collections, and cost containment.
- Business activities reported ending net position of \$30.2 million, an increase of \$2.37 million due to positive operating results in the Sewer and Solid Waste Funds and substantial capital investments.

Fund Level View

- The General Fund realized an operating surplus of \$7.6 million which was \$2.2 million higher than the prior year due to an increase in revenue from property tax (\$2.7M), and Operating grants related to ARPA and CARES act (\$3.9M). These gains were offset by reduced interest and rental income (2.07M), Transient occupancy tax (\$1.7M), and recreation fees (\$0.5M) which were substantially lower due to the impacts of the Covid-19 Pandemic.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

- General Fund revenues, excluding transfers, increased over prior year actuals by \$2.4 or 5.2% to \$48.4 million. Current year results also exceeded budget estimates by 15.1%, primarily due to the receipt of ARPA and CARES act money and higher than anticipated property tax. Related expenditures increased by \$0.23 million to \$40.8 million, or 0.6%, the results also had expenditures lower than budget by 1.5% or \$0.6 million, because of increased normal costs and contract commitments, which were offset by salary savings from vacant positions.
- Total governmental fund balances equaled \$46.2 million at fiscal year-end, a \$4.6 million decrease from the prior year. The decrease was primarily due to expenses incurred on the Community Center project.
- General government capital spending totaled approximately \$23.3 million. The level of capital reinvestment in Los Altos reflects a sustained focus on the maintenance of streets, facilities, traffic calming efforts, and safety. The Capital Improvements Projects Fund balance increased by \$7.8 million due to the transfer of a part of the unassigned general fund balance from the prior year to the end of the year of \$6.4 million.
- The In Lieu Parkland Fund ended the year with a fund balance of \$5.8 million with revenues of \$1.6 million with expenditures and transfers out of 1.3 million spent on eligible projects.
- The Gas Tax Fund balance increased by \$0.4 million to \$2.0 million after funds were used for capital projects including surplus revenue for the year.
- Sewer operations ended the year favorably with a net position of \$24.6 million. Operating expenses decreased by \$0.26 million or 4.7% because of the planned activity to system maintenance.
- Solid waste operations ended the year favorably in net position of \$5.6 million. Operating expenses decreased by \$0.03 million or 7.5%.
- As in the prior year, the Storm Drain Fund has exhausted available resources and has a negative net position of \$23,959. These operations are now fully General Fund-subsidized and will continue to be so until the implementation of a fee-based model.
- The Workers' Compensation Fund ended the year with an unrestricted net position of \$1.6 million, a decrease of \$1.0 million due to claim activity and not providing additional funding. The General Liability Fund ended the year with an unrestricted net position of \$0.3 million, a decrease of \$0.79 million.
- Other Non-Major Governmental Funds ended the year with a total combined fund balance of \$6.2 million, an increase of \$263,417.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on the net position and changes in net position at the City-wide level as presented in the statement of net position and statement of activities which are summarized in the tables below as of June 30, 2021.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

As noted earlier, the net position represents the difference between assets, the deferred outflow of resources and liabilities, and the deferred inflow of resources of the City's governmental activities and may over time serve as a useful indicator of the City's financial position. The City's governmental activities, assets, and deferred outflows exceeded liabilities and deferred inflows by \$107.7 million on June 30, 2021. Table 1 summarizes the City's governmental activities net position.

TABLE 1
Governmental Activities Statement of Net Position (In Millions)

	2021	2020
Cash and investments	\$ 50.8	\$ 63.3
Other assets	9.8	6.4
Capital assets	105.8	81.9
Total assets	165.7	151.6
Deferred outflows of resources	9.5	9.3
Current liabilities	10.0	12.3
Non-current liabilities	56.7	44.1
Total liabilities	66.7	56.4
Deferred inflows of resources	1.5	3.0
Net Position		
Net investment in capital assets	95.5	80.9
Restricted	24.0	15.4
Unrestricted	(11.8)	5.2
Total net position	\$ 107.7	\$ 101.5

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Governmental Activities

Of the governmental activities total net position, \$95.5 million, or 88.6%, reflects its net investment in capital assets (e.g., land, infrastructure, buildings, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The governmental activities total Assets of \$166.5 represent a \$14.9 million or a 9.8% increase, driven by higher receipts, capital activity, and lower spending due to the pandemic.

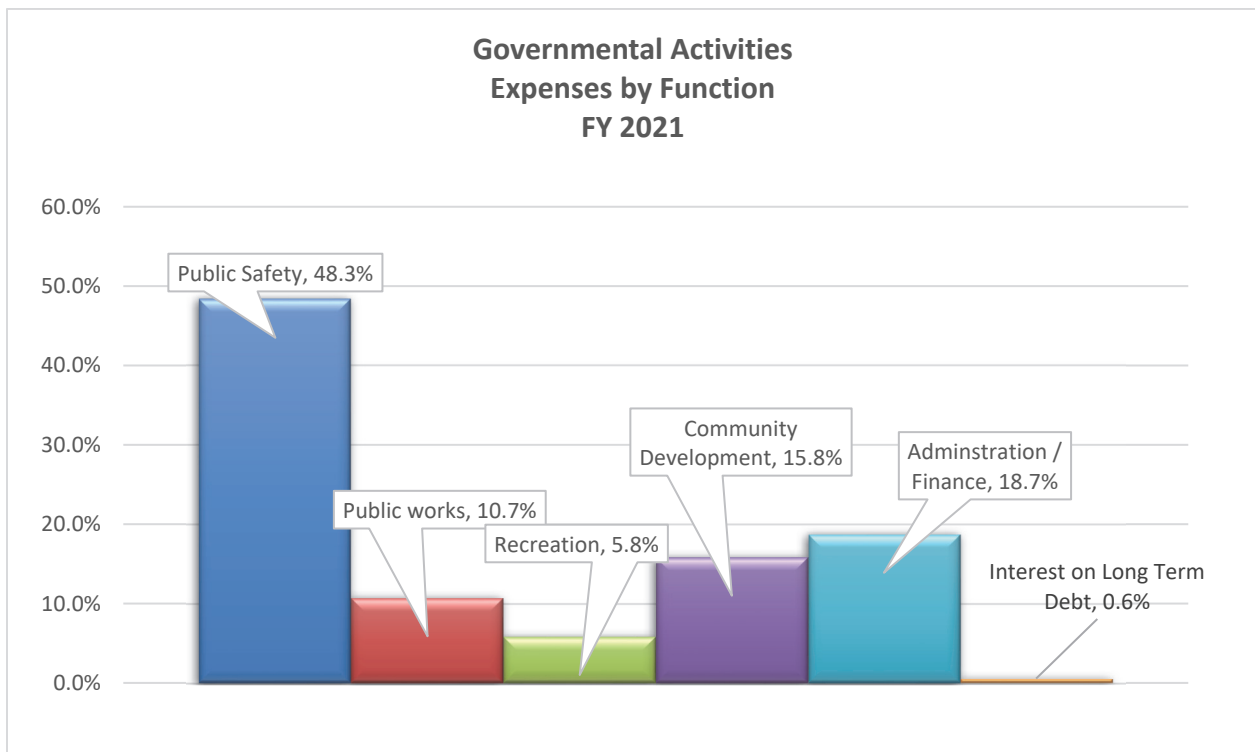
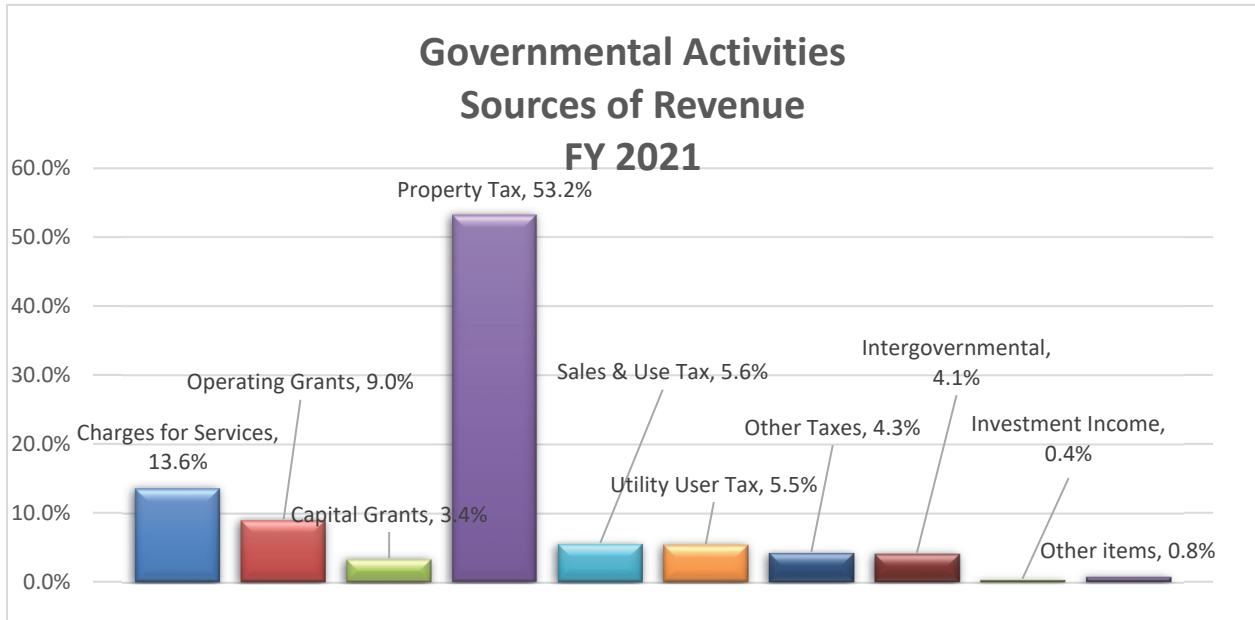
Capital Assets (net) increased by \$24.0 million or 29.3% primarily driven by additions from capital projects activity in the current year.

The governmental activities, total liabilities of \$66.7 million represent outstanding obligations for operations, capital projects, deposits held for development projects, long-term debt, and net pension liability. A portion of the governmental activities net position represents resources that are subject to restriction on how they may be used. Total liabilities increased by \$10.3 million or 18.2% due to higher accrued payroll and higher unearned revenues and grants receivables.

The following charts summarize governmental activities programs and general City revenues available for funding all City programs and major expense program categories.

For the fiscal year ended June 30, 2021, total revenues from all sources relating to governmental activities excluding transfers were \$53.4 million, and total expenses for all City programs relating to governmental activities were \$44.2 million.

**City of Los Altos
 Management's Discussion and Analysis, Continued
 For the year ended June 30, 2021**



City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

TABLE 2
Change in Net Position - Governmental Activities
(In Millions)

Revenues	2021	2020
Program revenues		
Charges for service	\$ 7.3	\$ 5.9
Operating contributions and grants	4.8	0.6
Capital grants	1.8	1.8
Total program revenues	<u>13.9</u>	<u>8.3</u>
General revenues		
Taxes:		
Property	28.4	25.8
Sales and use	3.0	3.4
Utility User	2.9	2.8
Other taxes	2.3	3.6
Intergovernmental	2.2	2.3
Investment income	0.2	2.6
Other	0.4	0.4
Total general revenues	<u>39.5</u>	<u>40.9</u>
Total revenues	<u>53.4</u>	<u>49.2</u>
Expenses		
Public Safety	21.4	21.2
Public works	4.7	7.7
Recreation	2.6	3.2
Community Development	7.0	6.6
Administration / Finance	8.3	9.8
Interest on Long Term Debt	0.2	0.0
Total expenses	<u>44.2</u>	<u>48.5</u>
Excess (deficiency) before transfers	9.1	0.7
Transfers (Net)	(2.8)	0.0
Change in net position - Governmental Activities	<u>6.3</u>	<u>0.7</u>
Net Position - Beginning of year	<u>101.4</u>	<u>100.7</u>
Net Position - End of year	<u>\$ 107.7</u>	<u>\$ 101.4</u>

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Table 2 shows that governmental activities expenses, which totaled \$44.2 million, were lower than program revenues for governmental activities of \$53.4 million. These program revenues included \$7.3 million in charges for services, \$4.8 million in operating grants and contributions, and \$1.8 million in capital grants and contributions.

Governmental Fund Revenues

Charges for services include traffic safety fines, plan check fees, building inspection fees, other charges related to new construction, and fees charged for recreational activities and programs, these charges increased by \$1.4 million or 23.0% primarily due to the community development activity being robust during the year.

Operating grants and contributions include amounts contributed by developers and stimulus monies received from the federal government, these are restricted to either grant requirements, or have been designated for one-time expenses, while capital grants and contributions are required to fund capital investments. General revenues, as shown in Table 2 on the previous page, are available to pay for expenses not fully covered by program generated revenues during the year the City was granted \$4.2 million more in operating grants than the prior year due to the receipt of the ARPA and CARES act monies, while capital grants awarded were flat at \$1.8 million.

Governmental Fund Expenditures

Public Safety expenditures increased by \$0.2 million or 0.9% from the prior year primarily higher pension costs from the City's share of the Safety pension pool and higher depreciation charges, partly offset by vacant positions that decreased other personnel and benefit costs.

Public works expenditures decreased by \$3.0 million (-38.6%) compared to the prior year primarily due to lower depreciation charges than the past year, vacancy positions offset by salary increases, and lower operating and maintenance expenses.

Community Development expenditures increased \$0.4 million 6.1% from the prior fiscal year primarily attributable to larger expenses in the housing element, increase community development activity witnessed by higher revenues derived.

Recreation expenditures were lower by \$0.6 million (-19.6%) less than the prior year primarily due to an overall decrease in operations from the pandemic and closure of the community center.

Administration and Finance expenditures decreased by \$1.5 million (-15.4%) compared to the prior year primarily due to an overall decrease in operations from the pandemic and a substantial number of vacancies.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Table 3
Governmental Activities
Program Revenues and Net (Expense) Revenue From Services
(In Millions)

	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Public Safety	\$ 4.3	\$ 0.5	\$ (17.0)	\$ (20.7)
Public works	2.2	2.3	(2.5)	(5.3)
Recreation	0.3	0.8	(2.3)	(2.4)
Community Development	6.1	3.5	(0.9)	(3.1)
Administration / Finance	1.0	1.2	(7.4)	(8.6)
Interest on Long Term Debt			(0.2)	(0.0)
Totals	<u>\$ 13.9</u>	<u>\$ 8.4</u>	<u>\$ (30.3)</u>	<u>\$ (40.1)</u>

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Business-Type Activities

As shown in Table 4 below, the net position of the City's business-type activities was \$30.2 million on June 30, 2021. Assets totaling \$32.1 million included a total of \$17.0 million in cash and investments, \$0.4 in receivables and other assets, and \$14.7 million in capital assets. Liabilities totaled \$2.2 million include \$0.4 million in current liabilities and \$1.8 million in non-current liabilities such as compensated absences and other liabilities.

Table 4
Business - Type Activities Statement of Net Position
(In Millions)

	2021	2020
Cash and investments	\$ 17.0	\$ 16.8
Other assets	0.4	0.2
Capital assets	14.7	12.3
Total assets	32.1	29.3
 Deferred outflows of resources	 0.4	 0.4
 Current liabilities	 0.4	 0.1
Non-current liabilities	1.8	1.7
Total liabilities	2.2	1.8
 Deferred inflows of resources	 0.1	 0.1
 Net Position		
Net investment in capital assets	14.7	12.3
Restricted	0.0	0.0
Unrestricted	15.5	15.5
Total net position	\$ 30.2	\$ 27.8

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Table 5 shows that Business type activities expenses, which totaled \$5.7 million, were augmented by revenues of \$8.1 million. These revenues included \$8.0 million in charges for services and \$0.1 million in interest, investment earnings, and others, thus adding \$2.4 million to the net position at the end of the year.

Table 5
Change in Net Position - Business-type Activities
(In Millions)

	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues		
Charges for services	\$ 8.0	\$ 8.8
Total program revenues	<u>8.0</u>	<u>8.8</u>
General revenues		
Investment income and other	0.1	0.6
Total revenues	<u>8.1</u>	<u>9.4</u>
Expenses		
Outside Services	4.4	4.5
Employee services	0.9	1.1
Depreciation	0.4	0.4
Total expenses	<u>5.7</u>	<u>6.0</u>
Excess (deficiency) before transfers	2.4	3.4
Transfers	<u>0.0</u>	<u>0.0</u>
	<u>2.4</u>	<u>3.4</u>
Change in net position - Business-type Activities		
Net Position - Beginning of year	27.8	24.4
Net Position - End of year	<u>\$ 30.2</u>	<u>\$ 27.8</u>

The Joint Sewer System Authority (JSSA) formed in 1968 by a joint exercise of powers among the Cities of Palo Alto, Mountain View, and Los Altos, constructed, maintains, and operates sewage treatment facilities serving its member cities. The City of Palo Alto acts as administrator for JSSA and bills each member its share of the operating costs. Los Altos is obligated through the year 2018 under an operating agreement with the City of Palo Alto for the water treatment plant and sewer services. Payments under this agreement are based on expected usage and are adjusted annually based on actual use and site operating costs.

As projected in budgetary estimates and the prior year's financial reports, the Storm Drain fund has exhausted its reserves. Currently, the Storm Drain and Urban Runoff Pollution Control Programs (URPP) are categorized as enterprise activities but are lacking a fee that pays for these services.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

These statements provide more detailed information about the City's major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a City's or government agency's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City has several governmental funds, of which three are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The City's three major funds are - the General Fund, the In Lieu Parkland Fund, and the Capital Investment Program Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The City Council adopts a biennial appropriated budget for its General Fund and other funds. Budgetary comparison statements have been provided in the Required Supplementary Information section for the general fund and major special revenue funds that demonstrate compliance with their budgets.

Proprietary funds

The City maintains two types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sewer, Solid Waste, and Storm Drain operations, all of which are classified as major funds in the City's Statement of Net Position. Internal service funds are used to accumulate and allocate costs internally among the City's various functions and to build up reserves for future liabilities related to the workforce. The City uses internal service funds to account for such activities as dental reimbursements, Unemployment Insurance, Workers' compensation, and liability insurance. Because these services solely benefit the governmental function, they have been included within governmental activities in the government-wide financial statements.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. All nine internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the Supplemental Information section of this report.

Fiduciary Funds

The City is the agent for certain agencies and assessment districts, holding amounts collected that await payment as directed. The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the City is acting as a trustee for these funds and cannot use these assets to finance its own operations. The City's fiduciary funds include The North Country Library Authority, the Raymundo Curb and Gutter special district that has fulfilled its life and obligation and will cease to report from the next year, and the Blue oak Lane Sewer special district.

Summary Analysis of Governmental Funds

On June 30, 2021, the City's governmental fund balances were \$46.2 million, which is an overall decrease of \$4.6 million, or -9.1%, as compared to the prior fiscal year. The following describes the specifics related to this variance:

- A decrease of \$12.7 million in the General Fund, primarily due to transferring of \$16.8 million held in the General Fund for the community center development (\$10M) and transferring another \$6.8M to the Capital projects fund, inclusive of the \$6.4 million of prior year unassigned fund balance. The remaining changes in fund balance were a combination of increased revenues in property tax, receipt of federal stimulus, and lower other revenues as explained earlier, departmental revenues increased, and when netted against operating expenditures came in below budget because of the COVID19 pandemic and higher than anticipated vacant positions.
- The In-lieu Parkland fund had higher revenues from development activity of \$1.6 million that were offset by transfers to Capital projects fund for eligible projects (\$1.3M)
- An increase of \$7.62 million in the capital projects funds was due to increased transfers from the general fund and the facilities reserve to fund capital projects such as facilities maintenance and construction of the Community center

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Table 6
Statement of Revenues, Expenditures and Other Financing Sources/Uses
Governmental Funds
(In Millions)

Revenues	2021	2020
Taxes:		
Property	\$ 28.5	\$ 25.8
Sales and Use	3.0	3.4
Utility Users	2.9	2.8
Other taxes	2.3	3.6
Licenses, permits and fees	4.6	4.2
Intergovernmental	4.2	1.3
Grants and Donations	4.0	1.4
Charges for services	3.2	3.7
Fines, forfeitures and penalties	0.1	0.2
Interest and Rentals	0.2	2.7
Other	0.4	0.1
	<u>53.4</u>	<u>49.2</u>
Expenditures		
Current:		
Public Safety	19.4	18.8
Public works	5.6	5.5
Recreation	1.8	2.3
Community Development	6.5	5.9
Administration / Finance	7.7	8.5
Capital Improvements	23.3	15.4
<i>Debt Service</i>		
Principal	0.6	0.1
Interest and Fiscal Charges	0.2	0.0
Total expenditures	<u>65.1</u>	<u>56.5</u>
Excess (deficiency) before transfers	(11.7)	(7.3)
Other		
Transfers (net)	10.0	(1.0)
Net change in fund balance	(1.7)	(8.3)
Beginning Fund Balance* Reinstated	\$ 47.9	59.1
Ending Fund Balance	\$ 46.2	\$ 50.8

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Detailed Analysis of Major Governmental Funds by Fund

General Fund

The General Fund is the chief operating fund of the City. For the year ending June 30, 2021, the total fund balance was \$22.7 million, \$17.8 million of which is non-spendable, restricted, or has been committed or assigned to cover contingencies, claims, encumbrances, advances to other funds, and other City projects.

Revenues were \$2.4 million higher in the fiscal year ended June 30, 2021, compared to the last fiscal year, a change of 5.2%.

Expenditures decreased \$0.2 million in the fiscal year ended June 30, 2021, compared to last fiscal year, a change of -0.6%. Significant changes in revenues and expenditures that affected the General Fund balances are discussed below:

General Fund Revenues

Property Taxes overall increased by \$2.7 million (10.4%) compared to the prior year primarily attributable to continued increases in property values (assessed value) and increased residential sales activity that increased the tax roll.

Sales and Use Taxes overall decreased by \$0.4 million (-11.2%) compared to the prior year. This was due to the full year impacts faced by the global pandemic that started in March of 2020.

Utility user Taxes overall increased by \$0.1 million (2.8%) compared to the prior year. This was due to normal inflationary increases rather than an increased tax base.

Charges for Services decreased by \$0.7 million (-18.9%) from the prior year, mainly affected by the closing of all recreational activities during the construction of the new community center.

Grants and donations increased by \$3.9 million (4,424%) from the prior year, mainly due to the receipt of the American Rescue Plan Act and CARES Act stimulus monies allocated to cities.

Other Taxes decreased significantly by \$1.3 million (-35.9%) compared to the prior fiscal year, primarily due to lower levels of Transient Occupancy Taxes caused by lack of demand due to the pandemic.

Interest and Rentals decreased significantly by \$2.1 million (-91.8%) compared to the prior fiscal year, primarily due to the federal reserve bank reducing the discount rates to near zero in their attempts to stimulate the economy.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

General Fund Expenditures

Public Safety expenditures increased by \$0.6 million (3.2%) from the prior year primarily due to increased personnel and benefit costs, offset by lower other expenses.

Public works expenditures increased by \$0.15 million (2.7%) compared to the prior year primarily due to salary increases, and other increased expenses on protection such as plexiglass screens and cleaning supplies for COVID-19 in the city facilities.

Community development expenditures increased \$0.8 million (15.1%) from the prior fiscal year primarily attributable to salary adjustments and an added position for sustainability, planned work on the housing element as well as increased consultant costs that resulted in higher revenues from planning activity.

Recreation expenditures were \$0.5 million (-23.0%) less than the prior year primarily due to an overall decrease in operations from the pandemic and closure of the community center for construction activity.

Administration and Finance expenditures decreased by \$0.8 million (-9.5%) compared to the prior year primarily due to an overall decrease in operations and many vacant positions.

In-lieu Parkland

The In-lieu Parkland Fund had revenues of \$1.6 million from in Lieu fees received during the year this was \$1.3 million higher than the prior year. Expenses included a transfer out to the capital projects fund of \$1.3 million.

Capital Investment Program Fund

The Capital Investment Program Fund accounts for funds used for capital improvements and significant maintenance projects. As of June 30, 2021, its fund balance was \$11.5 million, primarily due to monies transferred from the General Fund.

The Capital budget also has planned appropriations of almost \$60 million over the FY 22-26 CIP plan from various funding sources such as Gas tax, General fund, and enterprise funds.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Summary Analysis of Proprietary Funds

As of June 30, 2021, the Enterprise Funds had a net position balance of \$30.2 million, an increase of \$2.4 million from the prior year or 8.5%. The net position balance of the Internal Service Funds is \$2.3 million, down \$1.9 million from the previous fiscal year, due to the underfunding of workers' compensation and liability insurance due to the pandemic and using the available fund balances instead.

Table 7
Change in Fund Net Position - Proprietary Funds
(In Millions)

	Total Enterprise Funds		Total Internal Service Funds	
	2021	2020	2021	2020
Operating revenues	\$ 8.0	\$ 8.8	\$ 0.3	\$ 0.2
Operating expenses	5.7	6.0	2.1	1.8
Operating income (loss)	2.3	2.9	(1.9)	(1.6)
Non-operating revenues (expenses)	0.1	0.6	0.0	0.0
Net income (loss) before contributions and operating transfers	2.4	3.4	(1.9)	(1.6)
Transfers in (out) and Capital Contributions	0.0	0.0	0.0	1.0
Change in net position	\$ 2.4	\$ 3.4	\$ (1.9)	\$ (0.6)

Sewer Fund

This fund accounts for the administration and operation of the City's sewer system. The total net position is \$24.6 million; an increase of \$1.9 million.

Solid Waste Fund

This fund accounts for the administration and operation of the City's solid waste system. The total net position is \$5.6 million; an increase of \$0.5 million.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

BUDGETARY HIGHLIGHTS OF THE CITY'S GENERAL FUND

Over the course of the year, the City Council revised the City's budget with adjustments for various revenue and expenditure changes. After taking into account these adjustments, General Fund actual revenues were higher than the final budget by \$6.3 million (15.1%), which is primarily attributable to higher property taxes and grants revenue, offset by lower sales tax, transient occupancy tax and recreation fees which were impacted by the pandemic and community center closure respectively.

General Fund actual expenditures were \$0.6 million (-1.6%) under the final budget, with significant savings in Public safety (\$0.95 million) partly offset by higher Administration and finance (\$0.35 million) due to higher legal fees and contract staffing to cover vacancies. Net unassigned fund balance for the year was \$4.9 million after accounting for contributions to the Capital projects, Debt service and others. Further details are provided in the Transmittal letter.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The City records all of its capital assets, including infrastructure in the Statement of Net Position. Infrastructure includes roads, bridges, signals, and similar assets used by the entire population. The City has recorded its capital assets at historical cost or estimated historical cost if the actual historical cost was not available. In addition, donated fixed assets have been valued at their estimated acquisition value on the date donated.

At June 30, 2021, the cost of infrastructure and other capital assets recorded on the City's financial statements is shown in Table 8 on the next page:

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Table 8
Capital Assets
(in Millions)

	<u>2021</u>	<u>2020</u>
Governmental activities		
Land	\$ 14.5	\$ 11.6
Construction in progress	45.6	24.1
Buildings	21.6	21.6
Improvements	6.5	6.5
Machinery and equipment	7.1	6.9
Infrastructure	46.6	45.0
Less accumulated depreciation	(36.1)	(33.9)
Totals	<u>\$ 105.8</u>	<u>\$ 81.8</u>
 Business-type activities		
Construction in progress	\$ 1.4	\$ 1.3
Buildings	17.9	18.0
Machinery and equipment	1.1	1.1
Infrastructure	8.1	5.3
Less accumulated depreciation	(13.8)	(13.4)
Totals	<u>\$ 14.7</u>	<u>\$ 12.3</u>

At June 30, 2021, the City had assets of \$105.8 million, net of depreciation, invested in a broad range of capital assets used in governmental activities and \$14.7 million, also net of depreciation, invested in Business-type activities assets, as shown in Table 8 above.

The City depreciates all its capital assets on a straight-line basis over their estimated useful lives. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on capital assets may be found in Notes 1 and 5 to the Basic Financial Statements.

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2021

Long Term Debt

At June 30, 2021, the City's debt was comprised of the following:

Table 9
Outstanding Debt
(In Millions)

	<u>2021</u>	<u>2020</u>
Governmental activities		
2004 Certificate of Participation	\$ 0.9	\$ 1.0
Community Center Lease	9.5	0.0
Compensated Absences	1.9	2.0
Total governmental activities debt	<u>\$ 12.3</u>	<u>\$ 3.0</u>
Business-type activities		
Compensated Absences	\$ 0.1	\$ 0.1
Total business-type activities debt	<u>\$ 0.1</u>	<u>\$ 0.1</u>
Total debt	<u>\$ 12.4</u>	<u>\$ 3.1</u>

The City made all required debt service payments on the issues listed above. As related to the community center that is expected to be completed in the fiscal year 2022.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The City has enjoyed several consecutive strong financial years. This has been driven by growth in property tax and sales tax and steady revenues from direct services. Economic development and the strength of the Bay Area and national economy have driven continued growth in revenues. Meanwhile, expenses have grown due to inflationary increases, negotiated wage increases, and pension cost increases.

Over the last several years Los Altos has experienced ongoing growth in major tax revenue categories and increases in revenues from fee-based services. This trend was buckled due to COVID-19 pandemic. Sales Tax, Transient Occupancy Tax, and fee-based service revenues declined during the year as a result.

The most significant financial challenges for the City are the ongoing stress on revenues due to the COVID-19 pandemic, the projected increases in pension costs, and identifying resources to replace aging capital infrastructure. Funds to replace buildings and other facilities are inadequate.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

In December 2016, CalPERS reduced its expected return on investments from 7.5% to 7.0% which were effective starting fiscal year 2019. This action coupled with other assumption changes made by CalPERS is resulting in a substantial increase in pension contributions for employers.

The City Council renewed its commitment to address this challenge by creating a Pension reserve of \$5 million. The reserve is an essential tool to help the City address pension cost increases in future years.

The City Council has also identified funding capital infrastructure as a high-priority area and is working to identify current and future facility needs and potential funding options to address those needs.

Major Capital Projects in construction for fiscal years 2021-21 and beyond include:

- \$20,088,533 - Hillview Community Center Redevelopment
- 1,482,295 - Annual Sewer Structural Reach Replacement
- 1,151,484- Annual Sewer System Repair Program
- 663,979 - Annual Street Resurfacing
- 551,391 - Annual Collector Street Traffic Calming
- 531,566 - El Monte Ave Sidewalk Gap closure (School route project)
- 303,508 - IT Initiatives

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Comprehensive Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the following address: City of Los Altos, Finance Department, 1 North San Antonio Road, Los Altos, California 94022.

A copy of this financial report can be found on the City's website at <http://www.losaltosca.gov>, by selecting "Audited Financials" in the "Quick Links" section and then selecting "Other Financial Reports."



CITY OF LOS ALTOS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**STATEMENT OF NET POSITION
AND STATEMENT OF ACTIVITIES**



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CITY OF LOS ALTOS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (Note 2)	\$50,832,035	\$17,008,151	\$67,840,186
Accounts receivable	7,645,179	399,613	8,044,792
Interest receivable	104,135	36,613	140,748
Prepaid items and inventory (Note 1H)	145,196		145,196
Note receivable (Note 4)	1,704,880		1,704,880
Internal balances	7,969	(7,969)	
Total current assets	<u>60,439,394</u>	<u>17,436,408</u>	<u>77,875,802</u>
Noncurrent assets:			
Restricted cash and investments (Note 2)	172,021		172,021
Capital assets (Note 5):			
Non-depreciable	60,160,965	1,361,354	61,522,319
Depreciable, net of accumulated depreciation	<u>45,678,518</u>	<u>13,288,249</u>	<u>58,966,767</u>
Total noncurrent assets	<u>106,011,504</u>	<u>14,649,603</u>	<u>120,661,107</u>
Total Assets	<u>166,450,898</u>	<u>32,086,011</u>	<u>198,536,909</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension (Note 11)	9,208,836	346,658	9,555,494
Related to OPEB (Note 12)	<u>245,121</u>	<u>18,450</u>	<u>263,571</u>
Total deferred outflows of resources	<u>9,453,957</u>	<u>365,108</u>	<u>9,819,065</u>
LIABILITIES			
Current liabilities:			
Accounts payable	6,655,640	345,022	7,000,662
Interest payable	6,233		6,233
Accrued liabilities	1,104,842	38,515	1,143,357
Other payable	112,768		112,768
Compensated absences, due in one year (Note 7)	481,010	26,845	507,855
Claims and judgements, due in one year (Note 9)	1,072,302		1,072,302
Long-term debt, due in one year (Note 6)	<u>534,612</u>		<u>534,612</u>
Total current liabilities	<u>9,967,407</u>	<u>410,382</u>	<u>10,377,789</u>
Noncurrent liabilities:			
Compensated absences, due in more than one year (Note 7)	1,443,028	80,536	1,523,564
Claims and judgments, due in more than one year (Note 9)	3,148,698		3,148,698
Net pension liability (Note 11)	40,741,084	1,628,033	42,369,117
Net OPEB liability (Note 12)	1,522,251	103,208	1,625,459
Long-term debt, due in more than one year (Note 6)	<u>9,842,251</u>		<u>9,842,251</u>
Total noncurrent liabilities	<u>56,697,312</u>	<u>1,811,777</u>	<u>58,509,089</u>
Total Liabilities	<u>66,664,719</u>	<u>2,222,159</u>	<u>68,886,878</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pension (Note 11)	1,146,611	42,158	1,188,769
Related to OPEB (Note 12)	359,169	27,034	386,203
Related to revenue	<u>677</u>		<u>677</u>
Total deferred inflows of resources	<u>1,506,457</u>	<u>69,192</u>	<u>1,575,649</u>
NET POSITION (Note 8)			
Net investments in capital assets	<u>95,462,620</u>	<u>14,649,603</u>	<u>110,112,223</u>
Restricted for:			
Debt service	373,551		373,551
Special revenue programs:			
Public safety	146,007		146,007
Recreation	5,780,278		5,780,278
Streets and roads	3,979,673		3,979,673
Public education	906,165		906,165
Parking	889,174		889,174
Other	74,224		74,224
Capital projects	<u>11,872,141</u>		<u>11,872,141</u>
Total Restricted Net Position	<u>24,021,213</u>		<u>24,021,213</u>
Unrestricted	<u>(11,750,154)</u>	<u>15,510,165</u>	<u>3,760,011</u>
Total Net Position	<u>\$107,733,679</u>	<u>\$30,159,768</u>	<u>\$137,893,447</u>

See accompanying notes to financial statements

CITY OF LOS ALTOS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental Activities:					
Public safety	\$21,383,819	\$201,547	\$4,140,121		\$4,341,668
Public works	4,741,500	59,512	378,773	\$1,778,354	2,216,639
Recreation	2,584,001	271,410			271,410
Community development	7,004,132	5,792,569	305,535	31,462	6,129,566
Admin / community services	8,282,306	953,780			953,780
Interest on long-term debt	244,697				
Total Governmental Activities	<u>44,240,455</u>	<u>7,278,818</u>	<u>4,824,429</u>	<u>1,809,816</u>	<u>13,913,063</u>
Business-type Activities:					
Sewer	5,268,426	7,126,024			7,126,024
Solid waste	394,443	860,900			860,900
Storm drain	21				
Total Business-type Activities	<u>5,662,890</u>	<u>7,986,924</u>			<u>7,986,924</u>
Total primary government	<u>\$49,903,345</u>	<u>\$15,265,742</u>	<u>\$4,824,429</u>	<u>\$1,809,816</u>	<u>\$21,899,987</u>
General revenues:					
Taxes:					
Property taxes					
Sales and use taxes					
Utility users' tax					
Other taxes					
Franchise fees					
Total taxes					
Interest income					
Miscellaneous					
Total general revenues					
Change in Net Position					
Net Position-Beginning, as restated (Note 8)					
Net Position-Ending					

See accompanying notes to financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
(\$17,042,151)		(\$17,042,151)
(2,524,861)		(2,524,861)
(2,312,591)		(2,312,591)
(874,566)		(874,566)
(7,328,526)		(7,328,526)
(244,697)		(244,697)
<u>(30,327,392)</u>		<u>(30,327,392)</u>
	\$1,857,598	1,857,598
	466,457	466,457
	(21)	(21)
	<u>2,324,034</u>	<u>2,324,034</u>
<u>(30,327,392)</u>	<u>2,324,034</u>	<u>(28,003,358)</u>
28,464,193		28,464,193
2,996,325		2,996,325
2,917,252		2,917,252
2,303,893		2,303,893
2,214,947		2,214,947
38,896,610		38,896,610
173,406	47,270	220,676
428,002		428,002
<u>39,498,018</u>	<u>47,270</u>	<u>39,545,288</u>
9,170,626	2,371,304	11,541,930
<u>98,563,053</u>	<u>27,788,464</u>	<u>126,351,517</u>
<u>\$107,733,679</u>	<u>\$30,159,768</u>	<u>\$137,893,447</u>



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FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal 2021. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

Accounts for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in other funds. The General Fund supports essential City services such as police, fire, street and parks maintenance, maintenance services, community development and recreation activities. The General Fund also includes the Real Property Proceeds Funds, which accounts for the proceeds from the sale of real property and the Community Facilities Renewal Fund, which accounts for the revenues and expenditures related to the community facilities renewal efforts.

IN-LIEU PARK LAND FUND

Accounts for revenues received in lieu of park land dedications. The revenues are dedicated for purchasing or improving park or recreational facilities.

CAPITAL PROJECTS FUND

Accounts for the acquisition and construction of major capital projects and plans that are financed by resources other than proprietary funds.

CITY OF LOS ALTOS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021

	General	In-Lieu Park Land Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (Note 2)	\$18,693,565	\$5,770,870	\$14,280,786	\$5,456,537	\$44,201,758
Restricted cash and investments (Note 2)				172,021	172,021
Receivables, net of allowance for uncollectibles:					
Accounts	6,224,645		57,085	1,346,451	7,628,181
Interest	88,052	16,083			104,135
Prepays (Note 1H)	66,176				66,176
Note receivable (Note 4)	1,704,880				1,704,880
Inventory (Note 1H)	79,020				79,020
Due from other funds (Note 3)	850,985				850,985
Total Assets	\$27,707,323	\$5,786,953	\$14,337,871	\$6,975,009	\$54,807,156
LIABILITIES					
Accounts payable	\$3,765,318	\$6,675	\$2,855,189	\$53	\$6,627,235
Accrued liabilities	1,104,842				1,104,842
Other payable	112,768				112,768
Due to other funds (Note 3)				748,269	748,269
Total Liabilities	4,982,928	6,675	2,855,189	748,322	8,593,114
DEFERRAL INFLOWS OF RESOURCES					
Deferred inflows of revenues	677				677
Total Deferred Inflows	677				677
FUND BALANCES					
Fund balance (Note 8):					
Nonspendable	1,858,691				1,858,691
Restricted		\$5,780,278		6,368,794	12,149,072
Assigned	15,936,861		11,482,682	389,459	27,809,002
Unassigned	4,928,166			(531,566)	4,396,600
Total Fund Balances	22,723,718	5,780,278	11,482,682	6,226,687	46,213,365
Total Liabilities, Deferred inflow of resources and Fund Balances	\$27,707,323	\$5,786,953	\$14,337,871	\$6,975,009	\$54,807,156

See accompanying notes to financial statements

CITY OF LOS ALTOS
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2021

Fund balances of governmental funds \$46,213,365

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in Governmental Activities are not current financial resources. Therefore, were not reported in the governmental funds balance sheet:

Land, buildings, property, equipment and infrastructure, net 105,839,483

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds balance sheet. (6,233)

Deferred outflows below are not current assets of financial resources; and the deferred inflows are not due and payable in the current period and therefore are not reported in the Governmental Funds.

Deferred outflows 9,453,957

Deferred inflows (1,505,780)

Long-term liabilities are not due and payable in the current period. Therefore, they were not reported in the governmental funds balance sheet.

Long-term debt - current portion (534,612)

Long-term debt - noncurrent portion (9,842,251)

Net pension liability (40,741,084)

Net OPEB liability (1,522,251)

Compensated absences - current portion (481,010)

Compensated absences - noncurrent portion (1,443,028)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the governmental-wide statement of net position. 2,303,123

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$107,733,679

See accompanying notes to financial statements

CITY OF LOS ALTOS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	General	In-Lieu Park Land Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property tax	\$28,464,193				\$28,464,193
Sales tax	2,996,325				2,996,325
Utility users	2,917,252				2,917,252
Other tax	2,306,393				2,306,393
Licenses, permits and fees	4,392,246			\$152,842	4,545,088
Intergovernmental		\$1,541,500	\$57,085	2,556,327	4,154,912
Grants and donations	3,986,394		30,312		4,016,706
Charges for services	2,958,245			262,404	3,220,649
Fines and forfeitures	131,467			6,636	138,103
Interest and rentals	184,032	19,049		30,610	233,691
Other	106,487			311,282	417,769
Total Revenues	48,443,034	1,560,549	87,397	3,320,101	53,411,081
EXPENDITURES					
General government					
Public safety	19,389,523			460	19,389,983
Public works	5,616,637				5,616,637
Recreation	1,782,214				1,782,214
Community development	6,357,369			87,612	6,444,981
Admin / community development	7,702,229				7,702,229
Capital improvements		17,564	22,845,200	480,310	23,343,074
Debt service:					
Principal				628,137	628,137
Interest and fiscal charges				239,264	239,264
Total Expenditures	40,847,972	17,564	22,845,200	1,435,783	65,146,519
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,595,062	1,542,985	(22,757,803)	1,884,318	(11,735,438)
OTHER FINANCING SOURCES (USES)					
Proceeds from Lease	100,000			9,900,000	10,000,000
Transfers in (Note 3)	146,176		30,537,813	867,400	31,551,389
Transfers (out) (Note 3)	(17,648,572)	(1,300,000)		(12,602,817)	(31,551,389)
Total Other Financing Sources (Uses)	(17,402,396)	(1,300,000)	30,537,813	(1,835,417)	10,000,000
NET CHANGE IN FUND BALANCES	(9,807,334)	242,985	7,780,010	48,901	(1,735,438)
BEGINNING FUND BALANCES, AS RESTATED (NOTE 8)	32,531,052	5,537,293	3,702,672	6,177,786	47,948,803
ENDING FUND BALANCES	\$22,723,718	\$5,780,278	\$11,482,682	\$6,226,687	\$46,213,365

See accompanying notes to financial statements

CITY OF LOS ALTOS
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances of governmental funds	(\$1,735,438)
Amounts reported for governmental activities in the Statement of Activities are different because:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	26,347,402
Depreciation expense on capital assets is reported in the government wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.	(2,381,714)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Principal payment	(9,371,863)
The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Compensated absences	66,642
Interest payable	(5,433)
Net OPEB liability, and related deferred outflows and inflows of resources	(100,217)
Net pension liability, and related deferred outflows and inflows of resources	(1,789,176)
Internal Service Funds are used by management to charge the costs of certain activities such as insurance, to individual funds. The net revenue of the internal service funds is reported with governmental activities.	<u>(1,859,577)</u>
Changes in net position of governmental activities	<u><u>\$9,170,626</u></u>

See accompanying notes to financial statements



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MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City reported all of its Enterprise Funds as major funds in fiscal 2021.

SEWER

To account for the operation (including waste water treatment) of the City's sewer treatment activities, a self-supporting activity which provides services on a user charge basis.

SOLID WASTE

To account for the collection and disposal of solid waste, a self-supporting activity that provides service on a user charge basis.

STORM DRAIN

To account for the operation of the City's urban runoff and storm drain activities.

CITY OF LOS ALTOS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds	
	Sewer	Solid Waste	Storm Drain		Totals
ASSETS					
Current Assets:					
Cash and investments (Note 2)	\$11,459,886	\$5,548,265		\$17,008,151	\$6,630,277
Accounts receivable	321,898	77,715		399,613	16,998
Interest receivable	24,285	12,328		36,613	
Total Current Assets	<u>11,806,069</u>	<u>5,638,308</u>		<u>17,444,377</u>	<u>6,647,275</u>
Non-Current Assets:					
Capital assets (Note 5):					
Nondepreciable	1,361,354			1,361,354	
Depreciable	25,148,928		\$1,969,221	27,118,149	
Less accumulated depreciation	(11,860,679)		(1,969,221)	(13,829,900)	
Total capital assets, net	<u>14,649,603</u>			<u>14,649,603</u>	
Total non-current Assets	<u>14,649,603</u>			<u>14,649,603</u>	
Total Assets	<u>26,455,672</u>	<u>5,638,308</u>		<u>32,093,980</u>	<u>6,647,275</u>
DEFERRAL OUTFLOWS OF RESOURCES					
Related to pension (Note 11)	346,658			346,658	
Related to OPEB (Note 12)	14,497	1,318	2,635	18,450	
Total Deferred Outflows	<u>361,155</u>	<u>1,318</u>	<u>2,635</u>	<u>365,108</u>	
LIABILITIES					
Current Liabilities:					
Accounts payable	320,781	24,220	21	345,022	28,405
Accrued liabilities	38,515			38,515	
Due to other funds (Note 3)			7,969	7,969	94,747
Compensated absences (Note 7)	26,845			26,845	
Claims and judgements (Note 9)					1,072,302
Total Current Liabilities	<u>386,141</u>	<u>24,220</u>	<u>7,990</u>	<u>418,351</u>	<u>1,195,454</u>
Long-Term Liabilities					
Compensated absences (Note 7)	80,536			80,536	
Claims and judgements (Note 9)					3,148,698
Net pension liabilities (Note 11)	1,628,033			1,628,033	
Net OPEB liabilities (Note 12)	81,093	7,373	14,742	103,208	
Total Noncurrent Liabilities	<u>1,789,662</u>	<u>7,373</u>	<u>14,742</u>	<u>1,811,777</u>	<u>3,148,698</u>
Total Liabilities	<u>2,175,803</u>	<u>31,593</u>	<u>22,732</u>	<u>2,230,128</u>	<u>4,344,152</u>
DEFERRAL INFLOWS OF RESOURCES					
Related to pension (Note 11)	42,158			42,158	
Related to OPEB (Note 12)	21,241	1,931	3,862	27,034	
Total Deferred Inflows	<u>63,399</u>	<u>1,931</u>	<u>3,862</u>	<u>69,192</u>	
NET POSITION (Note 8)					
Net investment in capital assets	14,649,603			14,649,603	
Unrestricted (deficit)	9,928,022	5,606,102	(23,959)	15,510,165	2,303,123
Total Net Position (Deficit)	<u>\$24,577,625</u>	<u>\$5,606,102</u>	<u>(\$23,959)</u>	<u>\$30,159,768</u>	<u>\$2,303,123</u>

See accompanying notes to financial statements

CITY OF LOS ALTOS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Business-type Activities-Enterprise Funds</u>			<u>Totals</u>	<u>Governmental Activities- Internal Service Funds</u>
	<u>Sewer</u>	<u>Solid Waste</u>	<u>Storm Drain</u>		
OPERATING REVENUES					
Charges for services	\$7,126,024	\$860,900		\$7,986,924	\$273,028
Total Operating Revenues	<u>7,126,024</u>	<u>860,900</u>		<u>7,986,924</u>	<u>273,028</u>
OPERATING EXPENSES					
Outside services	3,936,433	377,651	\$21	4,314,105	52,830
Employee services	905,989	16,792		922,781	
Repairs and maintenance					
Claims and insurance					1,918,649
Administration					161,126
Depreciation	<u>426,004</u>			<u>426,004</u>	
Total Operating Expenses	<u>5,268,426</u>	<u>394,443</u>	<u>21</u>	<u>5,662,890</u>	<u>2,132,605</u>
Operating Income (Loss)	<u>1,857,598</u>	<u>466,457</u>	<u>(21)</u>	<u>2,324,034</u>	<u>(1,859,577)</u>
NONOPERATING REVENUES					
Interest	<u>32,649</u>	<u>14,621</u>		<u>47,270</u>	
Total Nonoperating Revenues	<u>32,649</u>	<u>14,621</u>		<u>47,270</u>	
Change in Net Position	1,890,247	481,078	(21)	2,371,304	(1,859,577)
BEGINNING NET POSITION	<u>22,687,378</u>	<u>5,125,024</u>	<u>(\$23,938)</u>	<u>27,788,464</u>	<u>4,162,700</u>
ENDING NET POSITION (DEFICIT)	<u>\$24,577,625</u>	<u>\$5,606,102</u>	<u>(\$23,959)</u>	<u>\$30,159,768</u>	<u>\$2,303,123</u>

See accompanying notes to financial statements

CITY OF LOS ALTOS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds	
	Sewer	Solid Waste	Storm Drain		Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$6,923,171	\$855,678		\$7,778,849	\$315,820
Cash payments to suppliers for goods and services	(3,656,621)	(402,818)		(4,059,439)	
Cash payment employees for services	(794,205)	(16,792)		(810,997)	
Cash payments to claimants					(59,336)
Insurance premiums, settlements and rebates					(1,710,179)
Cash Flows from (used for) Operating Activities	2,472,345	436,068		2,908,413	(1,453,695)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(2,787,409)			(2,787,409)	
Proceeds from disposal of capital assets					
Cash Flows (used for) Capital and Related Financing Activities	(2,787,409)			(2,787,409)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	32,649	14,621		47,270	
Cash Flows from Investing Activities	32,649	14,621		47,270	
Net Cash Flows	(282,415)	450,689		168,274	(1,453,695)
Cash and investments at beginning of period	11,742,301	5,097,576		16,839,877	8,083,972
Cash and investments at end of period	\$11,459,886	\$5,548,265		\$17,008,151	\$6,630,277
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$1,857,598	\$466,457	(\$21)	\$2,324,034	(\$1,859,577)
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation	426,004			426,004	
Change in assets and liabilities:					
Receivables, net	(202,853)	(5,222)		(208,075)	(1,873)
Accounts payable and other accrued expenses	279,812	(25,167)	21	254,666	(107,910)
Due to other funds			(2,111)	(2,111)	44,665
Net pension liabilities and deferred inflows and outflows	64,877			64,877	
Net OPEB liabilities	11,610		2,111	13,721	
Compensated absences	35,297			35,297	
Claims and judgments					471,000
Cash Flows from (used for) Operating Activities	\$2,472,345	\$436,068		\$2,908,413	(\$1,453,695)

See accompanying notes to financial statements

FIDUCIARY FUNDS

CUSTODIAL FUNDS

Custodial Funds are custodial in nature and does not involve measurement of the results of operations. It is used to account for assets held in a custodial capacity for others and therefore cannot be used to support the City's programs. The City has the following custodial funds:

NORTH COUNTY LIBRARY AUTHORITY

This fund accounts for the operating activities and the special assessment collection pertaining to the North County Library Authority.

RAYMUNDO CURB AND GUTTER

This fund accounts for the accumulation of resources for payment of the debt service related to the construction and installation of curbs and gutters. The revenue is derived from the special assessment levied to property owners within that improvement district.

BLUE OAK LANE SEWER

This fund accounts for the accumulation of resources for payment of the debt service and installation of sanitary sewer systems on Blue Oak Lane funded via November 2009 limited obligation assessment district bonds. The revenue is derived from the special assessment levied to property owners within that improvement district.

CITY OF LOS ALTOS
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021

	Custodial Funds		
	North County Library Authority	Raymundo Curb and Gutter	Blue Oak Lane Sewer
ASSETS			
Cash and investments (Note 2)		\$25	\$34,957
Restricted cash and investments (Note 2)			45,814
Accounts receivable	\$818,816		
Interest receivable	230	15	34
Total Assets	819,046	40	80,805
LIABILITIES			
Accounts payable	8,828		
Due to others			
Total Liabilities	8,828		
NET POSITION			
Restricted for:			
Other governments	810,218	40	80,805
Total Net Position	\$810,218	\$40	\$80,805

See accompanying notes to financial statements

CITY OF LOS ALTOS
 FIDUCIARY FUNDS
 STATEMENT OF ACTIVITIES
 JUNE 30, 2021

	Custodial Funds		
	North County Library Authority	Raymundo Curb and Gutter	Blue Oak Lane Sewer
ADDITIONS			
Fee collections	\$59,178	\$7,853	\$49,410
Total Additions	59,178	7,853	49,410
DEDUCTIONS			
Distributions	4,309,565	25,643	45,178
Total Deductions	4,309,565	25,643	45,178
Net increase(decrease) in net position	(4,250,387)	(17,790)	4,232
Net Position-Beginning, as restated (Note 8)	5,060,605	17,830	76,573
Net Position-Ending	<u>\$810,218</u>	<u>\$40</u>	<u>\$80,805</u>

See accompanying notes to financial statements



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CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Background

The basic financial statements of the City of Los Altos, California (the City), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

Reporting Entity

The City incorporated in 1952. The City operates under an elected Council and appointed City Manager form of government and provides the following services: public safety, recreation, community development, public works, capital improvements, and general supporting administrative services. The City has no component units.

B. Basis of Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts which includes its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with such provisions and managerial requirements.

Government-wide Statements: The City's Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These basic financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities and Changes in Net Position presents changes in the net position of the City. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability for goods or services is incurred.

Certain types of transactions are reported as program revenues for the city in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Position internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following inter-fund activities have been eliminated:

- Due to, due from other funds
- Transfers in, transfers out
- Internal service fund transactions

Fund Financial Statements: Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds in the aggregate. An accompanying schedule is included to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-Wide financial statements.

Governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The City’s primary revenue sources, which have been treated as susceptible to accrual by the City, are: property tax, sales tax, hotel tax, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Expenditures are recorded in the accounting period in which the related fund liability is incurred and are accrued accordingly.

Deferred inflow of resources arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the revenue is recognized.

The reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Financial Statements: Proprietary Fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

A column representing the City's internal service funds, those funds that support agency wide shared service costs, is also presented in these statements. These internal service balances and activities are combined with the governmental activities in the Government-wide Financial Statements.

Proprietary Funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Change in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability for goods or services is incurred.

Proprietary Funds distinguish operating revenues and expenses and non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services, including sewer charges, solid waste fees, and support charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund Financial Statements: The City's Fiduciary Funds are comprised of custodial funds used to account for the operating activities and for the special assessment collections pertaining to the North County Library Authority (NCLA), Raymundo and Avalon Drive Curb and Gutter Districts, and Blue Oak Lane Sewer Improvements. Custodial Funds are custodial in nature (assets equal liabilities), do not involve the measurement of results of operations, and are accounted for on the full accrual basis of accounting.

Internal Service Funds: Internal Service Funds account for services provided to other departments pertaining to the employee self-insurance dental program, unemployment insurance, workers' compensation insurance and liability insurance, all of which are funded on a cost reimbursement basis as budget projections and valuations develop.

C. Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund – Accounts for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in another funds. The General Fund supports essential City services such as police, fire, street and parks maintenance, public works, and community development and recreation activities. The General Fund also includes the Real Property Proceeds Funds, which accounts for the proceeds from sale of real property and the Community Facilities Renewal Fund, which accounts for the revenues and expenditures related to the community facilities renewal efforts.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Lieu Park Land Fund – Accounts for revenues received in lieu of parkland dedications. The revenues are dedicated for purchasing or improving park or recreational facilities.

Capital Project Fund – Accounts for the acquisition and construction of major general government capital projects and plans that are financed by resources other than proprietary funds.

The City reported all of its enterprise funds as major funds in the accompanying financial statements:

Sewer Fund – Accounts for the operation (including waste water treatment) of the City’s sewer treatment activities, a self-supporting activity which provides services on a user charge basis.

Solid Waste Fund – Accounts for the administration and support of contracted solid waste services, a self-supporting user charge for services activity.

Storm Drain Fund – Accounts for operation of the City’s urban runoff and storm drain activities.

D. *Recognition of Interest Payable*

In the Governmental Fund Financial Statements, interest expenditures on long-term debt are recognized when payment is made. In the Government-wide Financial Statements and Proprietary Fund Financial Statements interest expense is recognized as the liability is incurred.

E. *Use of Restricted and Unrestricted Net Position*

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City’s policy is to apply restricted net position first.

F. *Cash, Cash Equivalents and Investments*

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in Structured Notes and Asset-backed Securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-backed Securities are subject to market risk as to change in interest rates.

The City places liquid assets in a pooled investment account with the goal of enhancing the diversity of its investment holdings. This portfolio complies with state code investment requirements and is subject to a more restrictive City adopted investment policy. Such funds are held independently in City established investment custodial accounts.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For purposes of reporting cash flows, the City considers each fund's share in the cash and investments pool to be cash and cash equivalents including cash with fiscal agents.

G. Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

H. Inventories

Inventory, mainly consisting of vehicle fuel and paper supplies, is stated at cost on an average cost basis and is controlled by a perpetual inventory system which is adjusted to reflect periodic physical counts. Inventories are recorded as expenditures in the General Fund and charged to departments as consumed.

I. Restricted Cash

Fiscal agents acting on behalf of the City hold investment funds arising from the proceeds of long-term debt issuances. The funds may be used for specific capital outlays or for the payment of certain bonds, certificate of participation and have been invested only as permitted by specific State statutes or applicable City ordinance, resolution or bond indenture.

J. Compensated Absences

Government-wide Financial Statements: For governmental and business-type activities, compensated absences are recorded as expenses and liabilities as the time is earned by employees.

Fund Financial Statements: For Governmental Funds, compensated absences are recorded as expenditures in the years paid. The General Fund is typically used to pay out compensated absences that arise in the course of any one year. Unpaid and accumulated liabilities for some compensated absences accrue to future resources. In Proprietary Funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Property Taxes

Santa Clara County (County) assesses all properties in the City, and it bills, collects and distributes property taxes to the City. Both secured and unsecured property taxes are levied on January 1. The County assesses properties and it bills, collects and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1 for the fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and it becomes delinquent after December 10 and April 10, respectively. The City and the County adopted the “alternative method of property tax distribution” known as the Teeter Plan that authorizes the County to allocate 100% of the secured property tax based on levy instead of collection and to retain all delinquent penalties and interest. Unsecured property tax is due on July 1 and becomes delinquent after August 31. Distribution of the unsecured property taxes is based on collections. Collection of delinquent accounts is the responsibility of the County, which retains all penalties. The County also distributes both penalties and interest collected for delinquent unsecured property taxes.

L. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated acquisition value on the date contributed. City policy has set the capitalization threshold for reporting capital assets at \$5,000 for equipment, \$25,000 for building and facility improvements and \$100,000 for infrastructure.

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	50 years
Improvements	30-50 years
Machinery and Equipment	3-10 years
Infrastructure	30-100 years

In accordance with GASB Statement No. 34, the City has included all infrastructures in its Statement of Net Position.

The City defines infrastructure as basic physical assets that allow the City to function. The assets include the street system. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, streetlights and traffic control devices (signs, signals and pavement markings). These subsystems were not delineated in the Government-wide Financial Statements. The appropriate operating department maintains information regarding the subsystems.

For all infrastructure systems, the City has elected to use the Basic Approach, as defined by GASB Statement No. 34, for infrastructure reporting. The valuation of the City’s infrastructure assets are determined based on the original cost using one of the following methods:

1. Use of historical records where available
2. Standard unit costs appropriate for the construction/acquisition date of the asset
3. Present replacement cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date, was computed on a straight-line method. The book value was then computed by deducting the accumulated depreciation from the original cost.

M. Long-Term Debt

Government-wide Financial Statements: Long-term debt and other financial obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

Fund Financial Statements: The Governmental Fund Financial Statements do not present long-term debt, which are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position.

Governmental Funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Proprietary Fund Financial Statements use the same principles as those used in the Government-wide Financial Statements.

N. Unearned Revenue

Government-wide Financial Statements: In the Government-wide Financial Statements, unearned revenue is recognized for transactions for which revenue has not yet been earned.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

P. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by California Employers' Retiree Benefit Trust (CERBT). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement, which became effective during the year ended June 30, 2021.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 84 – In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The provisions of this Statement were implemented during fiscal year 2021. As part of the implementation of this Statement, the City's former Agency Funds are not presented as Custodial Funds.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interests* – an amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This statement is effective for reporting periods beginning after December 15, 2019. There is no impact on the City financial statements.

Future Governmental Accounting Standards (GASB) Pronouncements

GASB Statement No. 87 – In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The City has not determined its effect on the financial statements.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 91 – In May 2019, GASB Issued Statement No. 91, Conduit Debt Obligation. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. This Statement is effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. The City has not yet determined its effect on the financial statements.

GASB Statement No. 92 – In January 2020, GASB Issued Statement No. 92, Omnibus 2020. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics. This Statement is effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. The City has not yet determined its effect on the financial statements.

GASB Statement No. 93 – In March 2020, GASB Issued Statement No. 93, Replacement of Interbank Offered Rates. The primary objective of this Statement to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement is effective for reporting periods beginning after December 31, 2021. Earlier application is encouraged. The City has not yet determined its effect on the financial statements.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash Deposits

The City’s cash and investments at June 30, 2021 are presented as follows:

Cash and investments	\$67,840,186
Restricted cash and investments	172,021
Custodial funds:	
Cash and investments	34,982
Restricted cash and investments	45,814
Total cash and investments	\$68,093,003

Cash and investments consist of the following as of June 30, 2021:

Cash on hand	\$2,170
Deposits with financial institutions*	9,717,246
Investments:	
Liquid investments	\$3,590,222
Managed investments	54,783,365
Total cash and investments	\$68,093,003

*Workers' compensation imprest balances held by Tristar in trust for City.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Authorized Investments

Under the provisions of the City's investment policy and in accordance with Section 53601 of the California Government Code, the City is authorized to invest or deposit in the following, with the limitations as they relate to interest rate risk, credit risk, and concentration of credit risk:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer	Minimum Legal Rating
Local Agency Investment Fund	N/A	100%	\$75 million	N/A
Money Market Mutual Funds	N/A	20%	10%	N/A
Certificates of Deposit	3 years	50%	10%	A
Bankers' Acceptances	180 days	20%	10%	N/A
Commercial Paper	270 days	25%	5%	A-1
Repurchase Agreements	180 days	20%	10%	N/A
U.S. Treasury Bills, Notes and Bonds	5 years	100%	N/A	N/A
Supra-National Agency Notes and Bonds	5 years	20%	N/A	AA
U.S. Government-Sponsored Enterprise Agencies	5 years	100%	20%	N/A
Medium-Term Corporate Notes	5 years	30%	3%	A
Asset-backed Securities	5 years	20%	3%	AAA

C. Interest Risk

Interest rate risk is the market rate changes that adversely affect the fair value of an investment. Generally, the sensitivity of an investment fair value to changes in market rates is greater when the maturity of the investment is longer.

Investments held in City Treasury grouped by maturity date at June 30, 2021, are shown below:

Investment Type	One Year or Less	13 months to 24 months	25 months to 36 months	37 months to 60 months	Total
Money Market Mutual Fund	\$217,835				\$217,835
Government Sponsored Enterprise Agencies:					
Federal National Mortgage Association Notes (FNMA)	7,320	\$3,049,732	\$1,784,720		4,841,772
Federal Home Loan Mortgage Corporation (FHLMC)	304,608	2,174,440	3,796,799		6,275,847
FHMS			21,808	\$96,123	117,931
U.S. Treasury Notes		13,042,422	8,256,417	3,302,000	24,600,839
Supra-National Agency Notes and Bonds		825,969	423,779		1,249,748
Certificate of Deposit	1,031,008	2,639,884			3,670,892
Corporate Notes	939,109	2,630,999	3,290,481	1,707,110	8,567,699
Asset-Backed Securities	5,416	692,360	1,964,727	2,578,299	5,240,802
Local Agency Investment Funds (LAIF)	3,590,222				3,590,222
Total investments	<u>\$6,095,518</u>	<u>\$25,055,806</u>	<u>\$19,538,731</u>	<u>\$7,683,532</u>	58,373,587
Demand Deposits and Cash on Hand					<u>9,719,416</u>
Total cash and investments					<u>\$68,093,003</u>

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

D. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2021:

<i>Investments by Fair Value Level:</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Government Sponsored Enterprise Agencies:			
Federal National Mortgage Association Notes (FNMA)		\$4,841,772	\$4,841,772
Federal Home Loan Mortgage Corporation (FHLMC)		6,275,847	6,275,847
FHMS		117,931	117,931
U.S. Treasury Notes	\$24,600,839		24,600,839
Supra-National Agency Notes and Bonds		1,249,748	1,249,748
Corporate Notes		8,567,699	8,567,699
Asset-backed Securities		5,240,802	5,240,802
	<u>\$24,600,839</u>	<u>\$26,293,799</u>	<u>50,894,638</u>
 <i>Investments Measured at Amortized Cost:</i>			
Certificates of Deposit			3,670,892
Money Market Mutual Fund			217,835
California Local Agency Investment Fund (LAIF)			3,590,222
Cash in banks and on hand			<u>9,719,416</u>
			<u>\$68,093,003</u>

Investments above classified in Level 1 of the fair value hierarchy are valued using a quoted price in an active market for an identical asset. Investments above classified in Level 2 of the fair value hierarchy are valued using a quoted price in a non-active market for an identical asset. These prices are obtained from various pricing sources by the custodian bank. Certificates of Deposit, Money Market Mutual Fund and LAIF are valued at amortized cost and therefore, exempt from being classified under GASB 72.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

E. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is usually measured by the assignment of a rating by a nationally recognized statistical rating organization.

At June 30, 2021, the City's deposit and investments were rated as follows:

Investment Type	Credit Quality Ratings		Market Value
	Moody's	S&P	
Securities of Government Sponsored Enterprise Agencies:			
Federal National Mortgage Association Notes (FNMA)	Aaa	AA+	\$4,841,772
Federal Home Loan Mortgage Corporate Notes (FHLMC)	Aaa	AA+	6,275,847
FHMS	Aaa	AA+	117,931
U.S. Treasury Notes	Aaa	AA+	24,600,839
Corporate Notes:			
Northern Trust Company	A2	A+	281,189
Honeywell International	A2	A	122,268
Toyota Motor Credit Corp	A1	A+	382,955
Apple Inc.	Aa1	AA+	354,388
Clorox Company	Baa1	A-	230,892
Bank of NY Mellon	A1	A	76,728
Adobe Inc. Corp Note	A2	A	204,356
JP Morgan Chase & Co. Bonds	A2	A-	641,029
Exxon Mobil Corporation	Aa2	AA-	291,236
Pepsico Inc. Corporate Notes	A1	A+	151,172
Chevron Corp	Aa2	AA-	86,275
General Dynamics	A2	A-	237,387
Amazon.com Inc.	A1	AA	784,615
Paccar Financial Corp	A1	A+	50,424
Chevron Corp	Aa2	AA-	288,386
John Deere Capital Corp	A2	A	225,472
Caterpillar Financial Service	A2	A	424,581
Bristol-Myers Squibb Co (Callable)	A2	A+	338,667
Goldman Sachs Group Inc.	A2	BBB+	477,619
IBM Corp Notes	A2	A-	134,543
Charles Schwab Corp (Callable)	A2	A	175,922
Morgan Stanley Corp (Callable)	A1	BBB+	105,126

(Continued)

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Comcast Corp (Callable)	A3	A-	216,571
Morgan Stanley Corp	A1	BBB+	211,411
Citigroup Inc.	A3	BBB+	404,300
United Health Group Inc.	A3	A+	189,472
Astrazeneca Finance LLC (Callable)	A2	A	289,636
Bank of America	A2	A-	213,046
Bank of America Corp (Callable)	A2	A-	275,829
Merck & Co. Inc.	A1	A+	138,471
Burlington North Santa Fe	A3	AA-	134,365
Bank of NY Mellon (Callable)	A1	A	138,425
PNC Bank NA	A2	A	290,943
Certificates of Deposit			
Credit Suisse New York	P-1	A-1	450,821
Societe Generale NY	P-1	A-1	580,187
Sumitomo Mitsui Bank NY	A1	A	452,114
Nordea Bank ABP New York	Aa3	AA-	586,009
Skandinav Enskilda Bank	Aa2	A+	586,075
DNB Bank ASA/NY LT	Aa2	AA-	590,008
Credit Suisse New York Cert	Aa3	A+	425,678
Asset-backed Securities	NR	AAA	2,575,769
Asset-backed Securities	Aaa	AAA	1,370,270
Asset-backed Securities	Aaa	NR	1,294,763
Supra-National Agency Notes and Bonds	Aaa	AAA	1,249,748
Money Market	Aaa	AAAm	217,835
Subtotal			54,783,365
Not Rated:			
Cash on hand	Not Rated	Not Rated	2,170
US Bank General Checking	Not Rated	Not Rated	9,468,158
Money Market (Sweep Account)	Not Rated	Not Rated	249,088
Local Agency Investment Funds (LAIF)	Not Rated	Not Rated	3,590,222
Total Investments			\$68,093,003

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

As of June 30, 2021, the City's bank balance was \$9,510,964 and the corresponding carrying book balance was \$9,414,473. Of the bank balance, \$250,000 was covered by federal depository insurance and \$9,164,473 was collateralized.

Investments: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

G. Investment in State Investment Pool

The City is a voluntary participant in LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool as reported in the accompanying financial statements is based upon the Entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

As of June 30, 2021, the City held \$3,590,222 in LAIF. The LAIF fair value factor of 1.00008297 was used to calculate the fair value of the investments in LAIF and average maturity of 291 days.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 – INTERFUND TRANSACTIONS

A. Transfers

Transfers between funds during the fiscal year ended June 30, 2021 were as follows:

City of Los Altos
June 30, 2021

<u>Fund Making Transfers</u>	<u>Fund Receiving Transfers</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$16,781,172 (A)
	Non-Major Governmental Funds	867,400 (B)
In-Liew Park Land Special Revenue Fund	Capital Projects Fund	1,300,000 (A)
Non-Major Governmental Funds	General Fund	146,176 (C)
	Capital Projects Fund	<u>12,456,641 (A)</u>
		<u>\$31,551,389</u>

Interfund transfers were principally used for the following purposes,

- (A) To fund capital projects
- (B) To maintain minimum fund balance in Debt Service
- (C) Public safety related funds paid to the General Fund

B. Due to/from other funds

Current interfund balances arise in the normal course of business, to fund projects until the borrowing fund receives revenues to repay the lending fund and to assist funds with negative cash balance at the fiscal year end. The following is a summary of interfund balances as of June 30, 2021:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	Storm Drain Enterprise Fund	\$7,969
	Internal Service Fund	94,747
	Non-Major Governmental Funds	<u>748,269</u>
	Total	<u>\$850,985</u>

NOTE 4 – NOTE RECEIVABLE

The City entered into a loan agreement with the City Manager on November 1, 2016, to provide the City Manager a long-term loan of up to \$2,000,000 to finance the acquisition of his personal residence located within the City. The loan is secured by a deed of trust on the property. The loan is due upon sale of the property, within six to twelve months after the termination of the City Manager’s employment with the City depending on the cause of termination, or 30 years from the date of the loan agreement execution, whichever occurs first. The loan bears an interest rate at the 5 Year Treasury Rate as of September 1, 2016 amortized over a thirty-year period and recalculated to the 5 year Treasury Rate every five years of the original date of the loan. At June 30, 2021, the outstanding balance of this loan was \$1,704,880.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 5 – CAPITAL ASSETS

A. Government-wide Financial Statements

At June 30, 2021, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Nondepreciable assets:			
Construction in progress	\$45,660,831	\$1,361,354	\$47,022,185
Land	14,500,134		14,500,134
Total nondepreciable assets	<u>60,160,965</u>	<u>1,361,354</u>	<u>61,522,319</u>
Depreciable assets:			
Buildings	21,637,868	17,959,980	39,597,848
Improvements	6,537,672		6,537,672
Machinery and equipment	7,094,884	1,066,804	8,161,688
Infrastructure	46,562,694	8,091,365	54,654,059
Total depreciable assets	81,833,118	27,118,149	108,951,267
Less accumulated depreciation	<u>(36,154,600)</u>	<u>(13,829,900)</u>	<u>(49,984,500)</u>
Total depreciable assets, net	<u>45,678,518</u>	<u>13,288,249</u>	<u>58,966,767</u>
Total capital assets	<u>\$105,839,483</u>	<u>\$14,649,603</u>	<u>\$120,489,086</u>

The following is a summary of capital assets for governmental activities for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Governmental Activities:					
Capital assets, not depreciated:					
Land	\$11,642,285	\$2,857,849			\$14,500,134
Construction in progress	24,125,740	23,135,712		(\$1,600,621)	45,660,831
Total capital assets, not depreciated	<u>35,768,025</u>	<u>25,993,561</u>		<u>(1,600,621)</u>	<u>60,160,965</u>
Buildings	21,637,868				21,637,868
Improvements	6,537,672				6,537,672
Machinery and equipment	6,879,232	353,841	(\$138,189)		7,094,884
Infrastructure	44,962,073			1,600,621	46,562,694
Total cost of depreciable assets	<u>80,016,845</u>	<u>353,841</u>	<u>(138,189)</u>	<u>1,600,621</u>	<u>81,833,118</u>
Less accumulated depreciation:					
Buildings	(11,029,830)	(398,477)			(11,428,307)
Improvements	(2,592,193)	(177,675)			(2,769,868)
Machinery and equipment	(5,084,950)	(329,062)	138,189		(5,275,823)
Infrastructure	(15,204,102)	(1,476,500)			(16,680,602)
Total accumulated depreciation	<u>(33,911,075)</u>	<u>(2,381,714)</u>	<u>138,189</u>		<u>(36,154,600)</u>
Net depreciable assets	<u>46,105,770</u>	<u>(2,027,873)</u>		<u>1,600,621</u>	<u>45,678,518</u>
Governmental Activity Capital Assets, Net	<u>\$81,873,795</u>	<u>\$23,965,688</u>			<u>\$105,839,483</u>

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 5 – CAPITAL ASSETS (Continued)

The governmental activities depreciation expenses for capital assets for the year ended June 30, 2021 are as follows:

Functions/Programs	Total
Public safety	\$157,432
Public works	1,546,803
Recreation	473,809
Community development	815
Admin / community services	202,855
Total depreciation expense	\$2,381,714

The following is a summary of capital assets for business-type activities:

	Balance June 30, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Business-Type Activities:					
Capital assets, not depreciated:					
Construction in progress	\$1,341,596	\$2,787,409	\$ -	(\$2,767,651)	\$1,361,354
Total capital assets, not depreciated:	1,341,596	2,787,409		(2,767,651)	1,361,354
Capital assets, being depreciated:					
Buildings	17,959,980				17,959,980
Machinery and equipment	1,066,804				1,066,804
Infrastructure	5,323,714			2,767,651	8,091,365
Total cost of depreciable assets	24,350,498			2,767,651	27,118,149
Less accumulated depreciation:					
Buildings	(10,457,145)	(217,810)			(10,674,955)
Machinery and equipment	(820,519)	(55,571)			(876,090)
Infrastructure	(2,126,232)	(152,623)			(2,278,855)
Total accumulated depreciation	(13,403,896)	(426,004)			(13,829,900)
Net depreciable assets	10,946,602	(426,004)		2,767,651	13,288,249
Business-type Activity Capital Assets, Net	\$12,288,198	\$2,361,405	\$ -	\$ -	\$14,649,603

Depreciation expense for business-type activities related to the Sewer Fund amounted to \$426,004 for the year ended June 30, 2021.

B. Fund Financial Statements

The Governmental Fund Financial Statements do not present capital assets, which are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position.

The capital assets of the Enterprise Funds in the Proprietary Fund Financial Statements are the same as those shown in the business-type activities of the Government-wide Financial Statements.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 – LONG-TERM OBLIGATIONS

A. Governmental Activities Long-Term Debt

Summary of changes in governmental activities long-term debt for the year ended June 30, 2021 is as follows:

	Balance at June 30, 2020	Additions	Retirements	Balance at June 30, 2021	Due Within One Year	Due in More Than One Year
2004 Certificate of Participation	\$1,005,000		(\$125,000)	\$880,000	\$130,000	\$750,000
Direct Borrowing-Community Center Lease		\$10,000,000	(503,137)	9,496,863	404,612	9,092,251
Total	<u>\$1,005,000</u>	<u>\$10,000,000</u>	<u>(\$628,137)</u>	<u>\$10,376,863</u>	<u>\$534,612</u>	<u>\$9,842,251</u>

2004 Refunding Certificate of Participation: On November 1, 1996, the City issued \$2,630,000 principal amount of Certificates of Participation (ABAG 38 COPs). The purpose of the ABAG 38 COPs was to finance the partial purchase of the 5.5 acre Saint William School site for public purposes and uses. During 2004 the City issued \$2,500,000 of 2004 Refunding Certificates of Participation to advance refund \$2,390,000 of outstanding principal on the ABAG 38 Certificates of Participation, set up reserve funds, and to pay related issuance costs. The entire ABAG 38 Certificates of Participation had been paid off by June 30, 2004. This advance refunding was undertaken to reduce total future debt service payments.

The Certificates of Participation are limited obligations of the City, payable from appropriations budgeted for in the City’s annual adopted budget. The Certificate covenants contain events of default that may result in the termination of the lease, collection of rent due and other monetary charges and terminate the City's right to possession of the leased property as applied by the Trustee and specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. There were no such events occurred during the fiscal year ending June 30, 2021.

Direct Borrowing - Community Center Lease Agreement: On December 1, 2020, the City entered into Lease Agreements with the Public Property Financing Corporation of California, which subsequently assign the Agreement to Sterling National Bank (Assignee), under which the City leased certain facilities and the land on which the City’s Community Center is located, for which the Assignee made a one-time up-front lease payment to the City in the amount of \$10,000,000. Simultaneously, the City will lease back from the Assignee with annual lease payments over a lease term of 19 years, at a fixed interest rate of 2.290% per year. The Sublease is secured by the leased property. The Sublease is repayable in semi-annual payments beginning June 2021 through June 30, 2040. The pledge of repayment is from the General Fund.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 – LONG-TERM OBLIGATIONS (Continued)

At June 30, 2021, future debt service requirements were as follows:

Years ending June 30	2004 COP		Direct Borrowing Community Center Lease		Total
	Principal	Interest	Principal	Interest	
2022	\$130,000	\$37,400	\$404,612	\$217,478	\$789,490
2023	140,000	31,875	413,877	208,213	793,965
2024	140,000	25,925	423,355	198,735	788,015
2025	150,000	19,975	433,050	189,040	792,065
2026	155,000	13,600	442,967	179,123	790,690
2027-2031	165,000	7,012	2,371,719	738,730	3,282,461
2032-2036	-	-	2,656,005	454,443	3,110,448
2037-2040	-	-	2,351,278	136,101	2,487,379
Total	<u>\$880,000</u>	<u>\$135,787</u>	<u>\$9,496,863</u>	<u>\$2,321,863</u>	<u>\$12,834,513</u>

B. Non-City Obligations

The following bonds are not reported in the City’s financial statements as they are special obligations payable solely from and secured by specific revenue sources as described in the resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City is pledged for payment of these obligations.

	Balance June 30, 2020	Retirements	Balance June 30, 2021	Due Within One Year	Due in More Than One Year
Raymundo Curb and Gutter	\$25,000	(\$25,000)			
Blue Oak Lane	500,000	(15,000)	\$485,000	\$15,000	\$470,000
Total	<u>\$525,000</u>	<u>(\$40,000)</u>	<u>\$485,000</u>	<u>\$15,000</u>	<u>\$470,000</u>

Raymundo Special Assessment Districts: The Raymundo Curb and Gutter Assessment District Improvement Bonds were issued on August 3, 2005 to provide financing for the street improvements in that District. The bonds are payable from a special property tax levied to those residents living within the respective District. The Bonds have been repaid and this District will cease to be reported from next year.

Blue Oak Lane Special Assessment District: On November 5, 2009, Limited Obligation Improvement Bonds were issued for a newly formed Blue Oak Lane Sewer Assessment District (series 2009) to finance the acquisition and construction, by the City, of sanitary sewer improvements serving properties within the subject assessment District. These bonds are issued upon and secured by individual parcel levied assessments to be included in the annual property tax billings annually. The Bonds mature in 2039, were issued in a principal amount of \$662,880 and are subject to semi-annual debt service payments administered by the City.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7 – COMPENSATED ABSENCES PAYABLE

The City’s compensated absences at June 30, 2021, were as follows:

	Governmental Activities	Business-type Activities	Total
Balance at July 1, 2020	\$1,990,680	\$72,084	\$2,062,764
Additions	517,576	81,492	599,068
Payments	(584,218)	(46,195)	(630,413)
Balance at June 30, 2021	<u>\$1,924,038</u>	<u>\$107,381</u>	<u>\$2,031,419</u>
Current Portion	<u>\$481,010</u>	<u>\$26,845</u>	<u>\$507,855</u>
Long-Term Portion	<u>\$1,443,028</u>	<u>\$80,536</u>	<u>\$1,523,564</u>

NOTE 8 – NET POSITION AND FUND BALANCES

A. Fund Balances

In the fund financial statements, governmental funds report the following classifications: non-spendable, restricted, committed, assigned, and unassigned. The City Council, as the highest level of decision making authority for the City, can commit fund balances through the adoption of a formal action in accordance with the adoption of its annual Financial Policy. This formal action includes committing funds through budget adoption or by resolution. This policy authorizes the City Manager to assign fund balances and has set the budgetary level of control at the Fund and Capital Project level for the governing body and the department level for the City Manager and assignees.

B. General Fund Reserve

The City Council has established a General Fund Reserve goal level of 20% of annual operating expenditures has set funds aside accordingly through its annual budgetary actions. These funds would be **available for use in such conditions to mitigate negative economic fiscal impacts or State takeaways and can** be activated within any one budget cycle through Council action. An economic downturn would entail a projected and/or sudden drop in core revenues (major tax and service revenue loss) of equal to or greater than 5% (including the impact of inflation) and/or a change in economic parameters (such as interest rates, debt service rates, commodity prices, pension rates) that cause a material change in expenditures of 5% or more, or the occurrence of a local natural disaster or unexpected financial claim requiring the immediate use of cash balances of 5% or more, or the occurrence of a local natural disaster or unexpected financial claim requiring the immediate use of cash balances. In fiscal year 2020/2021, in line with budget approval, the City reallocated the pre-established State Budget Stabilization reserve into the aforementioned General Fund reserve. This results in the establishment of one Reserve balance to assist in periods of economic downturn or extraordinary need. The City’s reserve goal is at 17.5% during fiscal year 2020/21 based on total expenses for the year.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

C. Classifications

In the Government-wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2021, fund balances for government funds are made up of the following:

- *Non-spendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, long-term notes receivable and land.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the City Council's highest level of decision-making authority. The City Council can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.
- *Assigned Fund Balance* – comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) a body (for example: a budget or finance committee) or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned Fund Balance* – conveys the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. General fund is the only fund that reports a positive unassigned fund balance amount. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, a negative unassigned fund balance is reported in that fund.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

D. Policies

Order of Use

The standard also requires governments to disclose the accounting policies that indicate the order in which restricted, committed, assigned and unassigned amounts are spent. The City considers restricted amounts to have been spent first when expenditures are incurred and both restricted and unrestricted fund balances are available. Additionally, the City considers committed amounts to have been spent first, assigned amounts to have been spent second, and unassigned amounts to have been spent last when an expenditure is incurred for purposes of which committed, assigned, and unassigned fund balance is available. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Assignment and Commitment Authority

The City Council has approved by resolution a financial policy authorizing the City Manager to assign fund balances to facilitate year-end reporting requirements. The City Council, as the highest level of decision making authority for the City, has the ability to commit fund balances through the adoption by resolution. The same action must be taken to modify or rescind the commitment.

E. Fund Balances

Fund balances for all the major and non-major governmental funds as of June 30, 2021 were distributed as follows:

Fund Balance Classifications	General	In Lieu Park Land	Capital Projects	Other Governmental Funds	Total
Nonspendables:					
Inventory and prepaids	\$145,196				\$145,196
Notes receivable	1,704,880				1,704,880
Veteran Memorial	8,615				8,615
Total Nonspendable Fund Balances	1,858,691				1,858,691
Restricted for:					
Debt service				\$373,551	373,551
Special revenue programs and projects		\$5,780,278		5,995,243	11,775,521
Total Restricted Fund Balances		5,780,278		6,368,794	12,149,072
Assigned to:					
Emergency and operating	7,649,169				7,649,169
OPEB	1,500,000				1,500,000
PERS reserve	5,000,000				5,000,000
Technology reserve	1,108,582				1,108,582
Capital and equipment (Note 8I):					
Capital and equipment reserve				389,459	389,459
Construction in progress reserve			\$11,482,682		11,482,682
Community center reserve	679,110				679,110
Total Assigned Fund Balances	15,936,861		11,482,682	389,459	27,809,002
Unassigned	4,928,166			(531,566)	4,396,600
Total Unassigned Fund Balances	4,928,166			(531,566)	4,396,600
Total Fund Balances	\$22,723,718	\$5,780,278	\$11,482,682	\$6,226,687	\$46,213,365

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

F. Net Deficit

The funds listed in the table below had fund balance deficits at June 30, 2021. These deficits are expected to be eliminated by future revenues.

Fund	Fund Deficit
Storm Drain Enterprise Fund	(\$23,959)
Community Development Block Grant Special Revenue Fund	(531,566)
Dental reimbursement Internal Services Fund	(94,747)

G. OPEB Reserves

As of June 30, 2021, \$1,500,000 in General Fund reserves have been assigned in recognition of existing Post-Retirement Health actuarial liability.

H. Capital Projects Reserves

As of June 30, 2021 the City had set-aside \$679,110 for the construction of a new community center that is financed by resources other than proprietary funds. This amount was from the City’s Real Property Proceeds Fund, which are presented with the General Fund in the financial statements. While these funds are not restricted by outside funding sources, the fund balance is assigned for the new community center.

	Real Property Proceeds Fund
Beginning Fund Balance as of July 1, 2020	\$10,654,976
Revenues	
Interest Income	24,133
Total Revenues	24,133
Other Financing Sources (Uses)	
Transfers out	(10,000,000)
Total Other Financing Sources (Uses)	(10,000,000)
Ending Fund Balance as of June 30, 2021	\$679,109

I. Encumbrances

The City utilized an encumbrance system during fiscal year 2021 to assist in controlling expenditures. Under this system, governmental funds are encumbered when purchase orders, contracts, or other commitments are signed or approved. The General fund had an encumbrance balance at June 30, 2021 of \$1,254,492, which is reflected in the fiscal year 2021 budget.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

J. Closure of the Agency Funds and Restatement of Fiduciary Beginning Net Position

The City implemented the provisions of Governmental Accounting Standards Board Statement No. 84 – Fiduciary Activities during the year ended June 30, 2021. As a result, the activities of the former agency funds are now reported as custodial funds in the fiduciary funds statements. Custodial funds beginning net position at July 1, 2020, was restated and increased by \$5,155,088.

K. Prior Period Adjustment

During the fiscal year 2021, the City made some prior period adjustments, as a result, the beginning fund balances for General Fund, the Capital Projects Fund, the Community Development Block Grant special revenue fund were reduced by \$2,939,821, \$161,894 and \$4,617 respectively. The beginning fund balances for the Gas Tax, TDA and Vehicle Registration special revenue funds were increased by \$19,392, \$52,724 and \$147,017 respectively. Beginning net positions at July 1, 2021 for the Governmental Activities were reduced by \$2,887,199 correspondingly.

NOTE 9 – RISK MANAGEMENT

A. Bay Cities Joint Powers Insurance Authority

The City is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; and floods for which the City is insured through Bay Cities Joint Powers Insurance Authority (Bay Cities).

The City has joined Bay Cities for general liability, property, errors and omissions, crimes and automobile physical damage coverage in the current year. Bay Cities is a public agency created in 1986 by and among various municipalities in Northern California to provide a pooled approach to liability insurance pursuant to the California Government Code. It is governed by a Board of Directors comprised of appointed officials from the member entities. The purpose of the pool is to provide various levels of liability coverage, claims administration, and loss control support to member agencies. Annually, each member pays an actuarially determined premium based on a formula which takes into account the prior three years' loss experience, annual payroll, and population.

Bay Cities provides coverage for its Members in excess of the member's retained limit, or self-insured retention (SIR), up to \$1,000,000 per occurrence. Each Member retains the portion of every loss that falls within their SIR, ranging from \$2,500 to \$1,000,000. Bay Cities is also a member of the California Affiliated Risk Management Authorities (CARMA), a risk sharing joint powers authority. When losses exceed the \$1,000,000 per occurrence limit, CARMA provides coverage up to \$28,000,000.

The City self-insures the first \$100,000 of each liability loss. Once the City's deductible is met, Bay Cities becomes responsible for payment of all claims up to the upper limit. During the year ended June 30, 2021, the City contributed \$110,211 or current year coverage.

The City continues to carry excess insurance policy for Workers' Compensation claims through the CSAC Excess Insurance Authority JPA up to the statutory limits and does so using the services of a contracted third-party administrator. The City has a \$250,000 deductible as of June 30, 2021. During the year, the City contributed \$660,550 for current year coverage.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 – RISK MANAGEMENT (Continued)

As of June 30, 2021, \$51,763 of revolving funds was held in trust on behalf of the City by the workers' compensation third-party claims administrator. \$20,000 is also being held by Bay Cities in the procurement of liability and claims coverage. The City will receive these funds upon termination of services subject to final withdrawal adjustments.

The Bay Cities financial statements may be obtained from Bay Cities Joint Powers Insurance Authority, Bickmore, 1750 Creekside Oaks Drive Suite 200, Sacramento, CA 95833. CSAC Excess Insurance Authority financial statements may be obtained from CSAC Excess Insurance Authority, 75 Iron Point Circle Suite 200, Folsom, CA 95630.

B. Liability for Uninsured Claims

The GASB requires municipalities to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed in the section above, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion, of these claims. The current accounting standards require that this amount be separately identified and recorded as a liability. Changes in the balances of claims liabilities during the past three years were as follows:

	June 30,		
	2021	2020	2019
Unpaid claims, beginning of year	\$3,750,000	\$3,492,000	\$3,580,000
Incurred claims and changes in estimates	68,724	816,675	247,742
Claim payments	402,276	(558,675)	(335,742)
Unpaid claims, end of year	<u>\$4,221,000</u>	<u>\$3,750,000</u>	<u>\$3,492,000</u>
Current Portion	<u>\$1,072,302</u>	<u>\$930,123</u>	<u>\$827,371</u>
Long-Term Portion	<u>\$3,148,698</u>	<u>\$2,819,877</u>	<u>\$2,664,629</u>

In conformance with current accounting standards the City obtained an independent actuarial valuation of all outstanding Workers Compensation and Liability claims. The Workers Compensation report presented a valuation as of December 31, 2020 and projected values through fiscal years 2021 and 2022. The fiscal year 2020-2021 values presented above reflect the estimated present value of open claims as developed in this actuarial report. The General Liability report presented a valuation as of December 31, 2020 and projected values through fiscal years 2021 and 2022. The estimated amount of claims and judgments due within one year is \$1,072,302.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 10 – SELF-FUNDED REIMBURSEMENT DENTAL AND VISION PLAN

The City provides a self-funded reimbursement based dental and vision plans. The City’s contribution for these plans are accounted for in the Dental Reimbursement Fund. The City contributed \$75 per month for each fulltime budgeted position. The funds accumulated are used to reimburse full-time salaried employees and their dependents, as well as council members for covered dental and vision claims. There are no administrative charges for this plan. The Dental Reimbursement Fund has a negative fund balance of \$94,747 in fiscal year 2021 due to the plans operating on a calendar year basis. Contributions and reimbursements for the past five fiscal years as follows:

Fiscal year ended June 30,	Contribution Amount	Reimbursement Amount
2017	\$121,350	\$125,208
2018	127,800	177,094
2019	125,324	238,064
2020	258,874	253,377
2021	264,121	308,786
Total	<u>\$897,469</u>	<u>\$1,102,529</u>

The dental and vision plan year commences January 1st of each calendar year. An annual maximum dental and vision reimbursements of \$1,939 are provided for each employee and \$1,291 for each of their dependents. Any remaining balance in the fund for each plan year is carried forward to the following year. In subsequent years, the maximum coverage for both employees and dependents is increased annually based on the Consumer Price Index but not to exceed 3%.

NOTE 11 – PENSION PLAN

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s California Public Employees’ Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the Pension Plan

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City’s Miscellaneous and Safety Tier I, Tier II and PEPRA Employee Pension Rate Plan. The City’s Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors three miscellaneous and three safety rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 11 – PENSION PLAN (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<u>Miscellaneous - Tier 1</u>
Hire date	Prior to January 1, 2012
Benefit formula	2.7% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 67
Monthly benefits, as a % of eligible compensation	2.000% - 2.700%
Required employee contribution rates	8.000%
Required employer contribution rates	14.194%
	 <u>Miscellaneous - Tier 2</u>
Hire date	January 1, 2012 - December 31, 2012
Benefit formula	2% @ 60
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 67
Monthly benefits, as a % of eligible compensation	1.092% - 2.418%
Required employee contribution rates	7.000%
Required employer contribution rates	8.794%
	 <u>Miscellaneous - PEPRA</u>
Hire date	On or after January 1, 2013
Benefit formula	2% @ 62
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	52 - 67
Monthly benefits, as a % of eligible compensation	1.000% - 2.500%
Required employee contribution rates	6.750%
Required employer contribution rates	7.732%

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 11 – PENSION PLAN (Continued)

	<u>Safety - Tiers 1 and 2</u>
Hire date	Prior to January 1, 2012
Benefit formula	3% @ 50
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 55
Monthly benefits, as a % of eligible compensation	3.000%
Required employee contribution rates	9.000%
Required employer contribution rates	23.674%

	<u>Safety - Tier 3</u>
Hire date	January 1, 2012 - December 31, 2012
Benefit formula	3% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 55
Monthly benefits, as a % of eligible compensation	2.400% - 3.000%
Required employee contribution rates	9.000%
Required employer contribution rates	20.585%

	<u>Safety - PEPRA</u>
Hire date	On or after January 1, 2013
Benefit formula	2.7% @ 57
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 57
Monthly benefits, as a % of eligible compensation	2.000% - 2.700%
Required employee contribution rates	13.000%
Required employer contribution rates	13.044%

Beginning in fiscal year 2018, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability and side fund was \$2,783,677 in fiscal year 2021.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 11 – PENSION PLAN (Continued)

For the year ended June 30, 2021, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous	Safety	Total
Contributions - employer	\$2,588,732	\$2,201,042	\$4,789,774

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$23,257,604
Safety	19,111,513
Total Net Pension Liability	\$42,369,117

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2019	0.54%	0.28%
Proportion - June 30, 2020	0.55%	0.29%
Change - Increase (Decrease)	0.01%	0.01%

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 11 – PENSION PLAN (Continued)

For the year ended June 30, 2021, the City recognized pension expense of \$1,789,174. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$2,588,732	
Differences between actual and expected experience	1,198,533	
Changes in assumptions		(\$165,883)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(369,920)
Net differences between projected and actual earnings on plan investments	690,904	
Adjustments due to differences in proportion	474,104	(66,475)
Miscellaneous Total	<u>\$4,952,273</u>	<u>(\$602,278)</u>

Safety Plan

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$2,201,042	
Differences between actual and expected experience	1,482,001	
Changes in assumptions		(\$63,661)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(522,830)
Net differences between projected and actual earnings on plan investments	415,374	
Adjustments due to differences in proportion	504,804	
Safety Total	<u>\$4,603,221</u>	<u>(\$586,491)</u>
Grand total	<u>\$9,555,494</u>	<u>(\$1,188,769)</u>

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 11 – PENSION PLAN (Continued)

\$4,789,774 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
	Annual Amortization	Annual Amortization	Annual Amortization
2022	\$188,257	\$443,303	\$631,560
2023	687,186	682,144	1,369,330
2024	554,442	482,117	1,036,559
2025	331,377	208,125	539,502
	<u>\$1,761,262</u>	<u>\$1,815,689</u>	<u>\$3,576,951</u>

Actuarial Assumptions – For the measurement period ended June 30, 2020, the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2019 total pension liability is based on the following actuarial methods and assumptions:

	<u>Miscellaneous & Safety</u>
Valuation Date	6/30/2019
Measurement Date	6/30/2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	Derived using CalPERS' Membership Data for all funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the CalPERS December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of a December 2018 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 11 – PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and the contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the expected real rates of return by asset class.

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%		-0.92%
Total	<u>100%</u>		

- (a) In the CalPERS Comprehensive Annual Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.00% used for this period.
- (c) An expected inflation of 2.92% used for this period.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 11 – PENSION PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated, as using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$33,854,725	\$27,889,889
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$23,257,604	\$19,111,513
1% Increase	8.15%	8.15%
Net Pension Liability	\$14,501,536	\$11,908,025

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Reduction of CalPERS Discount Rate - In July 2021, CalPERS reported a preliminary 21.3% net return on investments for the 12-month period that ended June 30, 2021. Under the Funding Risk Mitigation Policy approved by the CalPERS Board of Administration in 2015, the 21.3% net return was under the original expected return of 21.7%, which will trigger a reduction in the discount rate used to calculate employer and Public Employees' Pension Reform Act (PEPRA) member contributions. The Funding Risk Mitigation Policy seeks to reduce CalPERS funding risk over time, in which CalPERS investment performance that significantly outperforms the discount rate will trigger adjustments to the discount rate, expected investment return, and strategic asset allocation targets. This is the first time it has been triggered. The discount rate, or assumed rate of return, will drop to 6.8%, from its current level of 7%.

Based on these preliminary fiscal year returns, the CalPERS has announced the funded status of the overall PERF is an estimated 82%. This estimate is based on a 7% discount rate. Under the new 6.8% discount rate, however, CalPERS indicated the funded status of the overall PERF drops to 80%. This is because existing assets are assumed to grow at a slightly slower rate annually into the future. As intended under the Funding Risk Mitigation Policy, the lower discount rate increases the likelihood that CalPERS can reach its target over the longer term. The CalPERS Board of Administration will continue to review the discount rate through its Asset Liability Management process during the rest of the calendar year. CalPERS' final fiscal year 2021 investment performance will be calculated based on audited figures and will be reflected in contribution levels for contracting cities, counties, and special districts in fiscal year 2024.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. General Information about the City’s Other Post Employment Benefit (OPEB) Plan

Plan Description – The City’s Post Employment Benefit Plan is an agent-multiple-employer defined benefit healthcare plan administered by the California Employers’ Retiree Benefit Trust (CERBT).

Benefits Provided – The provisions and benefits of the City’s Other Post Employment Benefit Plan in effect at June 30, 2021, are summarized as follow:

	All Bargaining Units						
Eligibility	Retire directly from the City under CalPERS (age 50 ¹ and 5 years of service or disability)						
Benefit	- 5% of active contribution times years in PEMHCA (increase each year not greater than \$100 per month) - Joined PEMHCA in 2001 - 100% of PEMHCA minimum in 2021 - Monthly amounts: <table style="margin-left: 40px; border-collapse: collapse;"> <tr> <td style="text-align: center;"><u>Year</u></td> <td style="text-align: center;"><u>Actives</u></td> <td style="text-align: center;"><u>Retirees</u></td> </tr> <tr> <td style="text-align: center;">2021</td> <td style="text-align: center;">\$ 132</td> <td style="text-align: center;">\$ 124</td> </tr> </table>	<u>Year</u>	<u>Actives</u>	<u>Retirees</u>	2021	\$ 132	\$ 124
<u>Year</u>	<u>Actives</u>	<u>Retirees</u>					
2021	\$ 132	\$ 124					
Surviving Spouse Benefit	Surviving spouse coverage continues based on CalPERS retirement plan election						
Other	- No dental, vision & life or Medicare reimbursement - Implicit rate subsidy included						

¹ Age 52 for Miscellaneous PEPRAs members

For the year ended June 30, 2021, the City’s contributions to the Plan were \$118,972.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2020:

Active employees	146
Inactive employees or beneficiaries currently receiving benefit payments	50
Inactive employees entitled to but not yet receiving benefit payments	90
Total	286

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

B. Net OPEB Liability

Actuarial Methods and Assumptions – The City net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated January 1, 2019 that was rolled forward using standard update procedures to determine the total OPEB liability as of June 30, 2020, based on the following actuarial methods and assumptions:

Actuarial Assumptions	June 30, 2020 Measurement Date
Valuation Date	January 01, 2019
Actuarial Cost Method	• Entry Age Normal, Level Percentage of Payroll
Contribution Policy	• City contributes full Actuarial Determined Contribution through CERBT #1
Discount Rate and Long Term Expected Rate of Return on Assets	• 6.75% at June 30, 2020
	• 6.75% at June 30, 2019
	• Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	• 2.75% annually
Mortality, Retirement, Disability, Termination	• CalPERS 1997-2015 Experience Study
Mortality Improvement	• Mortality Improvement Scale MP-18
Salary Increases	• Aggregate - 3% annually
	• Merit - CalPERS 1997-2015 Experience Study
Medical Trend	• Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years
	• Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years
PEMHCA Minimum Increases	• 4.25% annually
Healthcare participation	• 60%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	59.0%	4.82%
Fixed income	25.0%	1.47%
TIPS	5.0%	1.29%
Commodities	3.0%	0.84%
REITs	8.0%	3.76%
Total	100.0%	

Discount Rate – The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2019 Measurement Date	\$3,297,885	\$1,915,574	\$1,382,311
Changes Recognized for the Measurement Period:			
Service Cost	195,973		195,973
Interest on the total OPEB liability	231,856		231,856
Changes in benefit terms			0
Differences between expected and actual experience			0
Changes of assumptions			0
Contributions from the employer		118,972	(118,972)
Net investment income		67,723	(67,723)
Benefit payments	(117,894)	(117,894)	0
Administrative expenses		(2,014)	2,014
Net changes	309,935	66,787	243,148
Balance at June 30, 2020 Measurement Date	\$3,607,820	\$1,982,361	\$1,625,459

The City paid \$117,894 for retiree healthcare plan benefits, including \$75,894 in premium payments for retirees, \$42,000 for implied subsidies, and \$1,078 for administrative costs. The plan does not issue separate financial statements.

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate +1% (7.75%)
\$2,118,198	\$1,625,459	\$1,218,011

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

The following table presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point or 1-percentage-point higher than the current healthcare cost trend rates.

The healthcare cost trend are as follows:

- Non-Medicare: 7.5% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years.
- Medicare: 6.5% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years.

Net OPEB Liability/(Asset)		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$1,115,107	\$1,625,459	\$2,262,568

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB expense of \$100,217. At June 30, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$132,024	
Net differences between projected and actual earnings on plan investments	36,755	
Differences between expected and actual experience		(\$386,203)
Changes in assumptions	94,792	
Total	\$263,571	(\$386,203)

\$132,024 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2022	(\$51,556)
2023	(42,556)
2024	(37,557)
2025	(39,728)
2026	(52,038)
Thereafter	(31,221)
Total	(\$254,656)

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 13 – CONTINGENCIES

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases in the aggregate, although they could potentially result in a material adverse financial impact on the City, a reasonable estimate of the outcome and impacts could not be made at the financial statement issuance date.

The City participates in several Federal and State grant programs. These programs are subject to the audits by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act as amended and applicable State requirements. In addition, these programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 14 – OTHER INFORMATION

A. *Joint Powers Agreements*

The City participates in joint ventures through Joint Powers Authorities (JPAs) established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these JPAs exercise full powers and authorities within the scope of the related Joint Powers Agreement, including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the JPAs are not those of the City.

Each JPA is governed by a board consisting of representatives from each member agency. Each board controls the operations of its respective JPA, including selection of management and approval of operating budgets, independent of any influence of member agencies beyond their representation of the board.

City of Palo Alto Regional Water Quality Control Plant: The City has an agreement with the City of Palo Alto to purchase treatment capacity at the Palo Alto Regional Water Quality Control Plant. It was formed in 1968 by a joint exercise of powers among the cities of Palo Alto, Mountain View, and Los Altos, constructed, maintains and operates sewage treatment facilities serving its member cities. The agreement provides that the City will purchase capacity for 50 years. The City of Palo Alto acts as administrator and bills each member its share of the operating costs. The audited financial statements can be obtained by contacting the City of Palo Alto at P.O. Box 10250, Palo Alto, CA 94303.

North County Library Authority (NCLA): The NCLA, formed in 1985 by a joint exercise of powers agreement between the City and the Town of Los Altos Hills, provides library services for member residents. The NCLA was created to provide financing for capital improvements and additional services by the public libraries serving the area. Although the City owns the libraries and their sites, the County of Santa Clara (County) is responsible for all library operations. However, since 1985, the NCLA has levied a voter approved special parcel tax to compensate for service reductions due to cutbacks by the County. The special tax has been collected by the County, transferred to the City, on behalf of NCLA, and then transferred back to the County for the specifically requested services provided by the libraries within the NCLA's service area. The City performs administrative and accounting services for NCLA. In 1991, the NCLA issued Special Tax Bonds in the amount of \$3,645,000. The Special Tax Bonds were repaid off as of June 30, 2012. In 2010, NCLA successfully passed an updated twenty year parcel tax extending the assessment term to 2030. No new debt was issued in association with this election. The audited financial statements can be obtained by contacting the NCLA at One North San Antonio Road, Los Altos, CA 94022.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 14 – OTHER INFORMATION (Continued)

Community Health Awareness Council (CHAC): CHAC was organized as a joint powers agency between the City of Los Altos, City of Mountain View, Town of Los Altos Hills, Los Altos School District, Mountain View Whisman School District, and Mountain View-Los Altos High School District. CHAC provides prevention and intervention services concentrating on positive alternatives to health abuse and self-destructive behaviors within the communities served. The audited financial statements can be obtained by contacting CHAC at P.O. Box 335, Mountain View, California, 94042.

Silicon Valley Clean Energy Authority: The Silicon Valley Clean Energy Authority (SVCEA) was established in 2016 by 12 agencies in Santa Clara County including the City of Los Altos. The purpose of SVCEA is to enable the member agencies to pool the electricity demand within their jurisdictions to directly procure or generate electrical power supplies on behalf of the residents and businesses in their communities, thus allowing those agencies to provide a clean energy option for residents at a competitive price with traditional energy sources. As part of the implementation of SVCEA, the City of Los Altos paid \$100,000 for its portion of the start-up costs. These funds are to be reimbursed to the City once the Authority has achieved financial sustainability.

NOTE 15 – OTHER COMMITMENTS

A summary of remaining authorized CIP project balances at June 30, 2021 for all City funds by service area are as follows:

Construction in progress:	
Streets and Roadways	\$12,375,929
Pedestrian Safety	786,506
Infrastructure and Facilities	2,112,509
Parks	1,180,352
Sewer	6,729,484
Technology	936,709
Community Development	817,139
Storm Drain	962,492
Public Art	60,000
Total	\$25,961,120



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REQUIRED SUPPLEMENTARY INFORMATION



CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

COST-SHARING EMPLOYER DEFINED PENSION PLAN:

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIO

This schedule reports the proportion (percentage) of the collective net pension liability, the proportionate share (amount) of the collective net pension liability, the employer's covered employee payroll, the proportionate share (amount of the collective net pension liability as a percentage of the employer's covered employee payroll and the pension plan's fiduciary net position as a percentage of the total pension liability.

SCHEDULE OF CONTRIBUTIONS

This schedule reports the cost sharing employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered employee payroll.

CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

Schedule of Proportionate Share of the
Net Pension Liability and Related Ratio as of the Measurement Date

Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years*

Measurement Date	Miscellaneous Pool						
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Plan's proportion of the Net Pension Liability (Asset)	0.42907%	0.50595%	0.20298%	0.51409%	0.52958%	0.54011%	0.55138%
Plan's proportion share of the Net Pension Liability (Asset)	\$10,604,408	\$13,880,661	\$17,564,072	\$20,265,838	\$19,958,437	\$21,628,592	\$23,257,604
Plan's Covered Payroll	7,736,180	7,806,721	8,434,058	8,337,461	9,734,936	9,569,932	10,185,806
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	137.08%	177.80%	208.25%	243.07%	205.02%	226.01%	228.33%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	83.03%	78.28%	73.20%	75.39%	77.69%	77.73%	77.71%

Measurement Date	Safety Pool						
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Plan's proportion of the Net Pension Liability (Asset)	0.24026%	0.25820%	0.16023%	0.26642%	0.27582%	0.28041%	0.28686%
Plan's proportion share of the Net Pension Liability (Asset)	\$9,011,972	\$10,639,010	\$13,864,825	\$15,919,233	\$16,183,695	\$17,504,397	\$19,111,513
Plan's Covered Payroll	3,607,754	3,645,893	3,885,679	3,686,478	4,233,297	4,320,366	4,135,400
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	249.79%	291.81%	356.82%	431.83%	382.30%	405.16%	462.14%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.46%	78.52%	73.96%	71.74%	73.39%	73.37%	73.12%

* Fiscal year 2015 was the 1st year of implementation.

CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2021
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

	Miscellaneous Pool						
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Actuarially determined contribution	\$1,081,811	\$1,456,475	\$1,544,680	\$1,769,644	\$1,974,752	\$2,356,569	\$2,588,732
Contributions in relation to the actuarially determined contributions	(1,081,811)	(1,456,475)	(1,544,680)	(1,769,644)	(1,974,752)	(2,356,569)	(2,588,732)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$7,806,721	\$8,434,058	\$8,337,461	\$9,734,936	\$9,569,932	\$10,185,806	\$10,715,749
Contributions as a percentage of covered payroll	13.86%	17.27%	18.53%	18.18%	20.63%	23.14%	24.16%
Notes to Schedule							
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019

	Safety Pool						
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Actuarially determined contribution	\$924,466	\$1,134,277	\$1,205,365	\$1,390,429	\$1,605,370	\$1,962,129	\$2,201,042
Contributions in relation to the actuarially determined contributions	(1,076,741)	(1,134,277)	(1,205,365)	(1,390,429)	(1,605,370)	(1,962,129)	(2,201,042)
Contribution deficiency (excess)	(\$152,275)	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$3,645,893	\$3,885,679	\$3,686,478	\$4,233,297	\$4,320,366	\$4,135,400	\$4,760,661
Contributions as a percentage of covered payroll	29.53%	29.19%	32.70%	32.85%	37.16%	47.45%	46.23%
Notes to Schedule							
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	(1)
Investment rate of return	7.15% (2)
Mortality	Derived using CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

* Fiscal year 2015 was the 1st year of implementation.

CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Retiree Healthcare OPEB Plan - Agent Multiple Employer
Last 10 fiscal years*

Measurement Date	6/30/17	6/30/18	6/30/19	6/30/20
Total OPEB Liability				
Service Cost	\$154,000	\$158,000	\$162,743	\$195,973
Interest	207,000	223,000	238,629	231,856
Actual vs. expected experience			(524,133)	
Assumption changes			128,646	
Benefit payments	(134,000)	(142,000)	(161,000)	(117,894)
Net change in total OPEB liability	227,000	239,000	(155,115)	309,935
Total OPEB liability - beginning	2,987,000	3,214,000	3,453,000	3,297,885
Total OPEB liability - ending (a)	<u>\$3,214,000</u>	<u>\$3,453,000</u>	<u>\$3,297,885</u>	<u>\$3,607,820</u>
Plan fiduciary net position				
Contributions - employer	\$135,000	\$143,000	\$162,000	\$118,972
Net investment income	160,000	134,000	110,961	67,723
Administrative expense	(2,000)	(4,000)	(1,387)	(2,014)
Benefit payments	(134,000)	(142,000)	(161,000)	(117,894)
Net change in plan fiduciary net position	159,000	131,000	110,574	66,787
Plan fiduciary net position - beginning	1,515,000	1,674,000	1,805,000	1,915,574
Plan fiduciary net position - ending (b)	<u>\$1,674,000</u>	<u>\$1,805,000</u>	<u>\$1,915,574</u>	<u>\$1,982,361</u>
Net OPEB liability - ending (a)-(b)	<u>\$1,540,000</u>	<u>\$1,648,000</u>	<u>\$1,382,311</u>	<u>\$1,625,459</u>
Plan fiduciary net position as a percentage of the total OPEB liability	52.1%	52.3%	58.1%	54.9%
Covered-employee payroll	<u>\$12,546,000</u>	<u>\$14,000,000</u>	<u>\$15,000,000</u>	<u>\$15,000,000</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>12.27%</u>	<u>11.77%</u>	<u>9.22%</u>	<u>10.84%</u>

* Fiscal year 2018 was the first year of implementation.

CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

SCHEDULE OF CONTRIBUTIONS

Retiree Healthcare OPEB Plan - Agent Multiple Employer
Last 10 fiscal years*

Fiscal Year Ended June 30,	2018	2019	2020	2021
Actuarially determined contribution	\$304,000	\$313,000	\$333,000	\$343,000
Contributions in relation to the actuarially determined contribution	143,000	314,000	118,972	132,024
Contribution deficiency (excess)	\$161,000	(\$1,000)	\$214,028	\$210,976
Covered-employee payroll	\$14,000,000	\$15,000,000	\$15,000,000	\$15,366,121
Contributions as a percentage of covered-employee payroll	1.02%	2.10%	0.80%	0.90%

* Fiscal year 2018 was the first year of implementation.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTION
Retiree Healthcare OPEB Plan - Agent Multiple Employer
Methods and Assumptions for Actuarially Determined Contribution

Valuation Date	• 1/1/2019
Actuarial Cost Method	• Entry Age Normal, Level Percentage of Payroll
Amortization Method	• Level percent of pay
Amortization Period	• 12.9-year average fixed period for 2020/21
Asset Valuation Method	• Investment gains and losses spread over 5-year rolling period
Discount Rate	• 6.75%
General Inflation	• 2.75%
Medical Trend	• Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 • Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076
Mortality, Retirement, Disability, Termination	• CalPERS 1997-2015 Experience Study
Mortality Improvement	• Mortality Improvement Scale MP-18
PEMHCA Minimum Increases	• 4.25% annually
Healthcare participation	• 60%

CITY OF LOS ALTOS
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property tax	\$25,639,810	\$27,287,029	\$28,464,193	\$1,177,164
Sales tax	3,301,400	2,641,120	2,996,325	355,205
Utility users	2,781,000	2,464,430	2,917,252	452,822
Other tax	4,600,950	1,792,137	2,306,393	514,256
Licenses, permits and fees	8,633,080	4,136,377	4,392,246	255,869
Grants and donations		499,876	3,986,394	3,486,518
Charges for services		2,629,700	2,958,245	328,545
Fines and forfeitures		178,050	131,467	(46,583)
Interest and rentals	386,900	405,045	184,032	(221,013)
Other		123,506	106,487	(17,019)
	<u>45,343,140</u>	<u>42,157,270</u>	<u>48,443,034</u>	<u>6,285,764</u>
Expenditures:				
General government:				
Public Safety	19,615,686	20,343,895	19,389,523	954,372
Public Works	2,964,442	5,775,779	5,616,637	159,142
Recreation	2,666,978	1,800,249	1,782,214	18,035
Community development	3,840,000	6,226,997	6,357,369	(130,372)
Admin/community services	6,547,399	7,350,916	7,702,229	(351,313)
	<u>35,634,505</u>	<u>41,497,836</u>	<u>40,847,972</u>	<u>649,864</u>
Excess of revenues over expenditures	<u>9,708,635</u>	<u>659,434</u>	<u>7,595,062</u>	<u>6,935,628</u>
Other financing sources (uses):				
Proceeds from Lease			100,000	100,000
Transfers in			146,176	146,176
Transfers out			(17,648,572)	(17,648,572)
			<u>(17,402,396)</u>	<u>(17,402,396)</u>
Net change in fund balance	<u>\$9,708,635</u>	<u>\$659,434</u>	<u>(9,807,334)</u>	<u>(\$10,466,768)</u>
Fund balance at beginning of year, as restated			<u>32,531,052</u>	
Fund balance at end of year			<u>\$22,723,718</u>	

CITY OF LOS ALTOS
 IN-LIEU PARK LAND SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES:				
Interest and rentals			\$19,049	\$19,049
Intergovernmental	\$500,000	\$500,000	1,541,500	1,041,500
Total Revenues	<u>500,000</u>	<u>500,000</u>	<u>1,560,549</u>	<u>1,060,549</u>
Expenditures:				
Capital improvement	17,400		17,564	(17,564)
EXCESS OF REVENUES OVER EXPENDITURES	<u>482,600</u>	<u>500,000</u>	<u>1,542,985</u>	<u>1,078,113</u>
NET CHANGE IN FUND BALANCE	<u>\$482,600</u>	<u>\$500,000</u>	242,985	<u>(\$221,887)</u>
Beginning fund balance			<u>5,537,293</u>	
Ending fund balance			<u>\$5,780,278</u>	

CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

1. Budget and Budgetary Accounting

The City adopts a budget annually for General Fund, Special Revenue Funds, **(except for the Storm Drain Deposits Fund)**, and Equipment Replacement Capital Projects Fund that is effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled at the fund level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget during the fiscal year. The City Manager is authorized to transfer budgeted amount between departments and line items within any fund to achieve a balanced budget; however, any revisions which alter the total expenditures of any fund must be approved by the City Council. Transfers between funds must be approved by the City Council. All appropriations lapse at year-end unless otherwise authorized by the City Council and the City Manager, except for capital improvement projects and open purchase order commitments for which appropriations endure until the project or obligation is completed.

Budgets are adopted on a basis consistent with generally accepted accounting principles except for capital projects funds, which are adopted on a project length basis, which means budgets are used until the project's completion for the entire project amount.

OTHER SUPPLEMENTARY INFORMATION



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GENERAL FUND

General Fund – Accounts for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in other funds. The General Fund supports essential City services such as police, fire, street and parks maintenance, maintenance services, community development and recreation activities. The General Fund also includes the Real Property Proceeds Funds, which accounts for the proceeds from the sale of real property and the Community Facilities Renewal Fund, which accounts for the revenues and expenditures related to the community facilities renewal efforts.

CITY OF LOS ALTOS
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2021

	General	Community Facilities Renewal Fund	Real Property Proceeds	Total General Fund
ASSETS				
Cash and investments	\$18,038,690		\$654,875	\$18,693,565
Receivables, net of allowance for uncollectibles:				
Accounts	6,224,645			6,224,645
Interest	63,817		24,235	88,052
Prepays	66,176			66,176
Notes receivable	1,704,880			1,704,880
Inventory	79,020			79,020
Due to other funds	850,985			850,985
	<u>\$27,028,213</u>	<u> </u>	<u>\$679,110</u>	<u>\$27,707,323</u>
LIABILITIES				
Accounts payable	\$3,765,318			\$3,765,318
Accrued liabilities	1,104,842			1,104,842
Other payable	112,768			112,768
	<u>4,982,928</u>	<u> </u>	<u> </u>	<u>4,982,928</u>
DEFERRAL INFLOWS OF RESOURCES				
Deferred inflows or revenues	677			677
	<u>677</u>	<u> </u>	<u> </u>	<u>677</u>
FUND BALANCES				
Fund balance:				
Nonspendable	1,858,691			1,858,691
Assigned	15,118,297		\$679,110	15,797,407
Unassigned	5,067,620			5,067,620
	<u>22,044,608</u>	<u> </u>	<u>679,110</u>	<u>22,723,718</u>
Total Fund Balances	<u>22,044,608</u>	<u> </u>	<u>679,110</u>	<u>22,723,718</u>
Total Liabilities and Fund Balances	<u>\$27,028,213</u>	<u> </u>	<u>\$679,110</u>	<u>\$27,707,323</u>

CITY OF LOS ALTOS
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	General	Community Facilities Renewal	Real Property Proceeds	Intra-Fund Transaction Elimination	Total General Fund
REVENUES					
Property tax	\$28,464,193				\$28,464,193
Sales tax	2,996,325				2,996,325
Utility users	2,917,252				2,917,252
Other tax	2,306,393				2,306,393
Licenses, permits and fees	4,392,246				4,392,246
Grants and donations	3,986,394				3,986,394
Charges for services	2,958,245				2,958,245
Fines and forfeitures	131,467				131,467
Interest and rentals	159,899		\$24,133		184,032
Other	106,487				106,487
Total Revenues	48,418,901		24,133		48,443,034
EXPENDITURES					
General government					
Public safety	19,389,523				19,389,523
Public works	5,616,637				5,616,637
Recreation	1,782,214				1,782,214
Community development	6,357,369				6,357,369
Admin / community development	7,702,229				7,702,229
Total Expenditures	40,847,972				40,847,972
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,570,929		24,133		7,595,062
OTHER FINANCING SOURCES (USES)					
Proceeds from Lease	100,000				100,000
Transfers in	146,176				146,176
Transfers (out)	(7,648,572)		(10,000,000)		(17,648,572)
Total Other Financing Sources (Uses)	(7,402,396)		(10,000,000)		(17,402,396)
NET CHANGE IN FUND BALANCES	168,533		(9,975,867)		(9,807,334)
BEGINNING FUND BALANCES, as Restated	21,876,075		10,654,977		32,531,052
ENDING FUND BALANCES	\$22,044,608		\$679,110		\$22,723,718



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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS**VEHICLE IMPOUND FUND**

To account for revenues collected from arrest and towing fees that are dedicated for public safety purposes.

SUPPLEMENTAL LAW ENFORCEMENT FUND

To account for revenues from the Citizen's Option for Public Safety Program in support of additional front-line law enforcement services.

GAS TAX FUNDS

To account for the revenues received from the State gas taxes under the provision of the Streets and Highways Codes. These revenues are restricted to uses related to construction and improvements, an maintenance and repair of local streets.

PROPOSITION 1B FUND

To account for the allocated bond fund amount from the State under the Proposition 1B provisions.

STORM DRAIN DEPOSITS FUND

To account for fees collected from new subdivision development. All funds are restricted to construction and improvement of the storm drain system.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

To account for grant funds received from the federal government specifically for the housing rehabilitation loan programs, the human services programs through local nonprofit agencies, and the accessibility improvements in compliance with the American with Disabilities Act.

DOWNTOWN PARKING FUND

To account for revenues received from the lease of the public parking plazas and in-lieu program fees. The revenues are dedicated for the construction and improvement of downtown parking facilities.

TRAFFIC IMPACT FEE FUND

To account for revenues received from development. The revenues are dedicated for transportation improvements within the City.

ESTATE DONATION FUND

To account for donations received that are dedicated for purposes specified by the donors.

TDA FUND

To account for State Transportation Development Act, Article 3 funds for bike route and pedestrian facilities improvements.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

SPECIAL REVENUE FUNDS (Continued)**PEG FUND**

To account for fees collected by local Cable Television franchise. All funds are restricted for public education and government access programming.

VEHICLE REGISTRATION FEES FUND

To account for fees collected by the Department of Motor Vehicles from registrations in Santa Clara County. All funds are restricted to street projects.

SB 1 ROAD MAINTENANCE REHABILITATION FUND

To account for revenues received from the State Streets and Highways Codes. These revenues are restricted to address deferred maintenance on the State Highway System and the local street and road system.

TRAFFIC CONGESTION RELIEF PROGRAM FUND

To account for revenues received from the State. These revenues must be used only for maintenance or reconstruction costs on public streets or roads.

CAPITAL PROJECTS FUND**EQUIPMENT REPLACEMENT FUND**

To account for the revenues and expenditures related to the replacement of certain City equipment and vehicles.

DEBT SERVICE FUND**GENERAL DEBT SERVICE**

To account for the accumulation of revenues for periodic payment of principal and interest on Certificates of Participation and related authorized costs.



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CITY OF LOS ALTOS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	SPECIAL REVENUE FUNDS			
	Vehicle Impound	Supplemental Law Enforcement	Gas Tax	Proposition 1B
ASSETS				
Cash and investments		\$146,007	\$2,016,248	\$44,441
Restricted cash and investments				
Receivables, net of allowance for uncollectibles:				
Accounts			4,220	101
Total Assets		\$146,007	\$2,020,468	\$44,542
LIABILITIES				
Accounts payable				
Due to other funds				
Total Liabilities				
FUND BALANCES				
Restricted:				
Debt service				
Special revenue programs and projects		\$146,007	\$2,020,468	\$44,542
Assigned				
Unassigned				
Total Fund Balances		146,007	2,020,468	44,542
Total Liabilities and Fund Balances		\$146,007	\$2,020,468	\$44,542

SPECIAL REVENUE FUNDS

Storm Drain Deposits	Community Development Block Grant	Downtown Parking	Traffic Impact Fee	Estate Donation	TDA
\$56,086		\$884,191	\$20,114	\$18,097	
		5,036	1,528	41	\$52,724
<u>\$56,086</u>		<u>\$889,227</u>	<u>\$21,642</u>	<u>\$18,138</u>	<u>\$52,724</u>
		\$53			
	\$531,566				\$52,724
	531,566	53			52,724
\$56,086		889,174	\$21,642	\$18,138	
	(531,566)				
56,086	(531,566)	889,174	21,642	18,138	
<u>\$56,086</u>		<u>\$889,227</u>	<u>\$21,642</u>	<u>\$18,138</u>	<u>\$52,724</u>

(Continued)

CITY OF LOS ALTOS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	SPECIAL REVENUE FUNDS			
	PEG	Vehicle Registration Fees	SB1 Road Maintenance Rehabilitation	Traffic Congestion Relief Program
ASSETS				
Cash and investments	\$709,973	\$529,401	\$168,733	\$106,129
Restricted cash and investments				
Receivables, net of allowance for uncollectibles:				
Accounts	30,064		104,307	
Total Assets	\$740,037	\$529,401	\$273,040	\$106,129
LIABILITIES				
Accounts payable				
Due to other funds				
Total Liabilities				
FUND BALANCES				
Restricted:				
Debt service				
Special revenue programs and projects	\$740,037	\$529,401	\$273,040	\$106,129
Assigned				
Unassigned				
Total Fund Balances	740,037	529,401	273,040	106,129
Total Liabilities and Fund Balances	\$740,037	\$529,401	\$273,040	\$106,129

<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUNDS</u>		
<u>Measure B</u>	<u>Public Art</u>	<u>Equipment Replacement</u>	<u>General</u>	<u>Los Alto Community Center Lease</u>	<u>Total Non-major Governmental Funds</u>
	\$166,128	\$389,459	\$201,530 172,021		\$5,456,537 172,021
<u>\$1,148,430</u>					<u>1,346,451</u>
<u>\$1,148,430</u>	<u>\$166,128</u>	<u>\$389,459</u>	<u>\$373,551</u>		<u>\$6,975,009</u>
					\$53
<u>\$163,979</u>					<u>748,269</u>
<u>163,979</u>					<u>748,322</u>
			\$373,551		373,551
984,451	\$166,128	\$389,459			5,995,243
					389,459
					<u>(531,566)</u>
<u>984,451</u>	<u>166,128</u>	<u>389,459</u>	<u>373,551</u>		<u>6,226,687</u>
<u>\$1,148,430</u>	<u>\$166,128</u>	<u>\$389,459</u>	<u>\$373,551</u>		<u>\$6,975,009</u>

CITY OF LOS ALTOS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	SPECIAL REVENUE FUNDS			
	Vehicle Impound	Supplemental Law Enforcement	Gas Tax	Proposition 1B
REVENUES				
Charges for services				
Licenses, permits and fees				
Intergovernmental		\$156,726	\$678,775	
Fines and forfeitures	\$6,636			
Interest and rentals			2,621	\$114
Other				
Total Revenues	6,636	156,726	681,396	114
EXPENDITURES				
Current:				
Public safety	460			
Community development				
Capital improvements			280,592	
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures	460		280,592	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,176	156,726	400,804	114
OTHER FINANCING SOURCES (USES)				
Proceeds from Lease				
Transfers in				
Transfers (out)	(6,176)	(100,000)		
Total Other Financing Sources (Uses)	(6,176)	(100,000)		
NET CHANGE IN FUND BALANCES		56,726	400,804	114
BEGINNING FUND BALANCES, AS RESTATED		89,281	1,619,664	44,428
ENDING FUND BALANCES		\$146,007	\$2,020,468	\$44,542

SPECIAL REVENUE FUNDS

Storm Drain Deposits	Community Development Block Grant	Downtown Parking	Traffic Impact Fee	Estate Donation	TDA
		\$13,506	\$139,336		
	303,933	13,390 6,199	2,193	\$47 1,150	
	303,933	33,095	141,529	1,197	
		13,587			
		13,587			
	303,933	19,508	141,529	1,197	
	(835,499)	(40,000)	(651,391)		
	(835,499)	(40,000)	(651,391)		
	(531,566)	(20,492)	(509,862)	1,197	
\$56,086	-	909,666	531,504	16,941	
\$56,086	(\$531,566)	\$889,174	\$21,642	\$18,138	

(Continued)

CITY OF LOS ALTOS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	SPECIAL REVENUE FUNDS			
	PEG	Vehicle Registration Fees	SBI Road Maintenance Rehabilitation	Traffic Congestion Relief Program
REVENUES				
Charges for services	\$96,276			
Licenses, permits and fees				
Intergovernmental			\$572,396	
Fines and forfeitures				
Interest and rentals	2,872			
Other				
Total Revenues	<u>99,148</u>		<u>572,396</u>	
EXPENDITURES				
Current:				
Public safety				
Community development				
Capital improvements				
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>99,148</u>		<u>572,396</u>	
OTHER FINANCING SOURCES (USES)				
Proceeds from Lease				
Transfers in				
Transfers (out)	<u>(405,772)</u>		<u>(500,000)</u>	
Total Other Financing Sources (Uses)	<u>(405,772)</u>		<u>(500,000)</u>	
NET CHANGE IN FUND BALANCES	(306,624)		72,396	
BEGINNING FUND BALANCES, AS RESTATED	<u>1,046,661</u>	<u>529,401</u>	<u>200,644</u>	<u>106,129</u>
ENDING FUND BALANCES	<u><u>\$740,037</u></u>	<u><u>\$529,401</u></u>	<u><u>\$273,040</u></u>	<u><u>\$106,129</u></u>

SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND	DEBT SERVICE FUNDS		
Measure B	Public Art	Equipment Replacement	General	Los Alto Community Center Lease	Total Non-major Governmental Funds
	\$166,128				\$262,404
\$1,148,430					152,842
			\$9,373		2,556,327
					6,636
					30,610
					311,282
<u>1,148,430</u>	<u>166,128</u>		<u>9,373</u>		<u>3,320,101</u>
					460
		\$74,025			87,612
		199,718			480,310
			125,000	\$503,137	628,137
			42,401	196,863	239,264
		<u>273,743</u>	<u>167,401</u>	<u>700,000</u>	<u>1,435,783</u>
<u>1,148,430</u>	<u>166,128</u>	<u>(273,743)</u>	<u>(158,028)</u>	<u>(700,000)</u>	<u>1,884,318</u>
				9,900,000	9,900,000
			167,400	700,000	867,400
<u>(163,979)</u>				<u>(9,900,000)</u>	<u>(12,602,817)</u>
<u>(163,979)</u>			<u>167,400</u>	<u>700,000</u>	<u>(1,835,417)</u>
984,451	166,128	(273,743)	9,372		48,901
		663,202	364,179		6,177,786
<u>\$984,451</u>	<u>\$166,128</u>	<u>\$389,459</u>	<u>\$373,551</u>		<u>\$6,226,687</u>

CITY OF LOS ALTOS
VEHICLE IMPOUND FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	\$20,000	\$6,636	(\$13,364)
Total Revenues	<u>20,000</u>	<u>6,636</u>	<u>(13,364)</u>
EXPENDITURES			
Current:			
Public safety		460	(460)
Total Expenses		<u>460</u>	<u>(460)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>20,000</u>	<u>6,176</u>	<u>(12,904)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)		(6,176)	(6,176)
Total other financing sources (uses)		<u>(6,176)</u>	<u>(6,176)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$20,000</u></u>		<u><u>(\$19,080)</u></u>
Beginning fund balance		_____	
Ending fund balance		_____	

CITY OF LOS ALTOS
 SUPPLEMENTAL LAW ENFORCEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$100,000	\$156,726	\$56,726
Total Revenues	100,000	156,726	56,726
EXCESS OF REVENUES OVER EXPENDITURES	100,000	156,726	56,726
OTHER FINANCING SOURCES (USES)			
Transfers (out)		(100,000)	(\$100,000)
Total other financing sources (uses)		(100,000)	(100,000)
NET CHANGE IN FUND BALANCE	\$100,000	56,726	(\$43,274)
Beginning fund balance		89,281	
Ending fund balance		\$146,007	

CITY OF LOS ALTOS
GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$680,000	\$678,775	(\$1,225)
Interest and rentals		2,621	2,621
	<u>680,000</u>	<u>681,396</u>	<u>1,396</u>
EXPENDITURES			
Capital improvements		280,592	(280,592)
		<u>280,592</u>	<u>(280,592)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>680,000</u>	<u>400,804</u>	<u>(279,196)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$680,000</u></u>	<u><u>400,804</u></u>	<u><u>(\$279,196)</u></u>
Beginning fund balance, as restated		<u>1,619,664</u>	
Ending fund balance		<u><u>\$2,020,468</u></u>	

CITY OF LOS ALTOS
 PROPOSITION 1B FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rentals		\$114	\$114
Total Revenues		114	114
EXCESS OF REVENUES OVER EXPENDITURES		114	114
NET CHANGE IN FUND BALANCE		114	\$114
Beginning fund balance		44,428	
Ending fund balance		\$44,542	

CITY OF LOS ALTOS
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Grants and donations		\$303,933	\$303,933
Total Revenues		303,933	303,933
EXCESS OF REVENUES OVER EXPENDITURES		303,933	303,933
OTHER FINANCING SOURCES (USES)			
Transfers (out)		(835,499)	(835,499)
Total other financing sources (uses)		(835,499)	(835,499)
NET CHANGE IN FUND BALANCE		(531,566)	(\$531,566)
Beginning fund balance, as restated			
Ending fund balance		(531,566)	

CITY OF LOS ALTOS
DOWNTOWN PARKING FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Licenses, permits and fees	\$40,000	\$13,506	(\$26,494)
Interest and rentals		13,390	13,390
Other		6,199	6,199
	<u>40,000</u>	<u>33,095</u>	<u>(6,905)</u>
Total Revenues			
EXPENDITURES			
Current:			
Community development		13,587	(13,587)
		<u>13,587</u>	<u>(13,587)</u>
Total Expenses			
EXCESS OF REVENUES OVER EXPENDITURES	<u>40,000</u>	<u>19,508</u>	<u>(20,492)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)		(40,000)	(40,000)
		<u>(40,000)</u>	<u>(40,000)</u>
Total other financing sources (uses)			
NET CHANGE IN FUND BALANCE	<u><u>\$40,000</u></u>	<u>(20,492)</u>	<u><u>(\$60,492)</u></u>
Beginning fund balance		<u>909,666</u>	
Ending fund balance		<u><u>\$889,174</u></u>	

CITY OF LOS ALTOS
 TRAFFIC IMPACT FEE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses, permits and fees	\$260,000	\$139,336	(\$120,664)
Interest and rentals		1,360	1,360
Total Revenues	<u>260,000</u>	<u>140,696</u>	<u>(119,304)</u>
EXPENDITURES			
Capital improvements		(833)	833
Total Expenses		<u>(833)</u>	<u>833</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>260,000</u>	<u>141,529</u>	<u>(118,471)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)		(651,391)	(651,391)
Total other financing sources (uses)		<u>(651,391)</u>	<u>(651,391)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$260,000</u></u>	<u>(509,862)</u>	<u><u>(\$769,862)</u></u>
Beginning fund balance		<u>531,504</u>	
Ending fund balance		<u><u>\$21,642</u></u>	

CITY OF LOS ALTOS
 ESTATE DONATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest		\$47	\$47
Total Revenues		1,197	1,197
EXCESS OF REVENUES OVER EXPENDITURES		1,197	1,197
NET CHANGE IN FUND BALANCE		1,197	\$1,197
Beginning fund balance		16,941	
Ending fund balance		\$18,138	

CITY OF LOS ALTOS
TDA FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Grants and donations			
Total expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
OTHER FINANCING SOURCES (USES)			
Transfers (out)			
Total other financing sources (uses)			
NET CHANGE IN FUND BALANCE			
Beginning fund balance, as restated			
Ending fund balance			

CITY OF LOS ALTOS
 PEG FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest income		\$2,872	\$2,872
Charges for services	\$100,000	96,276	(3,724)
Total revenues	100,000	99,148	(852)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(100,000)	99,148	(852)
OTHER FINANCING SOURCES (USES)			
Transfers (out)		(405,772)	(405,772)
Total other financing sources (uses)		(405,772)	(405,772)
NET CHANGE IN FUND BALANCE	(\$100,000)	(306,624)	(\$852)
Beginning fund balance		1,046,661	
Ending fund balance		\$740,037	

CITY OF LOS ALTOS
VEHICLE REGISTRATION FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Grants and donations	<u>\$408,553</u>	<u> </u>	<u>(\$408,553)</u>
Total revenues	<u>408,553</u>	<u> </u>	<u>(408,553)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>408,553</u>	<u> </u>	<u>(408,553)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$408,553</u></u>		<u><u>(\$408,553)</u></u>
Beginning fund balance, as restated		<u>\$529,401</u>	
Ending fund balance		<u><u>\$529,401</u></u>	

CITY OF LOS ALTOS
 SB1 ROAD MAINTENANCE REHABILITATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental		\$572,396	\$572,396
Total revenues		<u>572,396</u>	<u>572,396</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)		(500,000)	(500,000)
Total other financing sources (uses)		<u>(500,000)</u>	<u>(500,000)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>72,396</u>	<u>72,396</u>
NET CHANGE IN FUND BALANCE		<u>72,396</u>	<u>\$72,396</u>
Beginning fund balance		<u>200,644</u>	
Ending fund balance		<u>\$273,040</u>	

CITY OF LOS ALTOS
 TRAFFIC CONGESTION RELIEF PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental			
Total revenues			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
NET CHANGE IN FUND BALANCE			
Beginning fund balance		\$106,129	
Ending fund balance		\$106,129	

CITY OF LOS ALTOS
EQUIPMENT REPLACEMENT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES			
Community development	\$210,000	\$74,025	\$135,975
Capital improvements	<u>207,000</u>	<u>199,718</u>	<u>7,282</u>
Total expenditures	<u>417,000</u>	<u>273,743</u>	<u>143,257</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(417,000)</u>	<u>(273,743)</u>	<u>143,257</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$417,000)</u></u>	<u>(273,743)</u>	<u><u>\$143,257</u></u>
Beginning fund balance		<u>663,202</u>	
Ending fund balance		<u><u>\$389,459</u></u>	



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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services provided by one City department or agency to other departments or agencies of the City, or to other government units on a cost-reimbursement basis (including depreciation).

DENTAL REIMBURSEMENT

To account for costs of the City's self-insurance dental program. Funds are provided primarily from charges to departments.

UNEMPLOYMENT INSURANCE

To account for the unemployment insurance premiums and claims made against the City. Funds are provided primarily from charges to departments.

WORKERS' COMPENSATION INSURANCE

To account for the premium costs and self-insured claim losses made against the City for workers compensation. Funds are provided primarily from charges to departments.

LIABILITY INSURANCE

To account for the premium costs and self-insured claim losses made against the City for property-related and general liability. Funds are provided primarily from charges to departments.

CITY OF LOS ALTOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Dental Reimbursement</u>	<u>Unemployment Insurance</u>	<u>Workers' Compensation Insurance</u>	<u>Liability Insurance</u>	<u>Total</u>
ASSETS					
Current Assets:					
Cash and investments		\$546,698	\$5,332,328	\$751,251	\$6,630,277
Accounts receivable			1,265	15,733	16,998
					<u>16,998</u>
Total Assets		<u>546,698</u>	<u>5,333,593</u>	<u>766,984</u>	<u>6,647,275</u>
LIABILITIES					
Current Liabilities:					
Accounts payable			4,285	24,120	28,405
Claims and judgements			771,281	301,021	1,072,302
Due to other funds	\$94,747				94,747
					<u>94,747</u>
Noncurrent Liabilities:					
Claims and judgements			2,989,719	158,979	3,148,698
					<u>3,148,698</u>
Total Liabilities	<u>94,747</u>		<u>3,765,285</u>	<u>484,120</u>	<u>4,344,152</u>
NET POSITION					
Unrestricted	<u>(94,747)</u>	<u>546,698</u>	<u>1,568,308</u>	<u>282,864</u>	<u>2,303,123</u>
Total Net Position	<u><u>(\$94,747)</u></u>	<u><u>\$546,698</u></u>	<u><u>\$1,568,308</u></u>	<u><u>\$282,864</u></u>	<u><u>\$2,303,123</u></u>

CITY OF LOS ALTOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Dental Reimbursement	Unemployment Insurance	Workers' Compensation Insurance	Liability Insurance	Total
OPERATING REVENUES					
Charges for services	\$264,121			\$8,907	\$273,028
Total Operating Revenues	264,121			8,907	273,028
OPERATING EXPENSES					
Outside services				52,830	52,830
Claims and insurance	308,786	\$7,594	\$857,037	745,232	1,918,649
Administration			161,126		161,126
Total Operating Expenses	308,786	7,594	1,018,163	798,062	2,132,605
Operating Income (Loss)	(44,665)	(7,594)	(1,018,163)	(789,155)	(1,859,577)
OTHER FINANCING SOURCES (USES)					
Transfers in					
Total Other Financing Sources (Uses)					
Change in Net Position	(44,665)	(7,594)	(1,018,163)	(789,155)	(1,859,577)
BEGINNING NET POSITION	(50,082)	554,292	2,586,471	1,072,019	4,162,700
ENDING NET POSITION	(\$94,747)	\$546,698	\$1,568,308	\$282,864	\$2,303,123

CITY OF LOS ALTOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Dental Reimbursement	Unemployment Insurance	Workers' Compensation Insurance	Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from other funds	\$308,786		\$4,703	\$2,331	\$315,820
Cash payments to vendors	(308,786)	(\$7,594)	243,874	13,170	(59,336)
Insurance premiums, settlements, and rebates			(951,977)	(758,202)	(1,710,179)
Cash Flows from Operating Activities		(7,594)	(703,400)	(742,701)	(1,453,695)
Cash and investments at beginning of period		554,292	6,035,728	1,493,952	8,083,972
Cash and investments at end of period		\$546,698	\$5,332,328	\$751,251	\$6,630,277
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	(\$44,665)	(\$7,594)	(\$1,018,163)	(\$789,155)	(\$1,859,577)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Change in assets and liabilities:					
Accounts receivable			4,703	(6,576)	(1,873)
Accounts payable			(94,940)	(12,970)	(107,910)
Due to other funds	44,665				44,665
Claims and judgments payable			405,000	66,000	471,000
Cash Flows from Operating Activities		(7,594)	(703,400)	(742,701)	(1,453,695)

STATISTICAL SECTION



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STATISTICAL SECTION

This part of the City's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balances of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Tax Revenues by Source, Governmental Funds
2. Assessed Value of Taxable Property
3. Property Tax Dollar by Break Down
4. Property Tax Dollars by Recipient Group
5. Direct and Overlapping Tax Rates
6. Principal Property Taxpayers
7. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratios of Outstanding Debt by Type
2. Schedule of Direct and Overlapping Bonded Debt
3. Legal Debt Margin

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic Statistics
2. Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time Equivalent City Employees by Function/Program
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program
4. Trust and Agency Debt Administration

Sources

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

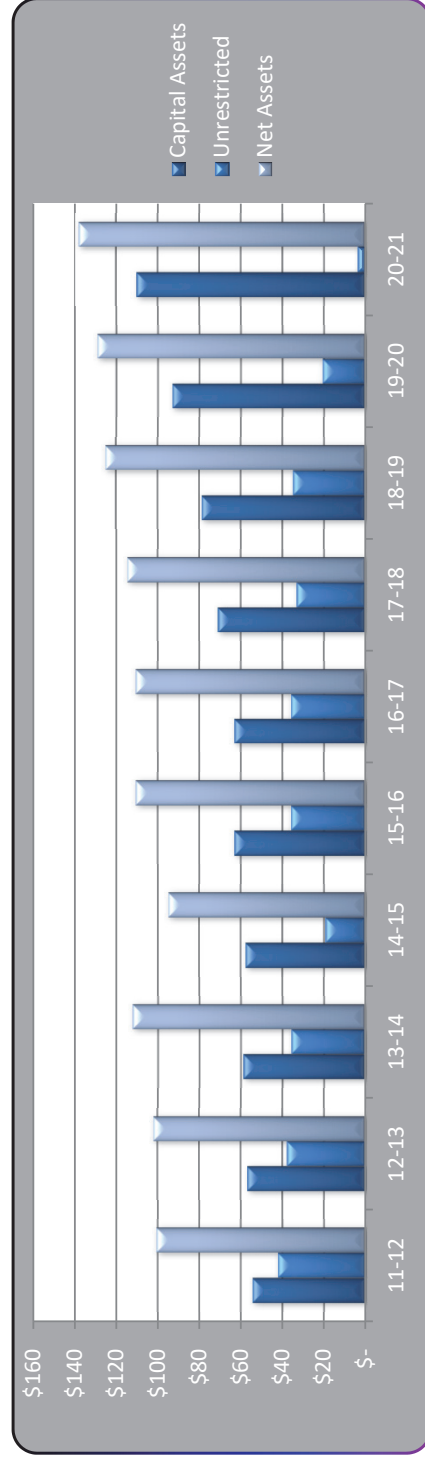


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**City of Los Altos
Net Position by Component
Last Ten Fiscal Years**

(accrual basis of accounting; amounts expressed in thousands)

	FISCAL YEAR									
	2011-12	2012-13 (a)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Governmental activities										
Net investment in capital assets	\$ 48,511	\$ 50,102	\$ 50,164	\$ 49,079	\$ 53,409	\$ 54,725	\$ 61,525	\$ 67,611	\$ 80,869	\$ 95,463
Restricted	3,926	7,406	17,629	17,815	14,447	11,498	10,620	11,381	15,365	24,021
Unrestricted	34,634	29,883	27,624	10,746	15,583	24,047	20,429	21,733	5,216	(11,750)
Total governmental activities net position	\$ 87,071	\$ 87,391	\$ 95,417	\$ 77,640	\$ 83,439	\$ 90,270	\$ 92,574	\$ 100,725	\$ 101,450	\$ 107,734
Business-type activities										
Net investment in capital assets	\$ 5,952	\$ 6,773	\$ 8,718	\$ 8,662	\$ 8,726	\$ 8,403	\$ 9,450	\$ 11,239	\$ 12,288	\$ 14,650
Unrestricted	7,539	7,843	8,087	8,472	11,259	11,907	12,644	13,135	15,500	15,510
Total business-type activities net position	\$ 13,491	\$ 14,616	\$ 16,805	\$ 17,134	\$ 19,985	\$ 20,310	\$ 22,094	\$ 24,374	\$ 27,788	\$ 30,160
Primary government										
Net investment in capital assets	\$ 54,463	\$ 56,875	\$ 58,882	\$ 57,741	\$ 62,135	\$ 63,128	\$ 70,975	\$ 78,850	\$ 93,157	\$ 110,113
Restricted	3,926	7,406	17,629	17,815	14,447	11,498	10,620	11,381	15,365	24,021
Unrestricted	42,173	37,726	35,711	19,218	26,842	35,954	33,073	34,868	20,716	3,760
Total primary government net position	\$ 100,562	\$ 102,007	\$ 112,222	\$ 94,774	\$ 103,424	\$ 110,580	\$ 114,668	\$ 125,099	\$ 129,238	\$ 137,894



Source:
City of Los Altos Finance Department

Note:

(a) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "Net Assets" with the term "Net Position"

City of Los Altos
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting; amounts expressed in thousands)

	FISCAL YEAR										
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Expenses											
Governmental activities:											
Public safety	\$ 14,101	\$ 14,797	\$ 15,144	\$ 14,884	\$ 15,636	\$ 15,791	\$ 15,224	\$ 19,928	\$ 18,945	\$ 21,217	\$ 21,384
Public works	5,451	5,157	5,557	6,453	7,058	5,816	7,832	6,217	6,534	7,659	4,741
Recreation	2,503	2,193	2,108	2,656	2,976	2,744	2,613	3,402	3,061	3,235	2,584
Community development	4,052	3,583	4,514	4,038	4,590	5,758	4,243	6,440	5,547	6,596	7,004
Admin/Community services	3,837	4,034	5,675	3,804	4,002	4,882	4,411	5,687	5,905	9,806	8,282
Interest on long-term activities	86	69	95	71	68	63	51	64	51	40	245
Total governmental activities expenses	30,030	29,833	33,093	31,906	34,330	35,054	34,374	41,738	40,043	48,553	44,240
Business-type activities:											
Sewer	4,520	4,386	4,529	4,574	4,789	4,607	6,754	4,970	5,273	5,527	5,268
Solid waste	717	341	355	366	347	376	438	461	465	426	394
Storm drain	200	213	232	165	215	-	1	1	-	-	-
Total Business-type activities expenses	5,437	4,940	5,116	5,105	5,351	4,983	7,193	5,432	5,738	5,953	5,662
Total primary government expenses	\$ 35,467	\$ 34,773	\$ 38,209	\$ 37,011	\$ 39,681	\$ 40,037	\$ 41,567	\$ 47,170	\$ 45,781	\$ 54,506	\$ 49,902
Program Revenues											
Governmental activities:											
Charges for services:											
Public safety	\$ 348	\$ 394	\$ 344	\$ 417	\$ 898	\$ 462	\$ 363	\$ 330	\$ 488	\$ 324	\$ 202
Public works	191	32	34	60	33	55	42	51	51	48	59
Recreation	1,763	1,808	1,865	1,952	2,167	2,123	2,070	2,021	1,963	847	271
Community development	2,650	3,260	7,431	5,196	3,625	3,412	3,112	4,589	4,027	3,498	5,793
Admin/Community services	1,061	875	947	942	954	1,033	1,082	950	753	1,200	954
Operating grants and contributions:											
Public safety	100	112	109	116	109	437	392	409	401	188	4,140
Public works	682	829	699	909	504	336	262	298	286	420	379
Recreation	-	-	-	-	-	2	5	5	5	-	-
Community development	168	21	59	36	343	8	148	170	-	-	306
Admin/Community services	64	36	58	6	-	-	-	-	-	-	-
Capital grants and contributions:											
Public safety	-	-	-	-	-	-	-	-	-	-	-
Public works	711	897	492	747	498	1,522	807	641	806	1,856	1,778
Recreation	-	-	-	-	-	-	-	-	-	-	-
Community development	-	3,400	80	3	30	7	-	62	-	-	31
Admin/Community services	78	76	-	83	-	-	-	-	-	-	-
Total governmental activities program revenues	7,816	11,740	12,118	10,467	9,161	9,397	8,283	9,526	8,780	8,381	13,913

**City of Los Altos
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting; amounts expressed in thousands)**

	FISCAL YEAR										
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Business-type activities:											
Charges for services:											
Sewer	\$ 4,813	\$ 4,503	\$ 5,121	\$ 6,347	\$ 6,328	\$ 6,986	\$ 6,703	\$ 6,369	\$ 6,467	\$ 7,942	\$ 7,126
Solid waste	992	821	879	754	786	752	774	812	841	847	861
Storm drain	-	-	-	12	2	-	-	-	-	-	-
Total business-type activities program revenues	5,805	5,324	6,000	7,113	7,116	7,738	7,477	7,181	7,308	8,789	7,987
Total primary government program revenues	\$ 13,621	\$ 17,064	\$ 18,118	\$ 17,580	\$ 16,277	\$ 17,135	\$ 15,760	\$ 16,707	\$ 16,088	\$ 17,170	\$ 21,900
Net (expense)/revenue:											
Governmental activities	\$ (22,214)	\$ (18,093)	\$ (20,975)	\$ (21,439)	\$ (25,170)	\$ (25,657)	\$ (26,091)	\$ (32,212)	\$ (31,263)	\$ (40,172)	\$ (30,327)
Business-type activities	368	384	884	2,008	1,766	2,755	284	1,749	1,570	2,836	2,325
Total primary government net (expense)/revenue	\$ (21,846)	\$ (17,709)	\$ (20,091)	\$ (19,431)	\$ (23,404)	\$ (22,902)	\$ (25,807)	\$ (30,463)	\$ (29,693)	\$ (37,336)	\$ (28,002)
General Revenues and Other Changes in Net Position											
Governmental activities:											
Taxes:											
Property taxes	\$ 12,794	\$ 13,302	\$ 14,130	\$ 15,586	\$ 17,480	\$ 18,776	\$ 19,863	\$ 21,429	\$ 23,792	\$ 25,787	\$ 28,464
Sales taxes	2,588	2,746	2,926	2,809	2,943	3,196	3,278	3,244	3,461	3,373	2,996
Utility users taxes	2,543	2,548	2,600	2,600	2,523	2,672	2,680	2,732	2,744	2,839	2,917
Other taxes	2,910	2,868	3,301	3,542	3,732	3,909	4,330	4,535	4,514	3,598	2,304
Franchise fees	1,814	1,731	1,770	1,905	1,808	2,029	2,083	2,207	2,222	2,287	2,215
Sale of Capital Assets-net	-	(545)	(8)	2,846	-	-	-	-	-	-	-
Interest income	275	115	174	99	200	438	233	320	2,226	2,595	173
Miscellaneous	388	131	382	212	1,124	435	454	452	456	418	428
Transfers	(65)	(247)	(232)	(152)	(196)	-	-	-	-	-	-
Total governmental activities	\$ 23,247	\$ 22,649	\$ 25,043	\$ 29,447	\$ 29,614	\$ 31,455	\$ 32,921	\$ 34,919	\$ 39,415	\$ 40,897	\$ 39,497
Business-type activities:											
Interest income	71	37	10	-	-	-	-	-	-	579	47
Miscellaneous	-	-	-	28	40	96	40	70	477	-	-
Transfers	65	247	232	152	196	-	-	-	-	-	-
Total business-type activities	136	284	242	180	236	96	40	70	477	579	47
Total primary government	\$ 23,383	\$ 22,933	\$ 25,285	\$ 29,627	\$ 29,850	\$ 31,551	\$ 32,961	\$ 34,989	\$ 39,892	\$ 41,476	\$ 39,544
Change in Net Position											
Governmental activities	\$ 1,033	\$ 4,556	\$ 4,068	\$ 8,008	\$ 4,444	\$ 5,798	\$ 6,830	\$ 2,707	\$ 8,152	\$ 725	\$ 9,170
Business-type activities	504	668	1,126	2,188	2,002	2,851	324	1,819	2,047	3,415	2,372
Total primary government	\$ 1,537	\$ 5,224	\$ 5,194	\$ 10,196	\$ 6,446	\$ 8,649	\$ 7,154	\$ 4,526	\$ 10,199	\$ 4,140	\$ 11,542

Source:
City of Los Altos Finance Department

City of Los Altos
Fund Balances - Governmental Funds
Last Ten Fiscal Years

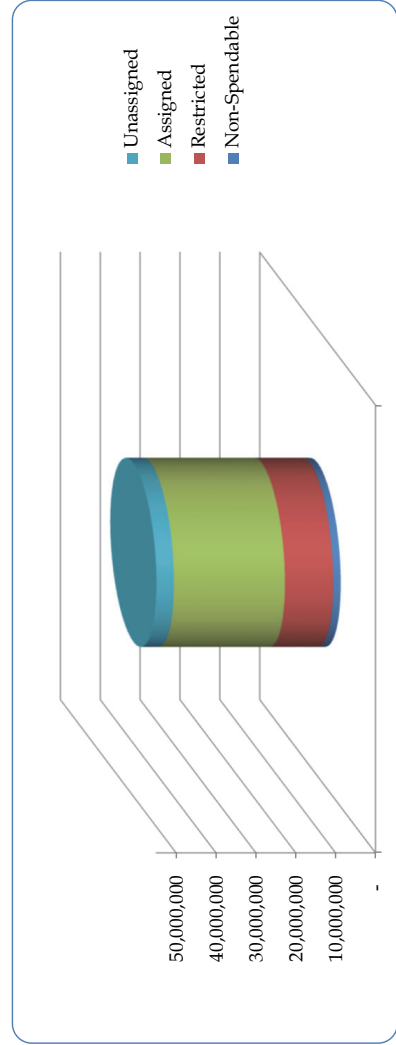
(modified accrual basis of accounting; amounts expressed in thousands)
(Pre GASB 54 Presentation - For Years Before 2011-12)

	FISCAL YEAR									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
General fund										
Non-Spendable	\$ 46	\$ 49	\$ 35	\$ 445	\$ 524	\$ 38	\$ 1,932	\$ 1,882	\$ 1,836	\$ 1,859
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	1,025	-	-	-	-	-	-	-	-	-
Assigned	4,700	6,025	27,161	29,565	29,064	37,630	38,040	39,020	25,773	15,937
Unassigned/Unrestricted	1,714	2,428	1,433	4,789	8,535	6,148	5,422	6,841	7,861	4,928
Total general fund	\$ 7,485	\$ 8,502	\$ 28,629	\$ 34,799	\$ 38,123	\$ 43,816	\$ 45,394	\$ 47,743	\$ 35,470	\$ 22,724
All other governmental funds										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	7,406	7,406	10,008	10,614	9,969	9,645	10,107	9,939	10,890	12,149
Committed	4,611	3,630	-	-	-	-	-	-	-	-
Assigned	19,514	19,460	7,621	7,201	4,477	1,993	1,335	1,495	4,529	11,872
Unreserved/Unrestricted	-	-	-	-	-	(140)	(823)	(53)	(53)	(532)
Total all other governmental funds	\$ 31,531	\$ 30,496	\$ 17,629	\$ 17,815	\$ 14,446	\$ 11,498	\$ 10,619	\$ 11,381	\$ 15,366	\$ 23,489
Total all governmental funds	\$ 39,016	\$ 38,998	\$ 46,258	\$ 52,614	\$ 52,569	\$ 55,314	\$ 56,013	\$ 59,124	\$ 50,836	\$ 46,213

Source:
City of Los Altos Finance Department

City of Los Altos
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting; amounts expressed in thousands)
(GASB 54 Presentation - 2020-21)

	General Fund	In Lieu Park Land	Capital Projects	Other Govt Funds	Total
<i>Inventory & Prepaids</i>	\$ (145,196)	-	-	-	(145,196)
<i>Notes Receivable</i>	(1,704,880)	-	-	-	(1,704,880)
<i>Veteran Memorial</i>	(8,615)	-	-	-	(8,615)
Non-Spendable	(1,858,691)	-	-	-	(1,858,691)
<i>Debt Service</i>	-	-	-	(373,551)	(373,551)
<i>Special Revenue Programs and Projects</i>	-	(5,780,278)	-	(5,995,243)	(11,775,521)
Restricted	-	(5,780,278)	-	(6,368,794)	(12,149,072)
<i>Continuing CIPS</i>	-	-	-	-	-
Committed	-	-	-	-	-
<i>General Fund Reserve</i>	(7,649,169)	-	-	-	(7,649,169)
<i>OPEB</i>	(1,500,000)	-	-	-	(1,500,000)
<i>PERS Reserve</i>	(5,000,000)	-	-	-	(5,000,000)
<i>Technology</i>	(1,108,582)	-	-	-	(1,108,582)
<i>Capital and Equipment</i>	-	-	-	(389,459)	(389,459)
<i>CIP Reserve</i>	-	-	(11,482,682)	-	(11,482,682)
<i>Capital Project Reserve - Community Center</i>	(679,110)	-	-	-	(679,110)
Assigned	(15,936,861)	-	(11,482,682)	(389,459)	(27,809,002)
<i>APRA Reserve</i>	(3,598,964)	-	-	-	(3,598,964)
<i>Unrealized Gain/(Loss)</i>	(118,905)	-	-	-	(118,905)
Unassigned	(1,210,297)	-	-	-	(1,210,297)
Total Unassigned Fund Balance	(4,928,166)	-	-	531,566	(4,396,600)
Total Fund Equity	\$ (22,723,718)	\$ (5,780,278)	\$ (11,482,682)	\$ (6,226,687)	\$ (46,213,365)



Source:
City of Los Altos Finance Department

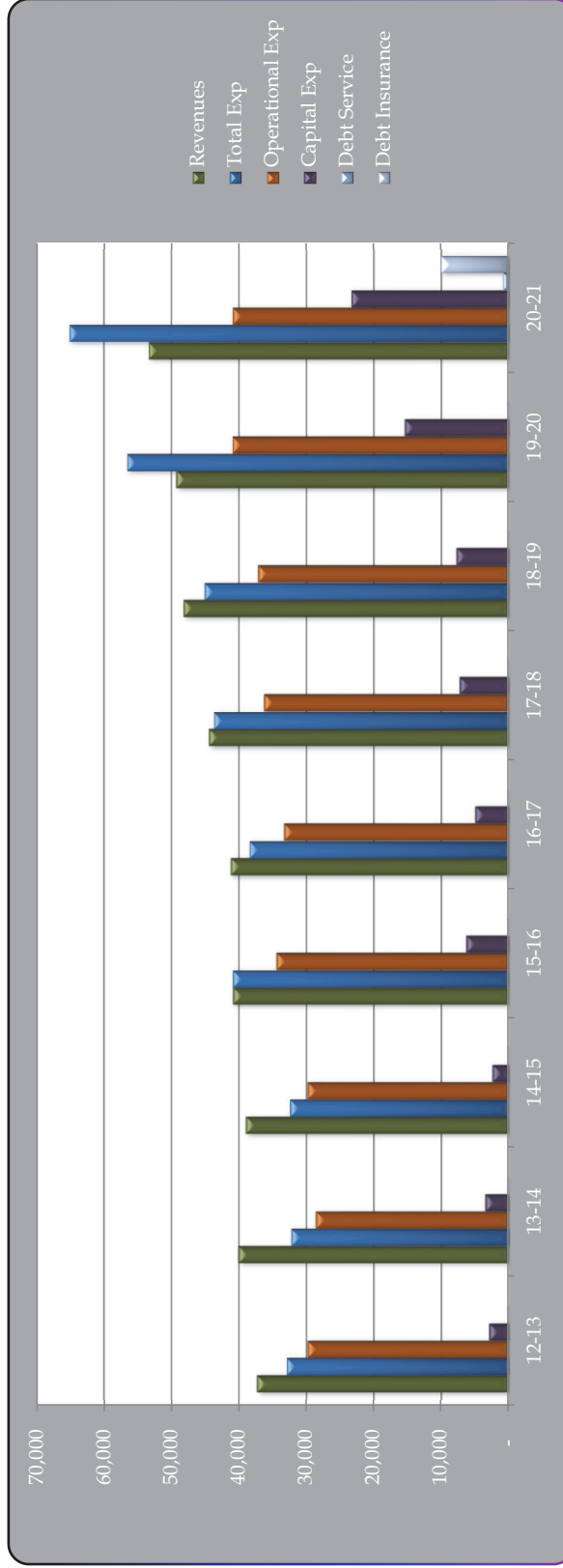
City of Los Altos
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting, amounts expressed in thousands)

	Fiscal Year										
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Revenues											
Taxes	\$ 17,714	\$ 18,250	\$ 19,444	\$ 21,950	\$ 26,690	\$ 28,565	\$ 30,151	\$ 31,939	\$ 34,511	\$ 35,597	\$ 36,684
License, permits and park-in-lieu	3,187	3,204	3,312	4,531	3,925	3,784	3,786	4,195	4,207	4,209	4,545
Intergovernmental	3,988	4,333	4,513	4,861	1,027	973	742	2,087	1,557	1,358	4,155
Grants and donations	929	4,242	650	788	873	1,863	1,214	928	396	1,368	4,017
Charges for services	4,020	3,780	4,480	4,572	4,698	4,659	4,577	4,620	4,850	3,751	3,221
Fines and forfeitures	148	231	171	214	161	264	213	178	191	195	138
Interest and rentals	333	169	135	159	291	558	230	360	2,269	2,681	233
Other	521	973	4,616	2,989	1,306	187	291	137	214	119	418
Total revenues	30,840	35,182	37,320	40,064	38,971	40,853	41,204	44,444	48,195	49,278	53,411
Expenditures											
General government											
Public Safety											
Police	8,616	9,588	9,178	8,891	9,167	9,976	9,968	10,744	11,107	11,465	11,673
Fire Services	5,259	5,375	5,513	5,714	5,961	6,219	6,473	6,722	7,011	7,331	7,717
Public works	4,793	4,826	4,831	4,353	4,307	4,859	5,299	5,784	5,535	5,469	5,617
Recreation	2,062	2,429	2,102	2,186	2,389	2,423	2,343	2,509	2,469	2,313	1,782
Community development	3,973	3,726	4,553	3,885	4,221	6,087	4,653	5,747	5,361	5,896	6,445
Administration/Community services	3,845	3,624	3,655	3,552	3,770	4,852	4,567	4,773	5,673	8,515	7,702
Capital improvements	4,475	3,212	2,916	3,492	2,435	6,313	4,992	7,299	7,756	15,428	23,343
Debt service											
Principal	85	90	95	95	100	105	105	110	120	120	628
Interest and fiscal charges	80	77	75	72	69	64	60	56	52	47	239
Total expenditures	33,188	32,947	32,918	32,240	32,419	40,898	38,460	43,744	45,084	56,584	65,146
Excess (deficiency) of revenues over (under) expenditures	(2,348)	2,235	4,402	7,824	6,552	(45)	2,744	700	3,111	(7,306)	(11,735)
Other financing sources (uses)											
Debt issuance	-	-	-	-	-	-	-	-	-	-	10,000
Payment to refunded bonded escrow agent	-	-	-	-	-	-	-	-	-	-	-
Transfers in	3,509	1,887	2,443	2,119	3,632	1,752	760	5,714	8,243	17,747	31,551
Transfers out	(3,574)	(2,134)	(2,925)	(2,685)	(3,828)	(1,752)	(760)	(5,714)	(8,243)	(18,729)	(31,551)
Total Other financing sources (uses)	(65)	(247)	(482)	(566)	(196)	-	-	-	-	(982)	10,000

City of Los Altos
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting, amounts expressed in thousands)

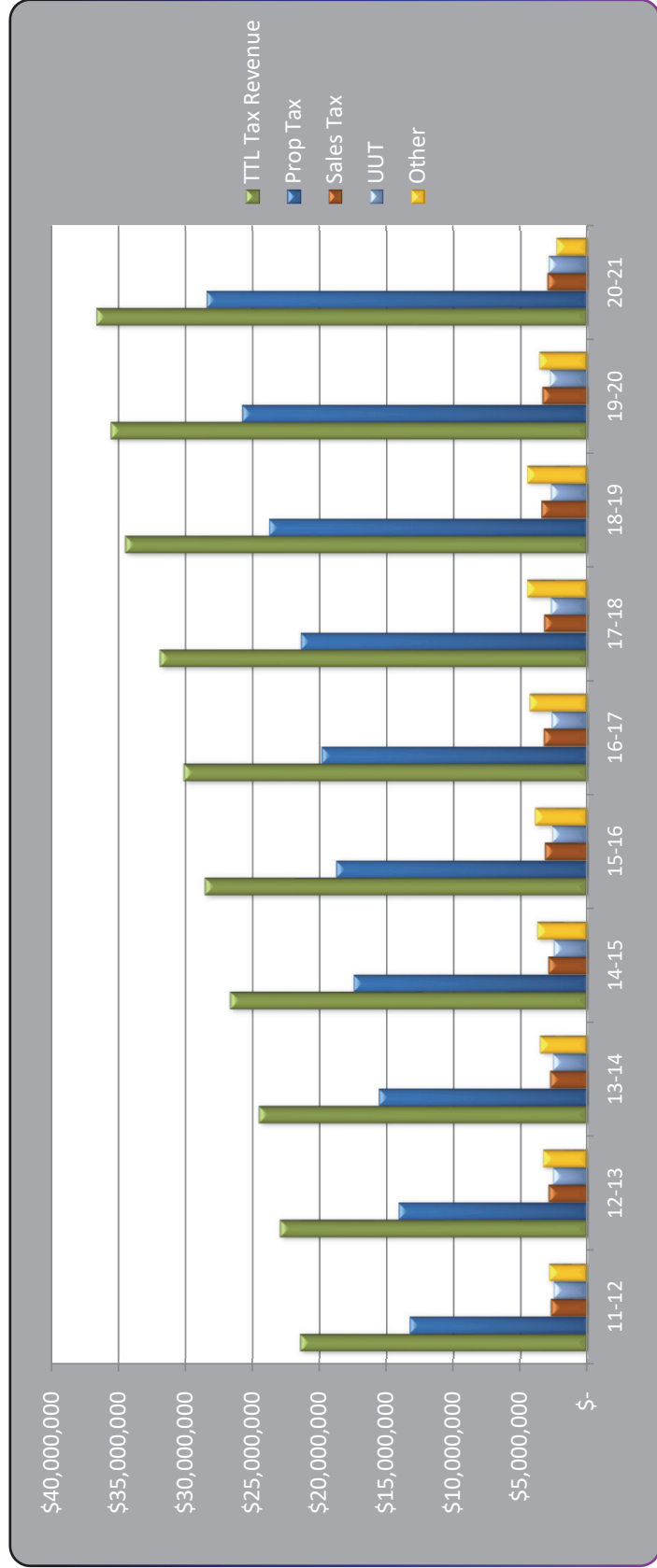
	Fiscal Year										
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Special items											
CalPERS Side Fund Pay Down	-	(850)	(950)	-	-	-	-	-	-	-	-
Sale of capital assets-net	300	100	492	-	-	-	-	-	-	-	-
Total special items	300	(750)	(458)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (2,113)	\$ 1,238	\$ 3,463	\$ 7,258	\$ 6,356	\$ (45)	\$ 2,744	\$ 700	\$ 3,111	\$ (8,288)	\$ (1,735)
Debt service as a percentage of non-capital expenditures	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.4%	2.1%

Source:
 City of Los Altos Finance Department



City of Los Altos
 Tax Revenues by Source - Governmental Funds
 Last Ten Fiscal Years

Fiscal Year	Property	Sales Tax	Business Licenses	Utility Users	Transient Occupancy	Real Estate Transfer Tax	Motor Vehicle License Tax	Building Development	Special Assessments	Total
2011-12	13,301,950	2,746,374	442,824	2,547,777	1,782,018	468,006	-	175,499	-	21,464,448
2012-13	14,130,040	2,926,441	519,828	2,600,054	1,946,484	587,422	15,102	247,992	-	22,973,363
2013-14	15,586,329	2,809,489	475,298	2,600,034	2,168,556	583,581	12,639	314,271	-	24,550,197
2014-15	17,479,882	2,942,764	453,201	2,522,536	2,450,488	616,500	12,281	212,187	-	26,689,839
2015-16	18,775,472	3,195,628	520,687	2,672,236	2,608,368	617,355	12,119	162,981	-	28,564,846
2016-17	19,863,197	3,278,430	539,989	2,679,961	2,985,201	668,242	14,046	122,071	-	30,151,137
2017-18	21,428,501	3,243,554	547,065	2,732,325	3,072,982	732,409	16,530	165,900	-	31,939,265
2018-19	23,791,531	3,461,298	540,262	2,743,570	3,166,067	679,424	15,054	113,589	-	34,510,795
2019-20	25,786,599	3,373,391	517,818	2,838,664	2,359,762	579,948	24,686	115,994	-	35,596,861
2020-21	28,464,193	2,996,325	537,089	2,917,252	662,132	931,856	22,646	150,170	-	36,681,663



Source:
 City of Los Altos Finance Department

City of Los Altos
Assessed Value of Taxable Property
Last Ten Fiscal Years

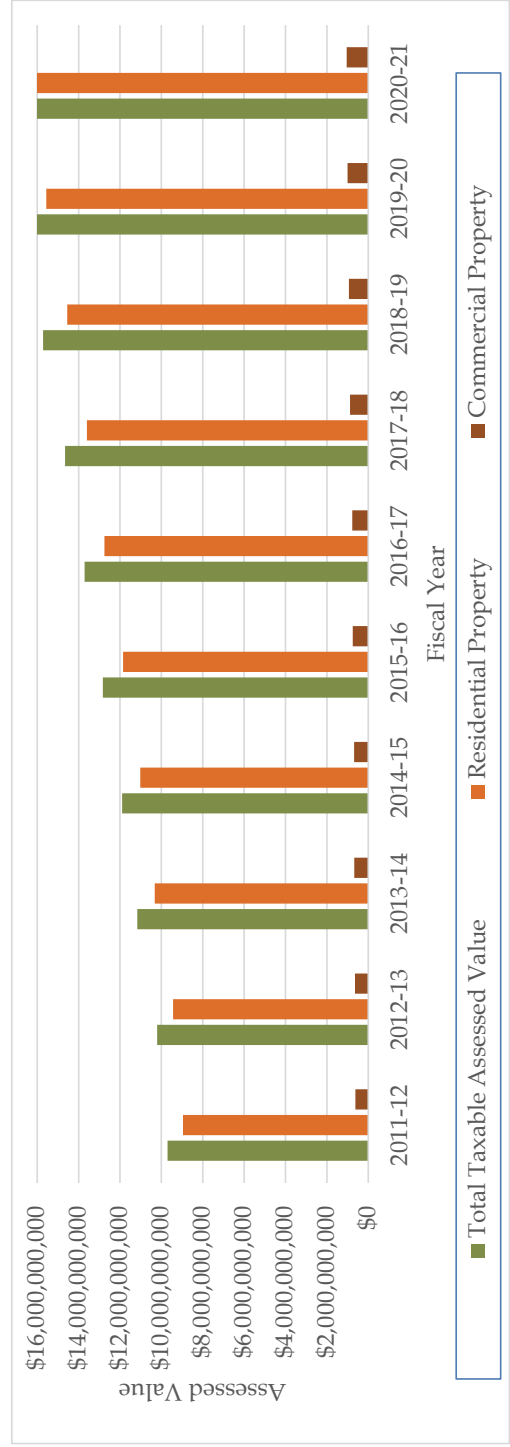
Fiscal Year	City of Los Altos					Total	
	Residential Property	Commercial Property	Other	Net Unsecured	Total Taxable Assessed Value (1)	Direct Tax Rate (2)	% Change
2011-12	8,952,576,593	622,766,264	33,390,275	89,645,375	9,698,378,507	1%	3.59%
2012-13	9,431,853,173	642,590,939	45,608,509	82,124,561	10,202,177,182	1%	5.19%
2013-14	10,318,249,580	676,252,209	67,682,916	97,506,301	11,159,691,006	1%	9.39%
2014-15	11,017,386,476	685,084,415	83,121,563	109,149,891	11,894,742,345	1%	6.59%
2015-16	11,848,840,720	750,708,212	106,506,870	125,355,972	12,831,411,774	1%	7.87%
2016-17	12,754,487,484	771,705,270	106,158,405	80,739,845	13,713,091,004	1%	6.87%
2017-18	13,600,334,963	880,225,920	90,338,436	83,250,683	14,654,150,002	1%	6.86%
2018-19	14,551,466,831	936,831,320	119,120,564	112,813,483	15,720,232,198	1%	7.27%
2019-20	15,563,770,279	1,003,212,732	110,061,604	131,971,942	16,809,016,557	1%	6.93%
2020-21	16,685,985,691	1,045,789,993	116,124,083	127,343,780	17,975,243,547	1%	6.94%

Source:

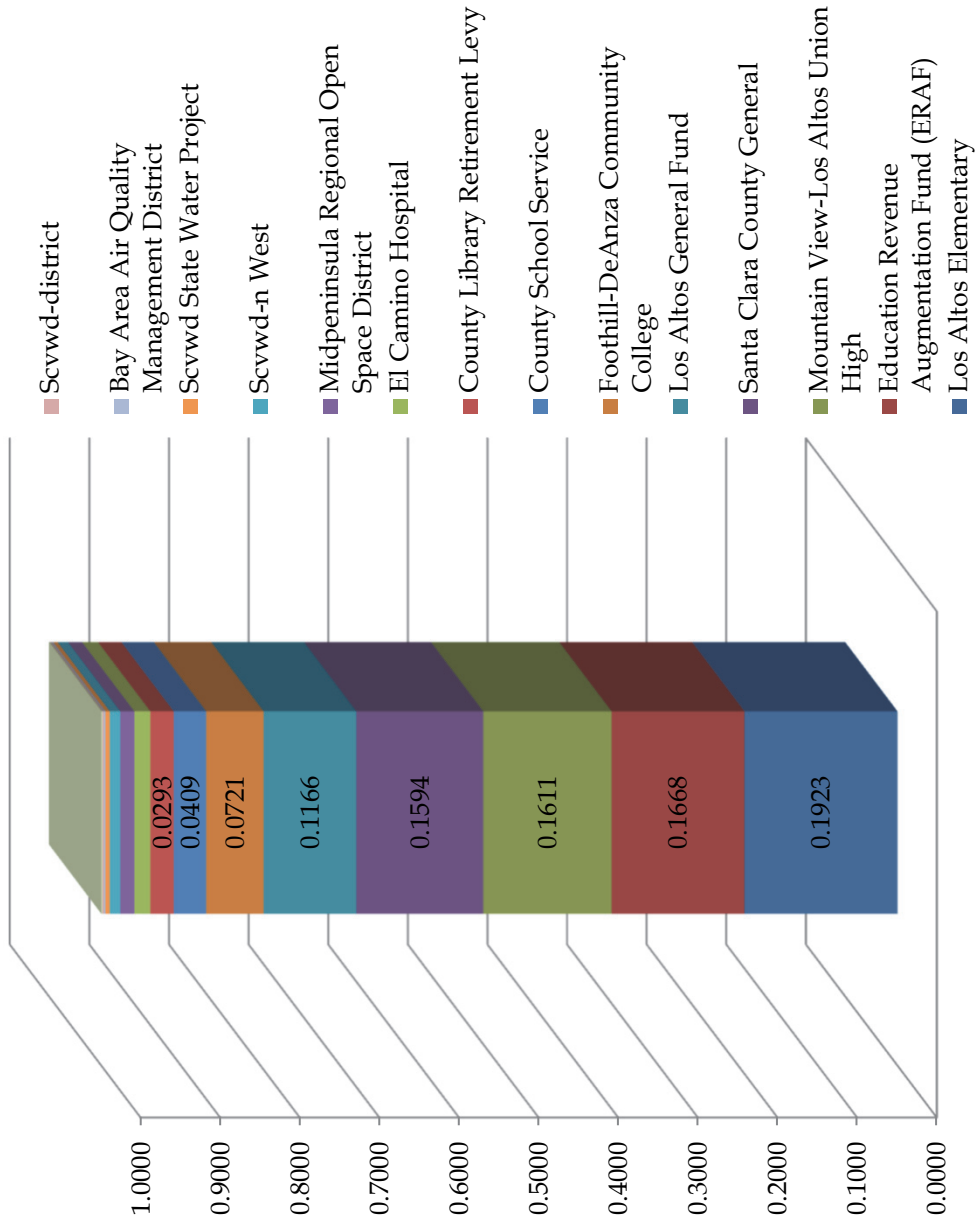
HdL Coren & Cone

(1) The California State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any property improvements of substantial value to the property. These values are considered to be full market values for the City of Los Altos.

(2) California cities do not set their own direct tax rate. The California State Constitution establishes the rate at 1% and the County of Santa Clara is responsible for allocating a portion of that amount to all the taxing entities within each of the City's tax rate areas. The City has 15 tax rate areas and receives of approximately 12% of that 1% rate.

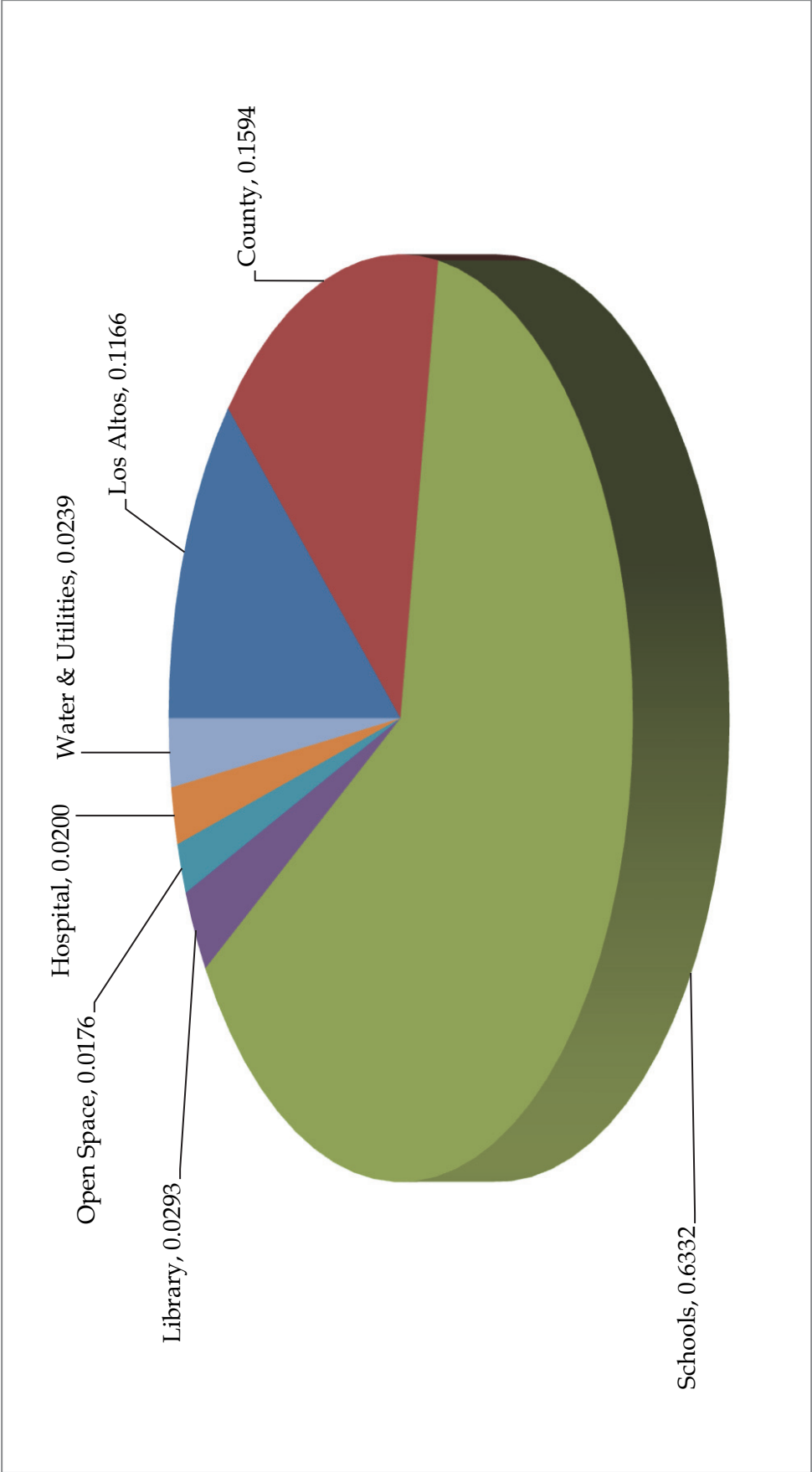


**City of Los Altos
Property Tax Dollar Breakdown
June 30, 2021**



Source:
HdL Coren & Cone

**City of Los Altos
Property Tax Dollars By Recipient Group
June 30, 2021**



Source:
HdL Coren & Cone

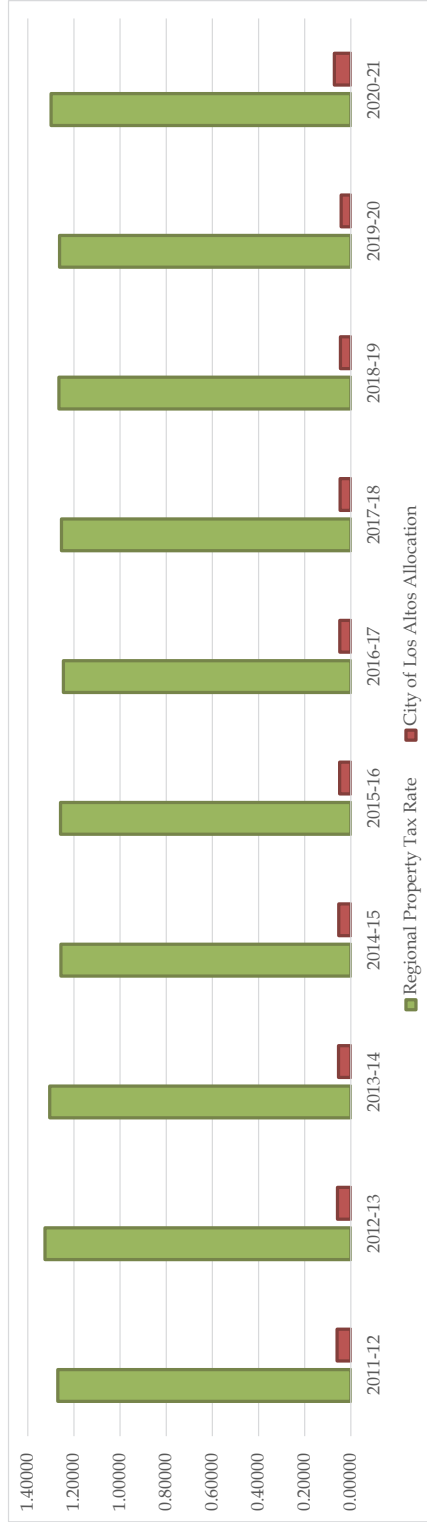
City of Los Altos
 Direct and Overlapping Tax Rates
 Last Ten Fiscal Years
(rate per \$100 of taxable value)

Fiscal Year	Overlapping Rates (1)																			Total
	Basic County-Wide	Santa Clara Retirement	County Library Retirement	Los Altos Elementary School	Mountain View Elementary School	Cupertino Elementary School	Whisman School Bond	Foothill-De Anza College	Mountain View High School	Fremont Union High School	Santa Clara Valley Water District	Mid Peninsula Open Space	County Housing Bond	County Hospital Bonds	El Camino Hospital					
2011-12	1.0000	0.0388	0.0024	0.0595	0.0303	0.0290	-	0.0297	0.0147	0.0415	0.0064	-	-	0.0047	0.0129	1.2699				
2012-13	1.0000	0.0388	0.0024	0.0579	0.0302	0.0598	0.0300	0.0287	0.0139	0.0390	0.0069	-	-	0.0051	0.0129	1.3256				
2013-14	1.0000	0.0388	0.0024	0.0534	0.0276	0.0525	0.0254	0.0290	0.0121	0.0405	0.0070	-	-	0.0035	0.0129	1.3051				
2014-15	1.0000	0.0388	0.0024	0.0524	-	0.0540	-	0.0276	0.0133	0.0396	0.0065	-	-	0.0091	0.0129	1.2566				
2015-16	1.0000	0.0388	0.0024	0.0485	-	0.0519	-	0.0240	0.0119	0.0525	0.0057	0.0008	-	0.0088	0.0129	1.2582				
2016-17	1.0000	0.0388	0.0024	0.0479	-	0.0509	-	0.0234	0.0112	0.0403	0.0086	0.0006	-	0.0086	0.0129	1.2456				
2017-18	1.0000	0.0388	0.0024	0.0463	-	0.0496	-	0.0220	0.0107	0.0464	0.0062	0.0009	0.0127	0.0082	0.0100	1.2542				
2018-19	1.0000	0.0388	0.0024	0.0449	-	0.0397	-	0.0217	0.0409	0.0430	0.0042	0.0018	0.0105	0.0072	0.0100	1.2651				
2019-20	1.0000	0.0388	0.0024	0.0418	-	0.0415	-	0.0208	0.0365	0.0479	0.0041	0.0016	0.0100	0.0069	0.0100	1.2623				
2020-21	1.0000	0.0388	0.0024	0.0713	-	0.0403	-	0.0364	0.0400	0.0478	0.0037	0.0015	-	0.0069	0.0100	1.2991				

Source:

HdL Coren & Cone

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Los Altos; however, not all of these overlapping rates apply to all Los Altos property owners.



City of Los Altos
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2020-21				2011-12			
	Total Assessed Value	Rank	% of City's Est. Total Property Tax Revenue	Total Assessed Value	Rank	% of City's Est. Total Property Tax Revenue		
RLJ R Los Altos LP	\$ 69,225,673	1	0.39%					
Los Altos Gardens II LP	57,719,605	2	0.32%	\$ 26,444,234	3			
Imperial Hornet Developers LLC	56,100,000	3	0.31%					
St Paul Fire and Marine Insurance Co	54,047,269	4	0.30%					
5150 ECR Group LLC	49,939,200	5	0.28%					
Sutter Bay Medical Foundation	41,690,103	6	0.23%					
Richard T Spieker Trustee	39,390,525	7	0.22%					
Springwood Apartments	33,170,540	8	0.18%	\$ 27,002,877	2	0.28%		
Safeway Inc	29,278,088	9	0.16%					
199 First Street Owner LLC	24,000,000	10	0.13%					
KRC Los Altos LP			0.00%	20,720,000	6	0.21%		
Behringer Harvard El Camino Real LP	-		-	40,522,807	1	0.42%		
Compass Grand Los Altos	-		-	21,411,487	5	0.22%		
David & Lucile Packard Foundation	-		-			0.00%		
4 Seasons Associations LLC	-		-	19,061,754	7	0.20%		
Palo Alto Medical Foundation	-		-	21,751,597	4	0.22%		
Los Altos Hotel Associates LLC	-		-	16,990,461	8	0.18%		
Village Court Partners	-		-	16,256,756	9	0.17%		
Whole Foods Market California Inc	-		-	13,770,278	10	0.14%		
Top Ten Total	\$ 454,561,003		2.53%	\$ 223,932,251		2.04%		
City Total	\$ 17,975,243,547			\$ 9,698,378,507				

Source:
HdL Coren & Cone

**City of Los Altos
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Santa Clara County							
	Total Tax Levy	Current Tax Collections		Levy Collected	Levy Collected of the Total Levy	Current Collections of the Levy	Delinquent Tax Collections	
		\$	\$					
2010-11	\$ 3,654,128,401	\$ 288,311,420	\$ 268,113,225	7.34%	92.99%	7.01%		
2011-12	3,703,148,623	293,002,052	273,640,116	7.39%	93.39%	6.61%		
2012-13	3,877,675,089	301,164,764	292,131,302	7.53%	97.00%	3.00%		
2013-14	4,165,019,181	349,740,765	316,325,898	7.59%	90.45%	2.59%		
2014-15	4,463,179,149	344,291,093	339,731,930	7.61%	98.68%	0.98%		
2015-16	4,944,651,360	330,545,207	326,823,894	6.61%	98.87%	1.13%		
2016-17	5,278,067,434	359,152,852	346,454,876	6.56%	96.46%	1.89%		
2017-18	5,719,021,680	355,579,401	345,863,202	6.05%	97.27%	1.86%		
2018-19	6,070,435,575	402,557,998	394,623,618	6.50%	98.03%	1.46%		
2019-20	6,512,388,164	385,721,931	378,492,815	5.81%	98.13%	1.74%		
2020-21	6,920,087,868	422,454,897	413,409,481	5.97%	97.86%	1.80%		

Source:

County of Santa Clara

Note:

The actual tax levy data for the City of Los Altos is not available because the Santa Clara County uses a factor known as the AB8 factors to apportion the 1% portion of the tax levies/collections to each of the jurisdictions within the county. The City's AB8 factors range from 0.0029 to 0.0033 for the past 10 years. Additionally, the City and the County adopted the "alternative method of property tax distributions" that authorizes the County to allocate 100% of the secured property tax based on levy instead of collection, and to retain all delinquent penalties and interest.

**City of Los Altos
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities							Per Capita Personal Income (2)
	General Obligation Bond	Participation (1)	Capital Lease	Total	Population (2)	Per Capita	Income (2)	
2010-11	\$ -	\$ 1,945,000	\$ -	\$ 1,945,000	28,863	\$ 67	\$ 73,414	
2011-12	\$ -	\$ 1,855,000	\$ -	\$ 1,855,000	29,460	\$ 63	\$ 72,608	
2012-13	\$ -	\$ 1,760,000	\$ -	\$ 1,760,000	29,792	\$ 59	\$ 74,570	
2013-14	\$ -	\$ 1,665,000	\$ -	\$ 1,665,000	29,969	\$ 56	\$ 79,102	
2014-15	\$ -	\$ 1,565,000	\$ -	\$ 1,565,000	29,884	\$ 52	\$ 83,041	
2015-16	\$ -	\$ 1,460,000	\$ -	\$ 1,460,000	31,353	\$ 47	\$ 80,407	
2016-17	\$ -	\$ 1,355,000	\$ -	\$ 1,355,000	31,402	\$ 43	\$ 86,558	
2017-18	\$ -	\$ 1,245,000	\$ -	\$ 1,245,000	31,361	\$ 40	\$ 93,010	
2018-19	\$ -	\$ 1,125,000	\$ -	\$ 1,125,000	31,190	\$ 36	\$ 96,333	
2019-20	\$ -	\$ 1,005,000	\$ -	\$ 1,005,000	30,876	\$ 33	\$ 104,649	
2020-21	\$ -	\$ 880,000	\$ 9,496,863.00	\$ 10,376,863	30,510	\$ 340	\$ 115,433	

Sources:

(1) City of Los Altos Finance Department

(2) HdL Coren & Cone

Note: Special Assessment Debt is no longer presented as they involve limited obligation bonds that are secured by ad valorem assessments and carry no city obligation.

City of Los Altos
Schedule of Direct and Overlapping Bonded Debt
June 30, 2021

2020-21 Assessed Valuation: \$17,975,243,547

	Total Debt	%	City's Share of
	6/30/2020	Applicable (1)	Debt 6/30/20
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Santa Clara County	\$ 812,685,000	3.263%	\$26,517,912
Foothill-De Anza Community College District	707,932,142	9.305%	65,873,086
Fremont Union High School District	617,160,088	3.934%	24,279,078
Mountain View-Los Altos Union High School District	207,011,101	24.138%	49,968,340
Cupertino Union School District	284,223,303	7.180%	20,407,233
Los Altos School District	164,070,000	52.711%	86,482,938
El Camino Hospital District	116,290,000	16.687%	19,405,312
Midpeninsula Regional Park District	86,400,000	5.341%	4,614,624
Santa Clara Valley Water District Benefit Assessment District	57,010,000	3.263%	1,860,236
City of Los Altos 1915 Act Bonds	485,000	100.000%	485,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$299,893,759
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Santa Clara County General Fund Obligations	\$ 914,957,860	3.263%	29,855,075
Santa Clara County Pension Obligation Bonds	341,399,194	3.263%	11,139,856
Santa Clara County Board of Education Certificates of Participation	2,670,000	3.263%	87,122
Foothill-De Anza Community College District Certificates of Participation	22,085,000	9.305%	2,055,009
Mountain View-Los Altos Union High School District General Fund Obligations	2,489,970	24.138%	601,029
Los Altos School District General Fund Obligations	1,954,070	52.711%	1,030,010
City of Los Altos General Fund Obligations	10,377,499	100.000%	10,377,499
Midpeninsula Regional Park District General Fund Obligations	106,000,600	5.341%	5,661,492
Santa Clara County Vector Control District Certificates of Participation	1,765,000	3.263%	57,592
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 60,864,684
Less: Santa Clara County supported obligations			824,798
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 60,039,886
TOTAL DIRECT DEBT			\$ 10,377,499
TOTAL GROSS OVERLAPPING DEBT			\$ 350,380,944
TOTAL NET OVERLAPPING DEBT			\$ 349,556,146
GROSS COMBINED TOTAL DEBT			\$ 360,758,443 (2)
NET COMBINED TOTAL DEBT			\$ 359,933,645

Source:

California Municipal Statistics, Inc.

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

City of Los Altos
 Legal Debt Margin
 Last Ten Fiscal Years

Fiscal Year	Assessed Valuation (1)	Debt Limit 15% of Assessed Valuation	Debt Applicable to Limit	Legal Debt Margin
2011-12	10,202,177,182	1,530,326,577	-	1,530,326,577
2012-13	10,202,177,182	1,530,326,577	-	1,530,326,577
2013-14	11,159,691,006	1,673,953,651	-	1,673,953,651
2014-15	11,894,742,345	1,784,211,352	-	1,784,211,352
2015-16	12,831,411,774	1,924,711,766	-	1,924,711,766
2016-17	13,713,091,004	2,056,963,651	-	2,056,963,651
2017-18	14,654,150,002	2,198,122,500	-	2,198,122,500
2018-19	15,720,232,198	2,358,034,830	-	2,358,034,830
2019-20	16,809,016,557	2,521,352,484	-	2,358,034,830
2020-21	17,975,243,547	2,696,286,532	-	2,696,286,532

Source:
 (1) HdL Coren & Cone

City of Los Altos
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	City Population ⁽¹⁾	Percentage Change	School Enrollment ⁽²⁾	Percentage Change	Unemployment Rate ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	% with High School Degree ⁽¹⁾	% with Bachelor's Degree ⁽¹⁾
2011-12	29,460	2.07%	8,138	1.28%	4.9%	\$ 72,608	45.4	98.50%	78.20%
2012-13	29,792	1.13%	8,198	0.74%	3.2%	\$ 74,570	45.8	98.70%	76.70%
2013-14	29,969	0.59%	8,303	1.28%	2.6%	\$ 79,102	46.1	98.70%	77.40%
2014-15	29,884	-0.28%	8,284	-0.23%	3.4%	\$ 83,041	46.2	98.80%	78.70%
2015-16	31,353	4.92%	8,666	4.61%	2.7%	\$ 80,407	46.2	98.70%	79.00%
2016-17	31,402	0.16%	8,606	-0.69%	2.4%	\$ 86,558	45.7	98.70%	80.00%
2017-18	31,361	-0.13%	8,685	0.92%	1.6%	\$ 93,010	45.7	98.60%	80.90%
2018-19	31,190	-0.55%	8,610	-0.86%	2.4%	\$ 96,333	45.9	98.60%	82.30%
2019-20	30,876	-1.01%	8,513	-1.13%	2.3%	\$ 104,649	45.8	98.40%	82.60%
2020-21	30,510	-1.19%	7,693	-9.63%	4.2%	\$ 115,433	46.1	98.40%	84.20%

Sources:

(1) HdL Coren & Cone

(2) State of California Department of Education

**City of Los Altos
Principal Employers
Current Year and Ten Years Ago**

Employer	2020-21			2009-10 (Latest Available)		
	Employees (1)	Rank	% of Total City Employment	Employees (4)	Rank	% of Total City Employment
Los Altos School District	442 *	(2)	3.31%	568 *	(2)	4.54%
Toyota Research Institute	400		3.00%			
Whole Food Market	242		1.81%	198	2	1.58%
Los Altos High School	210	(3)	1.57%	217	(3)	1.74%
Los Altos Sub-Acute & Rehab	196		1.47%	-	-	-
City of Los Altos	131		0.98%	130	7	1.04%
The David and Lucile Packard Foundation	131		0.98%	100	10	0.80%
Alain Pinel Realtors	129		0.97%	150	5	1.20%
Adobe Animal Hospital	118		0.88%	125	8	1.00%
Palo Alto Medical Foundation	110	10	0.82%	-	-	-
Coldwell Banker	-		-	190	3	1.52%
Covenant Care Sub Acute Rehab	-		-	163	4	1.30%
Pilgrim Haven Skilled Nursing	-		-	120	9	0.96%
Top Ten Total	2,109		15.81%	1,961		15.69%
Total Employees in City	13,341			12,500	(1)	

Sources:

- (1) City Finance Department
- (2) Los Altos School District FY21-22 Annual Budget
- (3) California State Department of Education

* - For fiscal years 2009-10, this number includes 119 substitute teachers.

**City of Los Altos
Full-time Equivalent City Employees by Function/Program
Last Ten Fiscal Years**

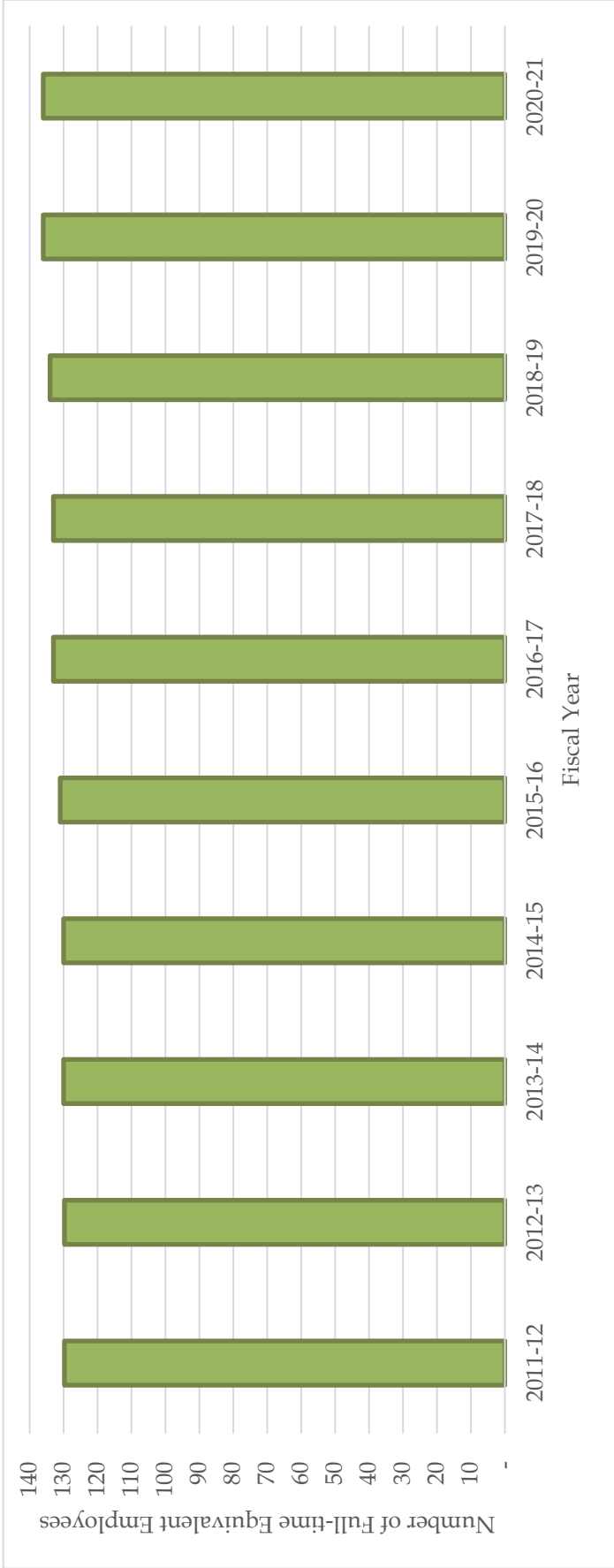
Function/Program	FISCAL YEAR									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<i>Public Safety</i>										
Police Operations	32.00	32.00	32.00	32.00	31.00	31.00	31.00	31.00	30.00	30.00
Police Traffic Safety	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Communications	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	13.00	13.00
<i>Maintenance Services</i>	29.50	29.50	29.50	29.50	29.50	29.50	29.50	28.00	27.00	27.00
<i>Recreation</i>	7.00	7.00	7.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00
<i>Community Development</i>										
Planning & Building	13.00	13.00	14.00	14.00	14.00	15.00	15.00	14.00	15.00	15.00
Engineering	9.00	9.00	9.00	9.00	9.00	10.00	10.00	12.25	13.25	13.25
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<i>Administration</i>										
City Management	4.75	4.75	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00
Administration & Finance	10.00	10.00	10.00	10.00	12.00	12.00	12.00	11.00	11.00	11.00
<i>Sewer</i>	6.25	6.25	6.25	6.25	6.25	6.25	6.25	7.50	7.50	7.50
<i>Solid Waste</i>	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
<i>Storm Drain</i>	1.00	1.00	1.00	1.00	-	-	-	-	-	-
Total	<u>129.75</u>	<u>129.75</u>	<u>130.00</u>	<u>130.00</u>	<u>131.00</u>	<u>133.00</u>	<u>133.00</u>	<u>134.00</u>	<u>136.00</u>	<u>136.00</u>

Source:

City of Los Altos Finance Department

Note: In FY09-10 Staffing assignments were recategorized in the revision of the budget process to align with functional areas.

**City of Los Altos
 Full-time Equivalent City Employees
 Last Ten Fiscal Years**



Source:
 City of Los Altos

City of Los Altos
 Operating Indicators by Function/Program
 Last Ten Fiscal Years

Function/Program	FISCAL YEAR									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Police:										
Arrests	301	308	283	312	222	210	211	717	893	347
Moving citations issued	1,385	1,285	1,069	1,555	1,757	982	1,203	2,517	1474	1053
Parking citations issued	1,938	1,947	2,559	2,266	3,138	2,431	1,879	1,338	1573	543
Municipal code violations issued	25	56	161	109	103	25	115	116	54	54
Public Works:										
Crack sealing in lineal feet	66,290	98,136	2,112	113,784	101,040	110,000	174,040	-	120,000	45,536
Street sign installed and replaced	1,361	511	949	596	457	100	320	1,025	1200	411
Recreation:										
Classes/programs	1,821	2,675	2,738	2,713	2,107	2,349	2,724	1,803	1559	1298
Facility rentals	3,106	2,702	3,501	5,648	5,378	5,927	4,141	4,044	2246	1269
Field/ gymnasium permits	3,658	3,388	2,945	4,509	2,795	3,433	3,556	3,109	2383	1935
Planning:										
Plan applications submitted	404	510	716	757	800	675	686	988	493	935
Building:										
Permits issued	1,690	1,817	1,757	1,751	1,927	1,769	1,795	1,939	1,695	2,036
Plan checks submitted	560	636	649	582	599	619	569	619	883	991
Inspections	7,108	6,631	7,682	7,227	7,517	6,445	6,479	7,967	7,920	8,862
Sewer:										
Cleaning and flushing in lineal feet	852,453	777,285	667,415	683,552	759,456	585,273	713,795	585,095	601,543	768,557
Storm Drain:										
Catch basin/storm drain cleaned (measured in storm inlets cleaned)	1,583	1,202	1,898	1,350	1,350	1,350	1,350	1,350	2,000	1,350

Sources:
 City of Los Altos Quarterly Reports.
 Data for all fiscal years was provided by the corresponding departments.

City of Los Altos
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

Function/Program	FISCAL YEAR									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Public Safety:										
Police Station	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Recreation:										
Number of Parks	10	10	10	10	10	10	10	10	10	10
Park Acreage	38	38	38	38	38	38	38	38	38	38
Number of Libraries	2	2	2	2	2	2	2	2	2	2
Number of History Museums	1	1	1	1	1	1	1	1	1	1
Maintenance Services:										
Miles of Streets	127	127	127	127	127	127	127	127	127	127
Number of Traffic Signals	13	13	13	13	13	13	16	16	16	16
Sewer:										
Miles of Sewer Mains	141	141	141	141	141	141	141	141	141	141
Storm Drain:										
Miles of Storm Drain Mains	58	58	58	58	58	58	58	58	58	58

Source:
 City of Los Altos

City of Los Altos
Trust and Agency Debt Administration
Last Ten Fiscal Years

Non-City Obligation Debt
Special Assessment Debt Service

Fiscal Year	Avalon Dr. Curb & Gutter			Raymundo Curb & Gutter			Blue Oak Lane Sewer			Total Special Assessment Debt Service			
	Special	Principal	Interest	Special	Principal	Interest	Special	Principal	Interest	Special	Principal	Interest	Coverage
2011-12	27,091	8,000	2,204	27,216	16,000	9,068	48,104	12,880	34,490	102,411	36,880	45,762	1.24
2012-13	27,091	8,000	1,740	27,405	17,000	8,300	42,960	10,000	31,900	97,456	35,000	41,940	1.27
2013-14	10,044	8,000	1,276	27,341	18,000	7,487	46,491	10,000	31,629	83,876	36,000	40,392	1.10
2014-15	-	18,620	783	27,216	19,000	6,626	50,280	15,000	31,241	77,496	52,620	38,650	0.85
2015-16	-	-	-	29,592	20,000	5,719	48,024	15,000	30,741	77,616	35,000	36,460	1.09
2016-17	-	-	-	26,192	21,000	4,766	51,709	15,000	30,197	77,901	36,000	34,963	1.10
2017-18	-	-	-	26,217	21,000	3,790	49,802	15,000	29,610	76,019	36,000	33,400	1.10
2018-19	-	-	-	28,537	22,000	2,790	48,378	15,000	28,971	76,915	37,000	31,761	1.12
2019-20	-	-	-	27,741	23,999	1,721	47,868	15,000	28,341	75,609	38,999	30,062	1.09
2020-21	-	-	-	25,581	25,000	581	48,691	15,000	27,648	74,272	40,000	28,229	1.09

Source:

City of Los Altos Finance Department

Note : This chart presents Limited Obligation Debt that the City Administers on a trust and Agency Basis. This debt does not represent City Obligations.

**INDEPENDENT ACCOUNTANT’S REPORT ON
APPLYING AGREED UPON PROCEDURES FOR
COMPLIANCE WITH THE PROPOSITION 111
2020-2021 APPROPRIATIONS LIMIT INCREMENT**

Honorable Mayor and Members of the City Council
City of Los Altos, California

We have performed the procedures enumerated below on the Appropriations Limit Worksheet (Worksheet) of the City of Los Altos, California, for the year ended June 30, 2021. The City’s management is responsible for the Worksheet.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of these procedures, which were suggested by the League of California Cities and presented in their Article XIII B Appropriations Limitation Uniform Guidelines, were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings were as follows:

- A. We obtained the Worksheet and determined that the 2020-2021 Appropriations Limit of \$38,063,553 and annual adjustment factors were adopted by Resolution of the City Council. We also determined that the population and inflation options were selected by a recorded vote of the City Council.
- B. We recomputed the 2020-2021 Appropriations Limit by multiplying the 2019-2020 Prior Year Appropriations Limit by the Total Growth Factor. We recomputed the Total Growth Factor by multiplying the population option by the inflation option.
- C. For the Worksheet, we agreed the Per Capita Income Factor, City Population Factor and County Population Factor to California State Department of Finance Worksheets.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Worksheet. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

his report is intended solely for the information and use of management and the City Council and is not intended to be and should not be used by anyone other than those specified parties; however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

Maze & Associates

Pleasant Hill, California
December 15, 2021

**CITY OF LOS ALTOS
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2021**

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**CITY OF LOS ALTOS
MEMORANDUM ON INTERNAL CONTROL
For The Year Ended June 30, 2021**

Table of Contents

	<u>Page</u>
<i>Memorandum on Internal Control</i>	1
Schedule of Other Matters	5
Status of Prior Year Other Matters	15

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MEMORANDUM ON INTERNAL CONTROL

To the City Council of
the City of Los Altos, California

In planning and performing our audit of the basic financial statements of the City of Los Altos (City) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control included on the Schedule of Significant Deficiencies to be significant deficiencies.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

Management's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, City Council, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards* and is not intended to be and should not be used by anyone other than these specified parties.

Pleasant Hill, California
December 15, 2021

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MEMORANDUM ON INTERNAL CONTROLS

SCHEDULE OF OTHER MATTERS

2021-01: Timely Invoice payments

The city should pay vendor invoices in a timely manner, within 30-45 days of receiving the invoices.

During our interim audit sampling testing, we noted that the city did not pay three invoices sampled in a timely manner. According to the Finance staff, the delay was due to the delayed approval by the Department.

Accounting records may not be properly reflected in the correct reporting periods if the invoices were not processed in a timely manner. Expenditures may be understated and cash available may be overstated due to the delay.

We recommend the City should communicate with the other departments in the City and establish corresponding standard procedures to ensure the submission of invoices to Finance in a timely manner.

Management Response:

The issue originated from new procedures that were implemented during COVID-19, Departments were asked to send emails to approved invoices to Accounts payable, not all departments were following these procedures and were saving the invoices using old instructions. When this was found out there was a large backlog of invoices as well as the Finance department was short-staffed due to turnover.

The New Director and Manager have set revised procedures for invoice payments and have communicated the same to departments, we are also in the process of training departments to enter their invoices directly into the financial system. This will avoid invoices being missed and Finance will have a better way of monitoring invoices and following up with departments if they are entered too late.

2021-02: Outdated Signature Cards

Signature cards for the bank and investment accounts should be updated immediately whenever there is a change in authorized signers.

As of November 4, 2021, we found that the former Administrative Services Director and City Manager were listed as authorized signers for the City's Union Bank account. According to the Finance staff, the delay was due to the staff shortage and turnover.

Keeping inactive employees as authorized signers exposes the city to the risk of misappropriation of assets.

We recommend that the city immediately remove the ex-employees from the authorized signer lists of all bank accounts. In the future, a step should be added to the employee departure checklist to ensure that outside parties (such as banks, investment advisors, and bond trustees) are informed that the departed employee no longer represents the City.

Management Response:

Union Bank was the original custodian for the city's investment portfolio, In January of 2021 US bank bought the custody business from Union bank. US bank informed clients that the transition would be automatic and that the union bank accounts would be closed. This happened in August of 2021 as a result we do not have an account with Union bank anymore. The signature cards to US bank were updated in time.

MEMORANDUM ON INTERNAL CONTROLS

SCHEDULE OF OTHER MATTERS

2021-03: Information System Risk Management Policy

Risk management policy is to provide guidance regarding the management of risk to support the achievement of corporate objectives, protect staff and business assets and ensure financial sustainability.

During the information system review with the City, we noted that the IT department has no written risk management policy.

Without a specific Risk Management Policy, the City is leaving the determination of how to deal with cyberattacks to individual employees, which could impede financial statement reporting.

We recommend that the City to set up a former Information System Risk Management Policy to ensure the security of the financial system and be well prepared for unexpected cyberattacks.

Management Response: The City currently does not have a written risk management policy for financial systems. However, the City does have an IT support platform for employees to report suspicious activity and potential cyberattacks. Daily backup of data is performed to protect important financial data. Besides, City's Financial systems are not accessible from public sources only authorized VPN users can have access to the systems from a remote location. The Division will consider adopting a formal policy in the future.

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking effect in the next few years. We have cited them here to keep you abreast of developments:

EFFECTIVE FISCAL YEAR 2021/22:

GASB 87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the guidance of the lease, unless specifically excluded in this Statement.

MEMORANDUM ON INTERNAL CONTROLS

SCHEDULE OF OTHER MATTERS

Management Response: The City will review the applicability of this GASB and implement accordingly, if applicable.

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

MEMORANDUM ON INTERNAL CONTROLS

SCHEDULE OF OTHER MATTERS

Management Response: The City will review the applicability of this GASB and implement accordingly, if applicable.

EFFECTIVE FISCAL YEAR 2022/23:

GASB 91 – Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved:
 - (1) an issuer
 - (2) a third-party obligor, and
 - (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

MEMORANDUM ON INTERNAL CONTROLS

SCHEDULE OF OTHER MATTERS

GASB 91 – Conduit Debt Obligations (Continued)

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

Management Response: The City will review the applicability of this GASB and implement it accordingly, if applicable.

MEMORANDUM ON INTERNAL CONTROLS

SCHEDULE OF OTHER MATTERS

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to a significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

PPPs – This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancelable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term.

This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

MEMORANDUM ON INTERNAL CONTROLS

SCHEDULE OF OTHER MATTERS

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements, (Continued)

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

APAs – An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

Management Response: The City will review the applicability of this GASB and implement it accordingly, if applicable.

MEMORANDUM ON INTERNAL CONTROLS

SCHEDULE OF OTHER MATTERS

GASB 96 – Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

MEMORANDUM ON INTERNAL CONTROLS

SCHEDULE OF OTHER MATTERS

GASB 96 – Subscription-Based Information Technology Arrangements, (Continued)

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

Management Response: The City will review the applicability of this GASB and implement it accordingly, if applicable.

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MEMORANDUM ON INTERNAL CONTROLS

STATUS OF PRIOR YEARS SCHEDULE OF OTHER MATTERS

2020-01: Timely Preparation of Bank Reconciliations and Investment Reconciliations

Bank and investment reconciliations are an important element of the City's internal control and bank reconciliations and related adjustments should be completed after month end, generally within 30-45 days.

During our testing of internal controls over bank and investment reconciliations, we selected bank and investments reconciliations for the months of January and February 2021 to test, however, these reconciliations were not ready as of August 2021. The June 2021 bank reconciliations were not completed until late December 2021, six months later.

According to the Finance staff, the delay was due to the staff shortage and turnover.

Without the timely completion of bank and investment reconciliations, errors or unauthorized transactions in these accounts might not be detected and remedied in a timely manner.

We recommend that the City ensure that the bank and investment reconciliations are prepared and reviewed timely within 30 to 45 days of the end of the reporting period.

Current Status: During the fiscal year 2021 audit, we noted that the Bank reconciliation for December 2020 was not reviewed until 5/11/21. The March 2021 bank reconciliation was not yet performed as 5/31/21. The June 2021 bank reconciliation was not prepared until 10/18/21.

Management Response on Current Status: The Department has been without leadership for over nine months, at the same time there has been a lot of turnovers, which has caused delays in reconciliation. Even currently after getting in a new Finance Director and a new Finance Manager, the department has lost 2 of its longer-tenured staff, a senior accountant and an accounting Technician, as the department manages to hire the new staff it will return to having these items prepared in time.

2020-02: Accrual for legal liabilities

According to the Governmental Accounting Standard Board (GASB) Statement 56 Paragraph 11, litigation payment made before the issuance of the financial report should be accrued in the applicable fiscal year when the event that gave rise to the litigation had taken place prior to the settlement date.

The City made two payments in September 2021 and January 2022 accordingly for a legal case settled in April 2021. The legal expenditures were not accrued in the fiscal year 2021, instead, were recorded in 2022. It appeared that the Finance staff overlooked the accrual.

Without the review for proper accrual, the expenditures could have been understated for the fiscal year 2021 and overstated for 2022.

We recommend that the City ensure that the finance staff in charge of year end closing and accrual process reviews the applicable legal liabilities carefully to ensure proper accrual and recording of financial transactions.

Current Status: We noted no unrecorded legal liabilities applicable to the fiscal year 2021.

Management Response on Current Status: Finance has a process in place to work with the City manager and city attorney to review any paternal settlements prior to the close of books.

MEMORANDUM ON INTERNAL CONTROLS

STATUS OF PRIOR YEARS SCHEDULE OF OTHER MATTERS

2020-03: Journal Entries Preparation and Posting

Segregation of duties is an integral part in maintaining adequate effectiveness in an entity's internal control environment. Journal entries are an important transaction cycle that affects all aspects of accounting and financial reporting. Prudent internal control concepts dictate that no single employee should have the ability to process a transaction without the involvement of another employee.

During our testing of journal entries, we noted that both the Financial Services Manager and Administrative Services Director can prepare and post the journal entries to the finance system directly. It appeared that the Finance System was set up to allow both staff to prepare and post the journal entries.

Allowing the preparer to post their own journal entries, even after review by a 2nd staff, could subject the City to the potential risk of the journal entries being manipulated or altered with further verification.

We recommend that the City establish proper procedures to ensure the segregation of duties to mitigate the potential risk of journal entries being altered without verification.

Current Status: During the fiscal year 2021 audit, we noted that out of the forty journal entry samples we tested, fifteen of them were posted more than 45 days after the transaction date.

Management Response on Current Status: As mentioned above the department is short-staffed, we have procedures in place to have all processes to be in a maker checker format, Journals entered are currently posted within a reasonable period unless there is documentation missing.

2020-04: Treasurer's Report Timeliness

California Government Code 53646 states that the treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report.

Per review of the treasury report dated 12/31/2020, we noted that the report was not presented to council until 4/28/2021, surpassing the 30 days requirement.

According to the Finance staff, the delay was due to the staff shortage and turnover.

We recommend that the City implement procedures to ensure the timely preparation and submission of the treasury report.

Current Status: During the fiscal year 2021 audit, we noted that the treasury report dated 12/31/2020 was not presented to the City Council until 3/9/21. During final, 6/30/21 treasury report was also not presented to the City Council until 9/14/21.

Management Response on Current Status: The Cities Investment portfolio is managed by PFM and as such we are dependent on them to provide us with the valuations, these valuations are usually only received 30-40 days after the month closes which then causes a further delay in the reporting to the commission and council. We anticipate that going forward we will be able to provide the report to the commission in the second month following the close of the Quarter and to the city council in the following council meeting.

MEMORANDUM ON INTERNAL CONTROLS

STATUS OF PRIOR YEARS SCHEDULE OF OTHER MATTERS

2020-05: Cross training for Payroll Duties

In the event the payroll clerk is out on an extended vacation, another appropriate employee should be trained to assume the duties of payroll processing. Furthermore, for effective internal control, the cross-trained employee should process the payroll for at least one payroll cycle during the fiscal year.

We noted that the City does not have anyone cross-trained for payroll processing during the fiscal year 2021.

According to the Finance staff, due to the staff shortage and turnover, the two new Accounting technicians have not yet been cross trained.

The City is subjected to the potential risk of delay, error and unauthorized transaction in payroll process if it entirely relies on one staff to process the payroll without appropriate backup or rotation.

We recommend the City cross train an employee for the payroll duties. In addition, the City should consider formally documenting the payroll process procedures for backup purposes.

Current Status: During the fiscal year 2021 audit, we noted that no staff has been crossed trained to take over the payroll duties yet due to limited staff availabilities.

Management Response on Current Status: The City has trained a new accounting Technician on the payroll function that was previously handled by the Senior accountant.

Fiscal Year 2021
General Fund Year-End Results Summary (in millions)

Revenues	FY 20 Actuals	FY 21 Budget	FY 21 Actual
Property Tax	25.79	27.29	28.46
Grants Revenue	-	-	3.98
Community Development Fees	3.38	3.31	3.85
Sales Tax	3.37	2.64	3.00
Utility Users Tax	2.84	2.46	2.92
Franchise Fees	2.29	2.35	2.21
Documentary Transfer Tax	0.58	0.55	0.93
Admin Fees	1.15	0.92	0.92
Transient Occupancy Tax	2.36	0.58	0.66
Business License Tax	0.52	0.47	0.54
All Other Revenue	0.54	1.03	0.51
Recreation Fees	0.85	0.04	0.27
Interest Income	1.77	0.38	0.14
Police Fees	0.10	0.11	0.09
Motor Vehicle Tax	0.02	-	0.02
Rental Income	0.02	0.02	0.01
Totals	45.57	42.16	48.51

Expenses	FY 2020 Actual	FY 21 Budget	FY 2021 Actual
Public Safety	18.80	20.34	19.39
Public Works	5.47	5.77	5.62
Recreation	2.31	1.80	1.78
Community Development	5.52	6.20	6.36
Administration & Finance	8.52	7.35	7.70
Total Expenditures	40.61	41.47	40.85
Surplus / (Deficit) before Transfers	4.96	0.69	7.66
Transfers In	0.11	0.16	0.15
Transfers Out	(5.02)	(10.87)	(17.66)
Net Change to Fund Balance	0.05	(10.02)	(9.85)



PUBLIC HEARING

Agenda Item # 5

AGENDA REPORT SUMMARY

Meeting Date: January 25, 2022

Subject Proposed Three-Story Multiple-Family Residential at 440 First Street

Prepared by: Steve Golden, Interim Planning Services Manager

Reviewed by: Laura Simpson, Interim Community Development Director

Approved by: Gabriel Engeland, City Manager

Attachment(s):

1. Resolution No. 2022-XXX
2. Joint Planning/Complete Streets Meeting Minutes, December 2, 2021 (Excerpt)
3. Joint Planning/Complete Streets Meeting Agenda Report, December 2, 2021
4. Design Change Summary submitted by Applicant
5. Project Design Plans and Tentative Map

Initiated by:

Applicant and Owner – Abbie Bourgan, GreenTek Homes

Previous Council Consideration:

None

Fiscal Impact:

The project will result in the following estimated financial contributions to the City:

- Park in-Lieu Fees: \$195,200 (\$48,800/multiple-family dwelling unit)
- Traffic Impact Fees: \$16,636 (\$4,159/multiple-family dwelling unit)
- Los Altos Public Art Fund: one percent of construction costs, up to \$200,000

Environmental Review:

This project is categorically exempt from environmental review under Section 15332 of the California Environmental Quality Act (“CEQA”) because it is an in-fill development on a site in an urban setting that is under five-acres in size that is substantially surrounded by urban uses and does not contain significant natural habitat for endangered species (in that the project site is already developed with urban uses). The development proposal is consistent with the General Plan and Zoning Ordinance, as set forth in this staff report does not result in any significant effects related to traffic, noise, air or water quality, and is adequately served by all required utilities and public services, and none of the exceptions stated in CEQA Guidelines Section 15300.2 to applicability of the exemption are present.

Policy Question(s) for Council Consideration:

City Manager

GE

Reviewed By:

City Attorney

JH

Finance Director

JE



Subject: Proposed Three-Story Multiple-Family Residential at 440 First Street

Does the proposal meet the required findings for design review and subdivision per the Los Altos Municipal Code?

Summary:

- The Project includes the demolition of an existing one-story commercial building and construction of a new three-story multiple-family building with four condominium units, one level of underground parking with nine parking spaces, six interior bicycle parking spaces, and a private rooftop area.
- The Project will replace the existing sidewalk along First Street and will be required to relocate and replace the First Street crosswalk, south of the First and Lyell Street intersection.
- The Project proposes less than five housing units; therefore, no affordable housing units are required to be provided.
- The Project was reviewed by the Complete Streets and Planning Commissions and the Complete Streets Commission recommended approval and the Planning Commission recommended approval with specific design modifications.

Staff Recommendation:

City Council approval of design review and subdivision applications D20-0004 and TM20-0001 per the findings and conditions contained in the resolution.



Subject: Proposed Three-Story Multiple-Family Residential at 440 First Street

Purpose

Evaluate the project and reach a determination on whether it complies with the Los Altos Municipal Code requirements for design review and tentative subdivision map approval and furthers the City's efforts of providing for the production of housing, as reflected in the Goals, Policies, and Programs of the Housing Element and other elements in the Los Altos General Plan.

Background

Site Setting and Project Description

This is a development proposal that includes Design Review and Subdivision Tentative Map applications for a new four-unit multiple-family residential development on a 0.13-acre (5,495 square foot) site at 440 First Street. The project site is located on the southwest side of First Street at the intersection of Lyell Street and is designated as Downtown Commercial in the General Plan and zoned Commercial Downtown/Multiple Family (CD/R3). The site currently has a 2,000 square foot one-story commercial building that was most recently used as a veterinary clinic. The current site obtains access to First Street from a driveway abutting the southern parcel boundary and a sidewalk is located along the entire lot frontage along First Street. The rear property line abuts land owned by Santa Clara County and the Foothill Expressway corridor.

The Applicant proposes to demolish the existing building and construct a three-story building with four residential condominium units, one level of underground parking with nine parking spaces, six interior bicycle parking spaces, and a private rooftop area (Project). The driveway location will be relocated to abut the northern lot line and will provide access to the underground garage. The Project will replace the existing sidewalk along First Street and will be required to relocate and replace the First Street crosswalk, south of First and Lyell Street intersection. Since the Applicant proposes less than five housing units, no affordable housing units are required to be provided.

Planning Commission Study Session

On July 18, 2019, the Planning Commission held a study session to review and provide feedback on the Project's architectural and site design. At that time, the project was proposed as seven condominium units in a four-story building and the design incorporated a shared driveway to the underground garage level from the abutting property to the south at 450 First Street. Overall, the Commission expressed general support for the project design noting that there are a number of newly proposed multi-story development projects, that the overall conceptual design package was well presented, and while some commissioners accepted some of the exterior design detailing, other commissioners expressed the need to refine some of the exterior detailing. The Commissioners shared some concerns such as: finding commonality with abutting buildings; addressing and understanding the proposed building in relation to the existing windows and



Subject: Proposed Three-Story Multiple-Family Residential at 440 First Street

balconies of the 396 First Street building and potential gap between the buildings; the design and use of the private upper story deck areas; and arrangement of parking spaces.

SB330 - Joint Complete Streets Commission and Planning Commission Meeting

Development project applications submitted after January 1, 2020 are subject to SB-330, the Housing Crisis Act of 2019. The application was submitted on August 13, 2020; therefore, the project is subject SB-330 provisions which include a maximum of five public hearings. To reduce the total number of hearings, the Los Altos City Council directed staff and commissions to hold joint meetings; therefore, on December 2, 2021, the Complete Streets Commission and Planning Commission held a joint meeting to consider the Project and provide recommendations to the City Council as specified by the Zoning Code. The Complete Streets Commission recommended tasked with reviewing the bicycle, pedestrian, parking and traffic elements of a development application and providing an advisory recommendation to the Planning Commission and City Council recommended approval of the proposed project. The Planning Commission also recommended approval of the project with specific design modifications.

Story Pole Installation

Pursuant to the City Council Policy and Community Development Department procedures, the Applicant installed story poles per the approved plans as verified by the Applicant's civil engineer/surveyor as found in the certification letter included as Attachment B of the Commission Agenda Report (Attachment 3).

Discussion/Analysis

General Plan and Zoning District Development Standards

The Project is consistent with all applicable goals and policies contained in the Los Altos General Plan. This includes goals, policies and programs in the Land Use Element, Community Design & Historic Resources Element, Economic Development Element and Housing Element. The Project complies with all applicable site standards for a multiple-family residential project in the CD/R3 District¹, and all other applicable Zoning Code site development requirements with one caveat. Pursuant to Section 14.52.060 of the Municipal Code, the Project is required to provide a minimum 60% of softscape surfaces (plant material) within the front and rear yard areas. The Applicant is providing approximately 60% of the front yard area with softscape surfaces, however the rear yard has only approximately 30% of the yard area landscaped. Additional landscaping in the rear has been restricted by the Santa Clara County Fire Department that is requiring a seven-foot wide walkway for ground ladder access. Since there is a conflict with the 60% softscape standard in the zoning code, the Santa Clara County Fire Department safety requirement should take precedence;

¹ The project was deemed complete prior to the recent zoning ordinance changes that established new objective design standards; therefore, the Project was reviewed for consistency with the prior zoning ordinance requirements.



Subject: Proposed Three-Story Multiple-Family Residential at 440 First Street

however, if this walkway access is not required for emergency services, then additional landscaping shall be provided (see Condition 1a of the resolution). In addition, the rear landscaping would not be publicly visible since there is a solid wall proposed along the rear property line. By implementing Condition 1a, and because the rear yard will not be visible from the public right-of-way and the ladder pad is required for fire and life safety, the project would substantially comply with the softscape requirement. Furthermore, to the rear of the subject parcel, is a strip of land approximately 13 feet wide owned by Santa Clara County that separates the Foothill Expressway public right-of-way from the subject site. It is currently used for landscaping and contains one Monterey pine directly to the rear of the subject site and the applicant will be required to integrate softscape improvements (e.g. bioswale) to address stormwater runoff of Foothill Expressway. Given the requirements for pedestrian and vehicular building access, utility placement and certain limitations placed on the design by the Fire Department, the Applicant has proposed as much landscaping as feasible in the yard areas with the building design as proposed and there will be additional landscaping outside the property boundary in keeping with the intent of the landscaping requirement.

A more detailed discussion about the Project's General Plan and Zoning compliance is included in the Planning Commission agenda report (Attachment 3).

Design Review Findings and Guidelines

In order to approve the Project, the City Council must make positive design review findings as outlined in Section 14.78.060 of the Municipal Code (see the resolution in Attachment 1). In addition to complying with the standard design review findings, the Project must address the CD/R3 District's Design Controls (Section 14.52.110). The Project reflects a desired and appropriate development intensity for the CD/R3 District and within the First Street District as outlined in the General Plan and the Downtown Vision. The multiple-family development provides for two- and three-bedroom market-rate housing units that are more affordable by design as compared to single-family housing that is the predominant housing type in Los Altos and will contribute to the commercial vitality of the Downtown. The new building will improve the streetscape and has incorporated design elements that support the residential use. The architectural design uses a variety of elements to break up the bulk of the structure including building articulation, balconies, and a mix of exterior materials. Overall, as evidenced in this discussion, the discussion in the Planning Commission Agenda Report (Attachment 3), and as further supported by the findings contained in the resolution (Attachment 1), the project meets the City's required design review findings and zoning district design controls. That being said, after the Planning Commission considered the design at their December 2, 2021 meeting, they recommended specific design elements to address, which is further described in the section that follows.

The Downtown Design Guidelines (adopted December 8, 2009) and the more recently adopted Downtown Vision Plan provide additional criteria and guidelines for new development to ensure



Subject: Proposed Three-Story Multiple-Family Residential at 440 First Street

that high quality materials are utilized, appropriate scales and massing are incorporated, and overarching Downtown characteristics are preserved and maintained. An architectural peer review report, which includes a summary the Downtown Design Guidelines for the First Street District and a critique of the architectural design, was completed for the project. The architectural peer review report included recommendations to modify the design by adding more architectural detailing and provide more cohesive design elements reflective of the Mediterranean Style. The Applicant chose not to modify the design based on the architectural peer review report, but rather try to bridge the differences in the design styles of the existing building at 396 First Street and the project under construction at 450 First Street, which was also considered and supported by the majority of Planning Commissioners.

Planning Commission Recommendations/Design Revisions

The following is a list of design modifications that were proposed by the Planning Commission in their recommendation for city council approval of the project:

- Reduce visibility of elevator overrun at the front elevation;
- Reduce visibility of solar panel array and incorporate the trellis feature into the design;
- Provide additional landscaping elements; and
- Articulate the front elevation more, opposite of the gable roof

The Applicant has revised the design by addressing the Planning Commission's design concerns. A cover letter has been submitted by the Applicant is included in Attachment 4 which explains the design revisions that were made to address the Commission's concerns. The revised design plans are included in Attachment 5. Overall, the design revisions appear consistent with the recommendations to approve the project made by the Planning Commission. However, the zoning code states (Section 14.66.230) that the maximum building height is measured from the average elevation of the finished lot grade to the highest point of the roof deck of the top story in the case of a flat roof; and to the average height between the plate and ridge of a gable, hip, or gambrel roof. The height of flat roof deck area has remained at 35 feet, but the height of the midpoint of the gable roof has increased from 35 feet to approximately 36.6 feet which is inconsistent with the 35-foot building height standard of the CD/R3 Zoning District. However, this inconsistency was only included to accommodate the Planning Commission request to conceal the elevator overrun and is a very small portion of the overall roof structure².

Subdivision

The Project includes a Tentative Map to create one lot for further subdivision with a condominium plan. The recording of a subsequent condominium plan would further allow for division of the air

² Approximately 144sf or 3.4% of the roof area.



Subject: Proposed Three-Story Multiple-Family Residential at 440 First Street

space for the four residential units as well as assign below grade parking spaces and other common areas. As outlined in the resolution, the subdivision is in compliance with the General Plan, is physically suitable for this type and density of development, is not likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat, is not injurious to public health and safety, and provides proper access easements for ingress, egress, public utilities and public services.

Environmental Review

The project site, which is 5,495 square feet (0.13 acres) in size, is considered a small in-fill site (i.e., less than five acres) that is substantially surrounded by urban uses and does not contain significant natural habitat for endangered species. The development proposal is consistent with the General Plan and Zoning Ordinance, does not result in any significant effects related to traffic, noise, air or water quality, and is adequately served by all required utilities and public services, and none of the exceptions to applicability of the exemption are present. Therefore, in accordance with Section 15332 of the California Environmental Quality Act (CEQA) Guidelines, the project is exempt from further environmental review.

Regarding potential traffic impacts, the Planning Division had developed interim guidance for City review of projects to evaluate VMT impacts based on OPR Technical Advisory. The interim VMT guidance provided to the Applicant was the nine-county regional average for residential VMT per capita threshold set at 13.95 and considered projects that are 15% below the regional average (or 11.86 residential VMT per capita) not to have a significant environmental impact. Based on the Santa Clara County VMT Evaluation Tool, the Project was estimated to have a 6.36 per capita residential VMT, which is below the 11.86 regional average; therefore, the proposed project doesn't have a significant impact on VMT using the interim city VMT guideline.

Regarding air quality, an air quality assessment was prepared for the Project by Rincon Consultants, Inc (Attachment B of the Commission Agenda report) and submitted by the Applicant. The assessment concludes that all air quality impacts related to project construction and operation would be less than significant. The project would not conflict with the 2017 Clean Air Plan's goal to attain air quality standards, would include applicable control measures from the 2017 Clean Air Plan, and would not disrupt or hinder implementation of such control measures; therefore, the project would be consistent with the 2017 Clean Air Plan. Project construction and operation would not result in a cumulatively considerable net increase of any criteria pollutant for which the project region is in non-attainment under an applicable federal or state ambient air quality standard. Project construction and operation would not expose sensitive receptors to substantial pollutant concentrations from CO hotspots and TACs. The project would not result in other emissions (such as those leading to odors) adversely affecting a substantial number of people. Implementing Basic Construction Conditions of Approval into the project to reduce emissions of fugitive dust during construction activities have been incorporated into the conditions in the draft resolution (Condition No. 36 of the resolution). The Applicant has also completed the City's



Subject: Proposed Three-Story Multiple-Family Residential at 440 First Street

Climate Action Plan checklist for new development and will be complying with all applicable requirements to ensure that the project support's the City's greenhouse gas emission reduction targets (Condition No. 15 of the resolution).

Regarding noise, a noise study was prepared by Rincon Consultants, Inc (Attachment G of the Commission Report) and submitted by the Applicant. The study concluded that the proposed project would have less than significant impacts related to construction noise, operational noise, and vibration, and there would be no impacts related to off-site traffic noise and airport-related noise. The rooftop mechanical equipment will be further evaluated when the building permit is submitted and shall conform to exterior noise standards per Chapter 6.16 of the Municipal Code (see Condition No. 37 of the draft resolution).

Regarding water quality, the City of Los Altos operates under Municipal Regional Stormwater (MRP) NPDES Permit No. CA S612008, Order No. R2-2015-0049 dated November 19, 2015. The project, including the construction, proposed improvements and continued maintenance is conditioned to be in compliance with the NPDES permit. Standard conditions of approval are incorporated which among other things requires the project to implement a stormwater management plan; therefore, with the implementation of standard conditions and other oversight measures under the NPDES Permit, there are no significant potential impacts to water quality.

The Project is located on an infill site with the Downtown area and will be served by existing public services and utilities. The applicant has provided a "Will Serve" letter from California Water Service and feedback from Mission Trail for trash hauling services. The city of Los Altos is currently in the design phase of a sewer system repair program project along First Street between San Antonio Rd and Main Street and the design anticipates the current and potential future development of this site. Overall, as documented above, the project's technical studies support the finding that the project meets the criteria and conditions to qualify for as an in-fill development project that is exempt from further environmental review.

Options

- 1) Approve Resolution No. 2022-XX

Advantages: The project will replace an underdeveloped commercial property with a high-quality multiple-family development that helps the City meet its goals for producing new housing units and is supportive of the goals of the Downtown Vision Plan.

Disadvantages: The amount of commercial building space along First Street will be reduced.

- 2) Do not approve Resolution No. 2022-XX



Subject: Proposed Three-Story Multiple-Family Residential at 440 First Street

Advantages: The existing commercial building on the site will be maintained.

Disadvantages: The City will not make any progress on achieving its goals for the production of new housing units and implementation of the Downtown Vision Plan.

Recommendation

The Planning Commission and staff recommend Option 1.

RESOLUTION NO. 2022-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS MAKING FINDINGS, ADOPTING AN EXEMPTION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AND APPROVING THE DESIGN REVIEW, AND SUBDIVISION APPLICATIONS FOR A FOUR-UNIT MULTIPLE-FAMILY PROJECT AT 440 FIRST STREET

WHEREAS, the City of Los Altos received a development application from Abbie Bourgan, GreenTek Homes, (Applicant), for a new four-unit multiple-family residential building at 440 First Street that includes requests for Design Review (File Number D20-0004) and Subdivision (File Number TM20-0001), referred to herein as the “Project”; and

WHEREAS, said Project is located in the CD/R3 District, which allows multiple-family housing as a permitted use and does not specify a maximum allowable residential density; and

WHEREAS, said Project is exempt from environmental review as in-fill development in accordance with Section 15332 of the California Environmental Quality Act of 1970 as amended (“CEQA”); and

WHEREAS, said Project has been processed in accordance with the applicable provisions of the California Government Code and the Los Altos Municipal Code; and

WHEREAS, on July 18, 2019, the Planning Commission held a design review study session on the Project where it received public testimony and provided the Applicant with architectural and site design feedback; and

WHEREAS, on November 9, 2021, the Applicant installed story poles on the site consistent with the approved story pole design plan; and

WHEREAS, on November 18, 2021, the City gave public notice of the Planning Commission’s public hearing on the proposed Project by advertisement in a newspaper of general circulation and to all property owners and business tenants within a 1,00-foot radius and a meeting notice was posted to the billboard sign; and

WHEREAS, on December 2, 2021 the Complete Streets Commission and the Planning Commission conducted a duly-noticed joint public hearing at which members of the public were afforded an opportunity to comment upon the Project, and at the conclusion of the hearing, the Complete Streets Commission recommended Planning Commission and City Council approval of the project. The Planning Commission subsequently recommended City Council approve the Project; and

WHEREAS, on January 13, 2022, the City gave public notice of the City Council’s public hearing on the proposed Project by advertisement in a newspaper of general circulation and to all property owners and business tenants within a 1,00-foot radius and a meeting notice was posted to the billboard sign; and

WHEREAS, on January 25, 2022 the City Council held a duly noticed public meeting as prescribed by law and considered public testimony and evidence and recommendations presented by staff related to the Project; and

WHEREAS, all the requirements of the Public Resources Code, the State CEQA Guidelines, and the regulations and policies of the City of Los Altos have been satisfied or complied with by the City in connection with the Project; and

WHEREAS, the findings and conclusions made by the City Council in this Resolution are based upon the oral and written evidence presented as well as the entirety of the administrative record for the proposed Project, which is incorporated herein by this reference. The findings are not based solely on the information provided in this Resolution; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Los Altos hereby _____ the Project subject to the Findings (Exhibit A) and the Conditions of Approval (Exhibit B) attached hereto and incorporated by this reference.

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 _____ 2022 by the following vote:

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

Anita Enander, MAYOR

Attest:

Andrea M. Chelemengos, MMC, CITY CLERK

EXHIBIT A

FINDINGS

1. ENVIRONMENTAL REVIEW FINDINGS. With regard to environmental review, in accordance with Section 15332 of the California Environmental Quality Act Guidelines, based on the whole record before it, including, without limitation, the analysis and conclusions set forth in the staff reports, testimony provided at the proposed Project's public hearings, and the supporting, which include: 1) a Traffic Analysis for 440 First Street by TJKM (December 22, 2020); 2) a Noise Study by Rincon Consultants, Inc (December 2020); 3) an Air Quality Study by Rincon Consultants, Inc. (December 2020); and 4) an Arborist Report by Mayne Tree Expert Company, Inc. (July 20, 2020), the City Council finds and determines that the following Categorical Exemption findings can be made:
 - a. The Project is consistent with the applicable General Plan designation and all applicable General Plan policies as well as with the applicable zoning designation (Commercial Downtown/Multiple-Family);
 - b. The Project occurs within City limits on a site of no more than five acres that is substantially surrounded by urban uses and there is no record that the site has value as habitat for endangered, rare or threatened species;
 - c. Approval of the Project will not result in any significant effects relating to traffic, noise, air quality, or water quality and the completed technical studies and staff analysis contained in the agenda report and support this conclusion; and
 - d. The Project has been reviewed and it is found that the site can be adequately served by all required utilities and public services.
 - e. None of the exceptions to the applicability of the categorical exemption, as specified in section 15300.2, are present.
2. DESIGN REVIEW FINDINGS. With regard to Design Review Application D20-0004, the City Council finds, in accordance with Section 14.76.060 of the Los Altos Municipal Code, as follows:
 - a. The Project meets the goals, policies and objectives of the General Plan with its level of intensity and residential density within the First Street corridor in Downtown Los Altos, and all Zoning Code site standards and design criteria applicable for a project in the CD/R3 District;
 - b. The Project has architectural integrity and has an appropriate relationship with other structures in the immediate area in terms of height, bulk and design because the project utilizes high quality materials that support its architectural style and is appropriately articulated and scaled to relate to the size and scale of the surrounding buildings on the First Street corridor;
 - c. Building mass is articulated to relate to the human scale, both horizontally and vertically as evidenced in the design of building entrances, projecting overhangs including the horizontal trellis feature and awning over the entrances and balconies on the upper stories, the building elevations have variation and depth and avoid large blank wall surfaces, and the project has

incorporated elements that signal habitation, such as identifiable entrances and balconies, and high quality finishes;

- d. The Project’s exterior materials and finishes convey high quality, integrity, permanence and durability, and materials are used effectively to define building elements. Materials, finishes, and colors have been used in a manner that serves to reduce the perceived appearance of height, bulk and mass, and are harmonious with other structures in the immediate area;
- e. Landscaping including the proposed street tree, shrubs and groundcovers are generous and inviting, and landscape and hardscape features such as the water feature are designed to complement the building and to be integrated with the building architecture and the surrounding streetscape. Landscaping includes a limited street tree canopy in the public right-of-way and along the front yard areas that addresses Fire Department ladder access requirements;
- f. Signage, which is limited to the building address number and other required directional signage, will be designed to complement the building architecture in terms of style, materials, colors and proportions;
- g. Mechanical equipment is screened from public view by a screen wall on the rooftop and is designed to be consistent with the building materials and detailing; and
- h. Service, trash and utility areas are screened from public view by their locations in the underground garage area and behind a water feature in the front yard.

SUBDIVISION FINDINGS. With regard to Subdivision TM20-0001, the City Council finds the following in accordance with Chapter 4, Article 1, Section 66474 of the Subdivision Map Act of the State of California:

- A. The proposed subdivision is not consistent with applicable general and specific plans as specified in 65451.

This Finding cannot be made. The proposed subdivision is consistent with the Los Altos General Plan, including the Land Use Element, which designates the parcel as Downtown Commercial and allows for higher density residential development. Specific applicable policies of the General Plan for creating one parcel to be further divided into four condominium units include Land Use Element Policies 2.2, 3.1 and 3.5, Housing Element Policy 4.3, and the Infrastructure and Waste Disposal Element Policies 1.3, 2.2 and 3.1. The subdivision is also consistent with the Downtown Special Planning Area within the Land Use Element. The subdivision is not within an area adopted as specific plan area.

- B. That the design or improvement of the proposed subdivision is not consistent with applicable general and specific plans.

This Finding cannot be made. The proposed subdivision is consistent with the Los Altos General Plan, including the Land Use Element, which designates the parcel as Downtown Commercial and allows for higher density residential development. Specific applicable policies of the General Plan for creating one parcel to be further divided in four residential condominium units include Land Use Element Policies 2.2, 3.1 and 3.5, Housing Element Policy 4.3, and the Infrastructure and Waste Disposal Element Policies 1.3,

2.2 and 3.1. The subdivision is also consistent with the Downtown Special Planning Area within the Land Use Element. The subdivision is not within an area adopted as specific plan area.

C. That the site is not physically suitable for the type of development.

This Finding cannot be made. The site is physically suitable for this type of development because it is in conformance with the Downtown Commercial land use designations of the General Plan, and complies with all applicable CD/R3 Zoning District site development standards excluding those exceptions otherwise approved;

D. That the site is not physically suitable for the proposed density of development.

This Finding cannot be made. The site is physically suitable for the proposed density of development because it is in conformance with the Downtown Commercial land use designations of the General Plan, which does not have a density maximum but allows higher density residential development and complies with all applicable CD/R3 Zoning District site development standards excluding those exceptions otherwise approved;

E. That the design of the subdivision or the proposed improvements are likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat.

This Finding cannot be made. The design of the subdivision and the proposed improvements will not cause substantial environmental damage, or substantially injure fish or wildlife because the site is located within a developed urban context and is not in or adjacent to any sensitive habitat areas;

F. That the design of the subdivision or type of improvements is likely to cause serious public health problems.

This Finding cannot be made. The design of the subdivision will not cause serious public health problems because the site is located within an urban context and has access to urban services including sewer and water.

G. That the design of the subdivision or the type of improvements will conflict with easements, acquired by the public at large, for access through or use of, property within the proposed subdivision. In this connection, the governing body may approve a map if it finds that alternate easements, for access or for use, will be provided, and that these will be substantially equivalent to ones previously acquired by the public. This subsection shall apply only to easements of record or to easements established by judgment of a court of competent jurisdiction and no authority is hereby granted to a legislative body to determine that the public at large has acquired easements for access through or use of property within the proposed subdivision.

This Finding cannot be made. The design of the subdivision will not conflict with access easements because there are no known existing access easements encumbering this property.

EXHIBIT B

CONDITIONS

GENERAL

1. Approved Plans

The project approval is based upon the plans dated January 4, 2022 and the support materials and technical reports, except as modified by these conditions and as specific below:

- a. If the walkway access included in the required rear yard setback area is not required for emergency access by the Santa Clara County Fire Department, then at least 60% of the area shall be softscape surfaces in conformance with Section 14.52.060 of the municipal code.
- b. The Applicant shall coordinate with Santa Clara County to integrate any feasible improvements along the rear property line (e.g. swale) to address stormwater runoff from landscaped shoulder of Foothill Expressway. The Applicant shall obtain any necessary agreements from the County prior commencing off-site work.

2. Encroachment Permit

An encroachment permit and/or an excavation permit shall be obtained prior to any work done within the public right-of-way and it shall be in accordance with plans to be approved by the City Engineer.

3. Public Utilities

The applicant shall contact electric, gas, communication and water utility companies regarding the installation of new utility services to the site.

4. Tree Protection and Mitigation

The building plans shall incorporate the tree protection measures included in the arborist report by Mayne Tree Expert Company, Inc. (July 20, 2020). All tree protection measures shall be carried out by the builder in coordination with the consulting arborist. Documentation by letter(s) or reports shall be submitted prior to final inspection that demonstrates the tree protection plan was implemented by the developer and consulting arborist.

5. Americans with Disabilities Act

All improvements shall comply with Americans with Disabilities Act (ADA).

6. Municipal Regional Stormwater Permit

The project shall be in compliance with the City of Los Altos Municipal Regional Stormwater (MRP)NPDES Permit No. CA S612008, Order No. R2-2015-0049 dated November 19, 2015.

7. Sewer Lateral

Any proposed sewer lateral connection shall be approved by the City Engineer.

8. Transportation Permit

A Transportation Permit, per the requirements specified in California Vehicle Code Division 15, is required before any large equipment, materials or soil is transported or hauled to or from the construction site.

9. Diesel Generator Prohibition

Diesel powered electric generators are prohibited for any purpose in this project.

10. Indemnity and Hold Harmless

The applicant/property owner agrees to indemnify, defend, protect, and hold the City harmless from all costs and expenses, including attorney's fees, incurred by the City or held to be the liability of the City in connection with the City's defense of its actions in any proceedings brought in any State or Federal Court, challenging any of the City's action with respect to the applicant's project. The City may withhold final maps and/or permits, including temporary or final occupancy permits, for failure to pay all costs and expenses, including attorney's fees, incurred by the City in connection with the City's defense of its actions.

PRIOR TO SUBMITTAL OF BUILDING PERMIT

11. Green Building Standards

The applicant shall provide verification that the project will comply with the City's Green Building Standards (Section 12.26 of the Municipal Code) from a qualified green building professional.

12. Property Address

The applicant shall provide an address signage plan as required by the Building Official.

13. Water Efficient Landscape Plan

Provide a landscape documentation package prepared by a licensed landscape professional showing how the project complies with the City's Water Efficient Landscape Regulations and include signed statements from the project's landscape professional and property owner.

14. Reach Codes

Building Permit Applications submitted on or after January 26, 2021 shall comply with specific amendments to the 2019 California Green Building Standards for Electric Vehicle Infrastructure and the 2019 California Energy Code as provided in Ordinances Nos. 2020-470A, 2020-470B, 2020-470C, and 2020-471 which amended Chapter 12.22 Energy Code and Chapter 12.26 California Green Building Standards Code of the Los Altos Municipal Code. The building design plans shall comply with the standards and the applicant shall submit supplemental application materials as required by the Building Division to demonstrate compliance.

15. Climate Action Plan Checklist

The applicant shall implement and incorporate the best management practices (BMPs) into the plans as specified in the Climate Action Compliance Memo submitted on March 11, 2019.

16. California Water Service Upgrades

The applicant is responsible for contacting and coordinating with the California Water Service Company any water service improvements including but not limited to relocation of water meters, increasing water meter sizing or the installation of fire hydrants. The City recommends

consulting with California Water Service Company as early as possible to avoid construction or inspection delays.

17. Pollution Prevention

The improvement plans shall include the “Blueprint for a Clean Bay” plan sheet in all plan submittals.

18. Storm Water Management Plan

The Applicant shall submit a Storm Water Management Plan (SWMP) in compliance with the MRP. The SWMP shall be reviewed and approved by a City approved third party consultant at the Applicant’s expense. The recommendations from the Storm Water Management Plan (SWMP) shall be shown on the building plans.

19. Outdoor Condensing Unit Sound Rating

Show the location of any outdoor condensing unit(s) on the site plan including the model number of the unit(s) and nominal size (i.e. tonnage) of the unit. Provide the manufacturer’s specifications showing the sound rating for each unit. The condensing unit(s) must be located to comply with the City’s Noise Control Ordinance (Chapter 6.16) and in compliance with the Planning Division setback provisions. The units shall be screened from view of the street.

20. Off-haul Excavated Soil

The grading plan shall show specific grading cut and/or fill quantities. Cross section details showing the existing and proposed grading through at least two perpendicular portions of the site or more shall be provided to fully characterize the site. A note on the grading plans should state that all excess dirt shall be off-hauled from the site and shall not be used as fill material unless approved by the Building and Planning Divisions.

21. Electric Vehicle Charging Station Infrastructure

The building’s electrical service shall be designed to support the required load necessary for installation of electric vehicle charging stations in the underground parking garage.

22. Santa Clara County Fire Department Review

The project shall comply with all Santa Clara County Fire Department standards including but not limited to the comments and conditions provided in the Fire Department Development Review Comment letter dated November 9, 2021. A formal review of the building permit plans will be completed subsequent to submittal of a complete set of building permit design plans.

PRIOR TO FINAL MAP RECORDATION

23. Underground garage driveway

The applicant shall redesign the driveway approach at the north-east corner of the property with ADA ramps on the sidewalk at each side of the driveway approach.

24. Bulb out and Crosswalk

The applicant shall design a bulb out with ADA ramps at the SE corner of the intersection at First Street and Lyell Street per current ADA standards. The applicant shall also design a new crosswalk that crosses First Street at the south side of the intersection at First Street and Lyell Street with an ADA ramp connects to the new crosswalk at SE corner of the property.

25. Emergency Access Easement

The property owner shall obtain an emergency access ingress/egress easement from the property owners of 396 First Street and 450 First Street to provide for emergency access at the rear of the property as shown on the approved plans.

26. Covenants, Conditions and Restrictions

The applicant shall include the following provisions in the Covenants, Conditions and Restrictions (CC&Rs):

- a. Long-term maintenance and upkeep of the landscaping and street trees, on-site and in the public right-of-way along the site frontage, as approved by the City, shall be a duty and responsibility of the property owners.
- b. One of the underground parking spaces shall be open for guest users.
- c. Long-term maintenance and upkeep of the building's exterior materials and finishes shall be the responsibility of the Homeowner's Association.
- d. The Homeowner's Association will store trash receptacles in the underground parking garage level and will be responsible for moving trash receptacles to the temporary staging area at street level no more than 24 hours in advance of trash pickup and will relocate trash receptacles to their storage location within 24 hours of pickup.

27. Pedestrian Easement

The property owner shall dedicate a one-foot wide pedestrian easement along the front of the property abutting First Street to the City of Los Altos for use as public right-of-way as a public easement. Applicant shall submit documentation to the City for review and approval for the recordation of the public easement to the City of Los Altos.

28. Public Utility Dedication

The property owner shall dedicate public utility easements as required by the utility companies to serve the site.

29. Final Map Application and Payment of Subdivision Fees

The applicant shall pay all applicable fees, including but not limited to parkland dedication in-lieu fees and map check fee plus deposit as required by the City of Los Altos Municipal Code. Plats and legal descriptions of the final map shall be submitted for review by the City Land Surveyor.

30. Subdivision agreement

The property owner shall have the subdivision agreement approved by the City and ready to be executed and recorded after City Council approves the recordation of the Final Map.

31. Cost Estimate and Performance Bonds

The applicant shall submit a cost estimate for the improvements in the public right-of-way and shall submit a 100 percent performance bond or cash deposit (to be held until acceptance of improvements) and a 50 percent labor and material bond (to be held six months after acceptance of improvements) for the work in the public right-of-way.

PRIOR TO ISSUANCE OF BUILDING PERMIT

32. Payment of Impact and Development Fees

The applicant shall pay all applicable fees, including but not limited to sanitary sewer connection and impact fees, traffic impact fees, public art impact fee and map check fee plus deposit as required by the City of Los Altos Municipal Code.

33. Final Map Recordation

The applicant shall record the final map.

34. Soldier beams/Shoring

The applicant shall insure the design of all soldier beams or other temporary shoring supports are outside the public right-of-way.

35. Storm Water Filtration Systems

The Applicant shall insure the design of all storm water filtration systems and devices are without standing water to avoid mosquito/insect infestation.

36. Air Quality Mitigation

The applicant shall incorporate into the design plans and shall implement throughout the entire construction process the Bay Area Air Quality Management District's basic Construction Mitigation Measures to reduce emissions of fugitive dust during construction activities (California Environmental Quality Act Air Quality Guidelines. San Francisco, CA. May 2017. http://www.baaqmd.gov/~media/files/planning-and-research/ceqa/ceqa_guidelines_may2017-pdf.pdf?la=en (accessed November 2021).

37. Acoustical Report

The applicant shall submit a report from an acoustical engineer/consultant ensuring that the rooftop mechanical equipment meets the City's exterior noise regulations.

38. Grading and Drainage Plan

The Applicant shall submit on-site grading and drainage plans that include (i.e. drain swale, drain inlets, rough pad elevations, building envelopes, drip lines of major trees, elevations at property lines, all trees and screening to be saved) for approval by City Engineer. No grading or building pads are allowed within two-thirds of the drip line of trees unless authorized by a certified arborist and the Planning Division.

39. Sewage Capacity Study

The applicant shall submit calculations showing that the City's existing sewer line will not exceed two-thirds full due to the project's sewer loads. For any segment that is calculated to exceed two-thirds full for average daily flow or for any segment that the flow is surcharged in the main due to peak flow, the applicant shall replace the sewer line with a larger sewer line.

40. Construction Management Plan

The Applicant shall submit a construction management plan for review and approval by the Community Development Director and the City Engineer. The construction management plan shall address any construction activities affecting the public right-of-way, including but not limited to excavation, traffic control, truck routing, pedestrian protection, material storage, earth retention

and construction vehicle parking. The plan shall also provide specific details with regard to how construction vehicle parking will be managed to minimize impacts on nearby commercial and residential properties; noise reduction. The Plan shall also implement and comply with all other elements contained in Construction Management Plan Submittal Requirements published by the Planning Division including staging plans material delivery, storage areas, and noise reduction.

A Transportation Permit, per the requirements in California Vehicle Code Division 15, is required before any large equipment, materials or soil is transported or hauled to or from the site. Applicant shall pay the applicable fees before the transportation permit can be issued by the Traffic Engineer.

41. Solid Waste Ordinance Compliance

The Applicant shall be in compliance with the City's adopted Solid Waste Collection, Remove, Disposal, Processing & Recycling Ordinance (LAMC Chapter 6.12) which includes a mandatory requirement that all multi-family dwellings provide for recycling and organics collection programs.

42. Solid Waste and Recyclables Disposal Plan

The Applicant shall contact Mission Trail Waste Systems and submit a solid waste and recyclables disposal plan indicating the type, size and number of containers proposed, and the frequency of pick-up service subject to the approval of the Engineering Division. The Applicant shall also submit evidence that Mission Trail Waste Systems has reviewed and approved the size and location of the proposed trash enclosure. The enclosure shall be designed to prevent rainwater from mixing with the enclosure's contents and shall be drained into the City's sanitary sewer system. The enclosure's pad shall be designed to not drain outward, and the grade surrounding the enclosure designed to not drain into the enclosure. In addition, Applicant shall show on plans the proposed location of how the solid waste will be collected by the refusal company. Include the relevant garage clearance dimension and/or staging location with appropriate dimensioning on to plans.

43. Fire Department Compliance

The Applicant shall incorporate all Santa Clara County Fire Department comments and conditions contained in the Development Review Comments letter dated November 9, 2021 (Plan Review No. 21-4737). All comments/conditions shall be addressed by the applicant/developer prior to the issuance of the Building Permit.

PRIOR TO FINAL OCCUPANCY

44. Condominium Map

The applicant shall record the condominium map as required by the City Engineer.

45. Landscape and Irrigation Installation

All on- and off-site landscaping and irrigation shall be installed and approved by the Community Development Director and the City Engineer. Provide a landscape WELO Certificate of Completion, signed by the project's landscape professional and property owner, verifying that the trees, landscaping and irrigation were installed per the approved landscape documentation package.

46. Signage and Lighting Installation

The applicant shall install all required signage and on-site lighting per the approved plan.

47. Green Building Verification

The applicant shall submit verification that the structure was built in compliance with the California Green Building Standards pursuant to Section 12.26 of the Municipal Code.

48. Sidewalk in Public Right-of-Way

The Applicant shall remove and replace entire sidewalk and curb and gutter along the frontage of First Street as directed by the City Engineer. Sidewalk shall have minimum width of five feet or greater per the approved plans and the six-inch curb of curb and gutter shall not be part of the five-foot sidewalk.

49. New ADA Ramps and Crosswalks

The applicant shall provide two new ADA ramps at the driveway per the City standards on First Street.

50. Public Infrastructure Repairs

The Applicant shall repair any damaged right-of-way infrastructures and otherwise displaced curb, gutter and/or sidewalks and City's storm drain inlet shall be removed and replaced as directed by the City Engineer or his designee. The Applicant is responsible to resurface (grind and overlay) half of the street along the frontage of First Street if determined to be damaged during construction, as directed by the City Engineer or his designee.

51. Maintenance Bond

A one-year, ten-percent maintenance bond shall be submitted upon acceptance of improvements in the public right-of-way.

52. Label Catch Basin Inlets

The Applicant shall label all new or existing public and private catch basin inlets which are on or directly adjacent to the site with the "NO DUMPING - FLOWS TO ADOBE CREEK" logo as required by the City.

MINUTES OF A JOINT MEETING OF THE PLANNING COMMISSION/COMPLETE STREETS COMMISSION OF THE CITY OF LOS ALTOS, HELD ON THURSDAY, DECEMBER 2, 2021 BEGINNING AT 7:00 P.M. HELD VIA VIDEO/TELECONFERENCE PER EXECUTIVE ORDER N-29-20

Per California Executive Order N-29-20, the Commission will meet via teleconference only. Members of the Public may call (650) 242-4929 to participate in the conference call (Meeting ID: 144 676 5530) or via the web at <https://tinyurl.com/kby2b9rw>) Members of the Public may only comment during times allotted for public comments. Public testimony will be taken at the direction of the Commission Chair and members of the public may only comment during times allotted for public comments. Members of the public are also encouraged to submit written testimony prior to the meeting at PlanningCommission@losaltosca.gov or Planning@losaltosca.gov. Emails received prior to the meeting will be included in the public record.

ESTABLISH QUORUM

PRESENT: Planning Commission: Chair Bodner, Commissioners Ahi, Mensinger (lost connection prior to agenda item #2), Roche and Steinle
 Complete Streets Commission: Chair Maluf, Vice-Chair Banerjee, Ambiel, Katz and Gschneider

ABSENT: Planning Commission: Vice-Chair Doran and Commissioner Marek and Complete Street Commission: Commissioners O'Yang and Venkatraman

STAFF: Community Development Director Biggs, Planning Services Manager Persicone, Senior Planner Golden, Associate Planner Gallegos, Transportation Services Manager Lee and Attorney Ramakrishnan from the City Attorney's Office

PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

None.

ITEMS FOR CONSIDERATION/ACTION

CONSENT CALENDAR

These items will be considered by one motion unless any member of the Commission 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 Chair.

1. Planning Commission Minutes

Approve minutes of the regular meeting of October 7, 2021.

Action: Upon motion by Commissioner Steinle, seconded by Commissioner Ahi, the Commission approved the minutes from the October 7, 2021, meeting as written.

The motion was approved (4-0) by the following vote:

AYES: Ahi, Bodner, Roche and Steinle

NOES: None

ABSENT: Doran and Marek

PUBLIC HEARING

2. **D20-0004 and TM20-0001 – Abbie Bourgan – 440 First Street**

The applicant requests Design Review Approval and a Tentative Subdivision Map for a three-story building that includes 4 residential condominium units, one level of underground parking for 9 parking spaces and a useable rooftop area. The project is categorically exempt from environmental review pursuant to Section 15332 (Class 32), Infill Exemption of the California Environmental Quality Act (CEQA) Guidelines. *Project Planner: Golden*

Senior Planner Golden gave the staff report presentation recommending approval to the City Council of design review and subdivision applications D20-0004 and TM20-0001 per the findings and conditions contained in the resolution. He provided a brief summary of the project including that it is a four-unit condominium project with no affordable units proposed, a roof top deck area, and solar panels. He stated that the project height was reduced from 40 feet to 35 feet to comply with height limits and there is no elevator to the roof top deck area.

There were no ex parte communications from the Complete Streets Commission.

There were no ex parte communications from the Planning Commission.

Commissioner Questions

There were no questions from the Complete Streets Commission.

Chair Bodner asked a question about the process and timing for peer design review done by Cannon Design Group.

Project applicant Abbie Bourgan introduced the project to the Commissions and provided some background.

Project architect Chris Hall gave a presentation of the project.

Senior Planner Golden showed the Commissions the sketch up model of downtown with the project added so the Commissions could see the proposed building in the context of the neighborhood.

Complete Streets Commissioner Questions

Commissioner Katz asked about how garbage pickup will be addressed and what are the street parking impacts from the project.

Senior Planner Golden answered his questions.

Vice-Chair Banerjee asked about parking garage access and visibility with the narrow driveway of 18 feet in width.

Senior Planner Golden answered her question about garage access.

Project applicant Abbie Bourgan answered her question about the narrow driveway and visibility issues.

Vice-Chair Banerjee asked about bicycle parking and EV charging in the bike room.

Project applicant Abbie Bourgan answered her questions.

Commissioner Ambiel asked about the elevator capacity to accommodate two individuals and two bikes and the garage ramp slope grade and if there are hallways leading up to the units.

Project applicant Abbie Bourgan answered her questions.

Chair Maluf asked about the gym for the residents, the entrance to the garage facing Lyell Street and mail delivery.

Senior Planner Golden and project applicant Abbie Bourgan answered his questions.

Commissioner Katz had a follow-up question regarding pedestrian visibility with the garage slope.

Project applicant Abbie Bourgan answered his question.

Planning Commissioner Questions

Commissioner Ahi had a question about the roof top solar panels to the architect.

Commissioner Roche had questions about the gables and solar panel structure.

Commissioner Mensinger questioned the architect about the gables.

Chair Bodner asked if the architect incorporated any of Cannon Design Group's recommendations.

Commissioner Steinle asked for confirmation that the elevator does not have roof access and about landscaping opportunities.

Project architect Chris Hall answered most of the Commissioner questions and project applicant Abbie Bourgan answered the landscaping question.

Public Comment

Salim from South Bay YIMBY stated concern with the amount of time this project has taken and said three years is too long and costly for a project to go through the review /approval process and gave his support for the project.

Resident Phil Underwood of 396 First Street stated the need for a streetscape plan for First Street for pedestrian safety, parking, and delivery vehicles.

Resident Abby Ahrens and owner of Enchante Hotel at 1 Main Street said this was a top-quality project and gave her support.

The public comment section of the meeting was closed for applicant rebuttal or final comments.

Project applicant Abbie Bourgan provided final comments on the project.

Following Complete Streets Commission deliberations:

Action: Upon motion by Commissioner Ambiel, seconded by Commissioner Katz, the Commission moved the project forward to the Planning Commission and City Council.

The motion was approved (5-0) by the following vote:

AYES: Maluf, Banerjee, Ambiel, Katz and Gschneidner

NOES: None

ABSENT: O'Yang and Venkatraman

Planning Commission discussion then proceeded.

Commissioner Ahi:

- Neighboring project changes at 450 First Street by the City Council were disappointing;
- Front elevation lacking a cohesive design;
- Needs to be more symmetrical and dynamic;
- The one gable element on the left and the flat side on the right seem odd;
- Mirroring it and overhanging the roof more will make it more dynamic;
- Incorporate certain aspects of Cannon Design Group's comments such as duplicating the gable elements, more of a roof overhang, more articulation, railings on the first level instead of the wall;
- Transitional aesthetic needs to be enhanced – raise building to match those on either side;
- Increase the top height to cover the elevator overrun;
- Does not care about the height limit and is concerned with the design of the entire street;
- The roof decks need better transition;
- Looks industrial and needs to appear more residential; and
- Would recommend for City Council approval with no significant City Council redesign.

Commissioner Mensinger:

- Echoed Commissioner Ahi especially regarding symmetry with the front façade and making it look more residential; and
- Said to send the project on to City Council.

Commissioner Steinle:

- Agreed with both Commissioners Ahi and Mensinger;
- Building can be recommended to City Council; and

- There needs to be more landscaping as part of the building, not just around the building – give it more thought.

Commissioner Roche:

- Echoed the elevator overrun comments;
- Content with one gable;
- Does not like the boxy look of the stairwell at the top – needs to be minimized; and
- Would move the project forward to the City Council after changes were made.

Chair Bodner:

- Agreed with Commissioner Ahi's comments;
- Disappointed by changes made by the City Council to change the shared driveway and lose three units;
- The pedestrian experience would be significantly impacted by having two egresses;
- Change to the style is significant;
- Likes the proposed style of contemporary Mediterranean a lot more;
- Appreciates the refined materials and the colors are incredibly warm;
- The rear elevation could benefit from some more residential touches;
- May be a bit too stark and bare;
- Consider adding more railing; and
- The building height should match neighboring property heights proposed.

Community Development Director Biggs said it sounded like the majority of the Commission wanted to move this project forward to City Council even though they had design concerns. It would be more appropriate to refer the project back to the applicant to address some of their concerns and incorporate some of the suggested changes for the Commission to review again before sending it off to City Council.

Commissioner Ahi then went over the recommended changes to get a consensus of the Commission:

- Symmetrical aspect of the façade;
- Fit and transition better with the buildings on either side of the project;
- The roof structure needs to be more developed; and
- Add accents to the building design.

The applicant Abbie Bourgan and project architect Chris Hall spoke to the design recommendations and comments made by the Planning Commission.

Community Development Director Biggs went over the Commission's options for a motion.

Action: Upon motion by Commissioner Steinle, seconded by Commissioner Ahi, the Commission recommended approval to the City Council of design review and subdivision applications D20-0004 and TM20-0001 per the findings and conditions contained in the resolution, and subject to working with staff to incorporate and address the following:

- Elevator overrun;

- Solar panel array;
- Articulation of the front elevation; and
- More landscaping.

The motion was approved (5-0) by the following vote:

AYES: Ahi, Bodner, Mensinger, Roche and Steinle

NOES: None

ABSENT: Doran and Marek

3. **D21-0003 and TM21-0001– 355 1st Street LLC – 355 First Street**

The Planning Commission and Complete Streets Commission recommend approval to the City Council for Design Review, Vesting Tentative Map and a Mitigated Negative Declaration for a new 79,885 square-foot four story fifty (50) unit condominium building with two levels of underground parking at 355 First Street. A Notice of Intent to adopt a mitigated negative declaration (MND) in compliance with Section 21092.3 of the Public Resources Code has been filed with the County Clerk pursuant to the California Environmental Quality Act (CEQA) Guidelines. *Project Manager: Persicone*

Planning Services Manager Persicone introduced the project.

There were no ex parte communications from the Complete Streets Commission.

There were no ex parte communications from the Planning Commission.

The Commissions took a 12-minute break.

Planning Services Manager Persicone gave the staff report presentation for the SB 330 project recommending approval of Design Review and Vesting Tentative Subdivision Map applications D21-0003 and VTM21-0001 to the City Council of the fifty (50) unit condominium project at 355 First Street and the Planning Commission's recommendation to adopt a Mitigated Negative Declaration and Attachment 11 – Mitigation Monitoring Program (MMRP) to the City Council.

Project architect Jeff Potts of SDG Architects stated the project crossed four sites, presented the 50-unit project with six BMRs proposed, and two levels of sub grade parking for a total of 113 spaces with a six-inch reduction in space width with a waiver.

Commissioner Questions

Commissioner Ambiel from the Complete Street Commission asked questions about bike parking access, if any electrical outlets would be provided in the lockers, any security measures for an open-air charging station and package deliveries.



PUBLIC HEARING

Agenda Item #2

COMPLETE STREETS COMMISSION AND PLANNING COMMISSION AGENDA REPORT

Meeting Date: December 2, 2021

Subject: Proposed Three-Story Multiple-Family Residential at 440 First Street

Prepared by: Steve Golden, Senior Planner

Reviewed by: Jon Biggs, Community Development Director
Erik Ramakrishnan, City Attorney's Office

Initiated by: Applicant and Owner – Abbie Bourgan, GreenTek Homes

Attachments:

- A. ~~Draft Resolution with Findings and Conditions~~
- B. Applicant Materials
 - Traffic Analysis for 440 First Street, TJKM (December 22, 2020)
 - Noise Study, Rincon Consultants, Inc (December 2020; without Appendices)¹
 - Air Quality Study, Rincon Consultants, Inc. (December 2020; without Appendices)¹
 - Waste Hauling Service Review, Mission Trail (email dated November 24, 2020)
 - California Water Service Will Serve Letter
 - Arborist Report, Mayne Tree Expert Company, Inc. (July 20, 2020)
 - Design Review Narrative
 - Climate Action Plan Checklist
 - Story Pole Certification and Approved Story Pole Plan
 - Fire Access Easement Agreements with 450 and 496 First Street
 - Construction Management Plan
 - Preliminary Shoring Plan
 - Applicant Justification for Photovoltaic Panel Design
- C. Planning Commission Study Session Minutes, July 18, 2019
- D. Architectural Design Peer Review, Cannon Design Group
- E. Santa Clara County Fire Department Comments/Conditions
- F. Project Vicinity and Notification Maps
- G. ~~Project Design Plans and Tentative Subdivision Map~~

Recommendation:

Recommend to the City Council approval of design review and subdivision applications D20-0004 and TM20-0001 per the findings and conditions contained in the resolution.

¹ Appendices removed to condense reports. The full documents including appendices can be viewed here: <https://www.losaltosca.gov/communitydevelopment/page/440-first-street>

Environmental Review:

This project is categorically exempt from environmental review under Section 15332 of the California Environmental Quality Act (“CEQA”) because it is an in-fill development on a site in an urban setting that is under five-acres in size that is substantially surrounded by urban uses and does not contain significant natural habitat for endangered species (in that the project site is already developed with urban uses). The development proposal is consistent with the General Plan and Zoning Ordinance, as set forth in this staff report does not result in any significant effects related to traffic, noise, air or water quality, and is adequately served by all required utilities and public services, and none of the exceptions stated in CEQA Guidelines Section 15300.2 to applicability of the exemption are present.

Project Description:

This is a development proposal that includes Design Review and Subdivision Tentative Map applications for a new four-unit multiple-family residential development on a 0.13-acre (5,495 square foot) site at 440 First Street. The project site is located on the southwest side of First Street at the intersection of Lyell Street and is designated as Downtown Commercial in the General Plan and zoned Commercial Downtown/Multiple Family (CD/R3). The site currently has a 2,000 square foot one-story commercial building that was most recently used as a veterinary clinic. The current site obtains access to First Street from a driveway abutting the southern parcel boundary and a sidewalk is located along the entire lot frontage along First Street. The rear property line abuts land owned by Santa Clara County and the Foothill Expressway corridor.

The Applicant proposes to demolish the existing building and construct a three-story building with four residential condominium units, one level of underground parking with nine parking spaces, six interior bicycle parking spaces, and a private rooftop area (Project). The driveway location will be relocated to abut the northern lot line and will provide access to the underground garage. The Project will replace the existing sidewalk along First Street and will be required to relocate and replace the First Street crosswalk, south of First and Lyell Street intersection. Since the Applicant proposes less than five housing units, no affordable housing is required to be provided.

The following information and table summarize the project’s technical details:

GENERAL PLAN DESIGNATION:	Downtown Commercial
ZONING:	Commercial Downtown/Multiple Family (CD/R3)
PARCEL SIZE:	5,495 square feet (0.13-acres)
MATERIALS:	Smooth texture stucco and horizontal composite wood exterior siding with aluminum composite and quartz stone veneer accents, standing seam metal roof, bronzed metal railings, and aluminum clad wood windows and door

Subject: Proposed Three-Story Multiple-Family Residential at 440 First Street

	Existing	Proposed	Allowed/Required
FLOOR AREA:	2,000 sq ft	11,735 sq ft ¹	N/A ²
SETBACKS:			
Front	61.1 feet	10 feet ³	10 feet
Rear	1.2 feet	10 feet ³	10 feet
Right side	0 feet	0 feet	0 feet
Left side	0 feet	0 feet	0 feet
HEIGHT:			
Top of roof deck	17 feet ⁴	35 feet	35 feet
Top of rooftop canopy	-	43.5 feet	
PARKING:	7 spaces	9 spaces	9 spaces
DENSITY:	-	30.8 du/ac	N/A ²

¹ Gross conditioned floor area. This does not include the underground garage area.

² The CD/R3 District does not have a maximum floor area or density requirement.

³ The upper story balconies are setback 9 feet to the rear property line and 8.5 feet to the front property line.

⁴ Measured to the top of the ridge.

Background

Planning Commission Study Session

On July 18, 2019, the Planning Commission held a study session to review and provide feedback on the Project's architectural and site design. At that time, the project was proposed as seven condominium units in a four-story building and the design incorporated a shared driveway to the underground garage level from the abutting property to the south at 450 First Street. Overall, the Commission expressed general support for the project design noting that there are a number of newly proposed multi-story development projects, that the overall conceptual design package was well presented, and while some commissioners accepted some of the exterior design detailing, other commissioners expressed the need to refine some of the exterior detailing. The Commissioners shared some concerns such as: finding commonality with abutting buildings; addressing and understanding the proposed building in relation to the existing windows and balconies of the 396 First Street building and potential gap between the buildings; the design and use of the private upper story deck areas; and arrangement of parking spaces. A copy of the Planning Commission study session minutes are included as Attachment C.

SB330 - Joint Complete Streets Commission and Planning Commission Meeting

Development project applications submitted after January 1, 2020 are subject to SB-330, the Housing Crisis Act of 2019 and consistent with California Government Code Section 65905.5(a), the city is limited to no more than five hearings to make an approval determination of the proposed housing development project. The application was submitted on August 13, 2020; therefore, the project is subject to the maximum five hearing limitation. Pursuant to Section 14.78.090 of the Zoning Code, proposed multiple-family residential development projects are subject to a multi-modal transportation review hearing by the Complete Streets Commission (CSC) and recommendation to the Planning

Commission and City Council. Pursuant to Section 14.78.020(C), the PC shall review development project applications at a public hearing and provide a recommendation to the City Council. These commission meetings were typically held separately. To reduce the total number of hearings, the Los Altos City Council directed staff and commissions to hold a joint CSC and PC meeting, which is the purpose of this joint meeting. As specified by the Zoning Code, the CSC is tasked with reviewing the bicycle, pedestrian, parking and traffic elements of a development application and providing an advisory recommendation to the PC and City Council. Prior to consideration by the City Council, the PC completes a more comprehensive development review of the application and provides a recommendation to the city council. This agenda report combines information addressing both the CSC's multi-modal transportation review and the PC's comprehensive development project review.

Story Pole Installation

Pursuant to the City Council Policy, the Applicant installed story poles per the approved plans as verified by the Applicant's civil engineer/surveyor as found in the certification letter included in Attachment B.

Discussion/Analysis

Multi-modal Transportation Review Information

General Plan Circulation Element/Transportation Impact analysis

Regarding transportation impact analysis, the Circulation Element in the General Plan includes Implementing Programs C7 and C8 that outlines the criteria for reviewing traffic and circulation impacts for new development. Implementing Program C8 states:

Require a transportation analysis for all development projects resulting in 50 or more net new daily trips. The analysis shall identify potential impacts to intersection and roadway operations, project access, and non-automobile travel modes, and shall identify feasible improvements or project modifications to reduce or eliminate impacts. Impact significance should be consistent with the criteria maintained by the Santa Clara Valley Transportation Authority. City staff should have the discretion to require focused studies regarding access, sight distance, and other operational and safety issues.

Implementing programs C7 and C8 also states that the City should maintain a minimum Level of Service (LOS) "D" operating standard at all signalized intersections under Los Altos jurisdiction and that only after preparation of an environmental impact report with associated findings, accept LOS E or F operations at City-monitored signalized intersections after finding that no practical and feasible improvements can be implemented to mitigate the lower levels of service. This effectively established a significance threshold that was implemented under the California Environmental Quality Act (CEQA).

However, in 2013, Senate Bill 743 was signed by Governor Brown. SB 743 directed the State Office of Planning and Research (OPR) to develop new CEQA guidelines and to replace Level of Service (LOS) as the evaluation measure for transportation impacts under CEQA with another measure such

as Vehicle Miles Traveled (VMT). In December 2018, the California Natural Resources Agency adopted new CEQA Guidelines including sections to implement SB 743 requiring among other things that: a project's effect on automobile delay (i.e., Level of Service) shall not constitute a significant environmental impact under CEQA; a lead agency must adopt the provisions no later than July 1, 2020; VMT is the most appropriate measure of transportation impacts; and a lead agency has the discretion to choose the most appropriate methodology to evaluate a project's VMT.

It should be noted that SB 743 does not preclude cities from retaining General Plan policies related to LOS. Furthermore, cities may continue to require transportation analyses of a project's consistency with the adopted LOS goals and/or other operational issues related to transportation.

With regards to VMT, the City had not adopted formal standards by July 1, 2020; however, in lieu of formal adoption, the Planning Division developed interim guidance for City review of projects to evaluate VMT impacts based on OPR Technical Advisory. The interim VMT guidance provided to the applicant at that time used the nine-county regional average for residential VMT per capita threshold set at 13.95 and considered projects that are 15% below the regional average (or 11.86 residential VMT per capita) not to have a significant environmental impact.

The applicant's consultant, TJKM, utilized the Santa Clara County VMT Evaluation Tool² to evaluate and screen the proposed project to determine if the project would have a significant impact to VMT (Traffic Analysis in Attachment B). Using 2020 as the baseline year, a 6.36 per capita residential VMT was estimated, which is below the 11.86 regional average³; therefore, the proposed project doesn't have a significant impact on VMT using the interim city VMT guideline.

With regards to trip generation and potential LOS deficiencies, TJKM estimated the project's trip generation rate based on trip generation rates from the Institute of Traffic Engineers (ITE) publication (Traffic Analysis in Attachment B). Based on those estimates, the existing 2,000 square foot veterinary clinic generates 43 daily trips, whereas the proposed four unit multiple-family residential project generates 22 daily trips. This is a net reduction in 21 daily trips. Even if not considering the existing land use and net change, this is well under the 50 daily trip threshold to require a transportation analysis to further evaluate LOS impacts. In addition, less trips are anticipated during both the AM and PM peak hour period and even if not considering the existing use, the estimated two trips at each peak period would have an insignificant impact on intersections during the peak hours which are the most critical periods to evaluate.

Parking

The Applicant proposes four residential units with two units having two bedrooms and two units having three bedrooms. Pursuant to Section 14.74.080 of the Zoning Code, there shall be two parking spaces for each dwelling unit having two or more bedrooms and one guest parking space for each four multiple family dwelling units; therefore, a total of nine parking spaces are required. The applicant is proposing nine parking spaces in one level of an underground garage. The garage will be directly accessed from a driveway to First Street. The applicant is proposing that all eight parking spaces for the residents will have Electric Vehicle (EV) charging capability. TJKM evaluated the on-site

² Hosted by Valley Transportation Authority at <https://vmttool.vta.org/>

³ It is also below the City average of 12.22. Staff ran the VTA screening tool using the 2021 base year and the result was nearly identical at 6.35.

circulation in the garage and found that while there is not abundant space for maneuvering inside the parking area, it provides adequate turning space.

Site access was also evaluated entering and existing the underground garage (Traffic Analysis, Attachment B). Some site visibility constraints were noted in the evaluation; however, city standards would restrict parking on either side of the driveway. City staff is also evaluating the inclusion of a four-way stop at the intersection of First and Lyell Streets which would mitigate visibility concerns. Staff notes that the evaluation did not consider the driveway entrance for the 450 First Street project located on the abutting southern property line; however the proposed driveway is located the furthest away from that driveway as possible.

Public Transit

The closest bus stops are located approximately 0.3 mile from the subject site at San Antonio Road and Lyell Street, which is considered an acceptable walking distance. Local VTA route 40 provides service between Foothill College in Los Altos Hills and Mountain View Transit Center in Downtown Mountain View via a North Bayshore routing.

Bicycle and Pedestrian

As recommended by the VTA guidelines, multiple family residential projects should provide one Class I bicycle parking space per each three units and one Class II bicycle parking space for each fifteen units (but no less than two). The Project is providing four Class I and two Class II bicycle parking spaces, whereas two Class I and two Class II bicycle parking spaces are required. The Class I bicycle parking spaces are in the underground garage level in a closed room that is assumed to have lockable hardware (see Sheet A-0 of Attachment I). The Class II spaces are at street level in front of the building (see Sheet G-5). With regards to the nearest dedicated bicycle facility, a Class II bicycle lane exists on South San Antonio Road.

A sidewalk currently exists along the street frontage and the Project will replace the sidewalk and proposes an easement to increase the width of the sidewalk by one-foot (see Sheet C-1). Since the new driveway will conflict with the crosswalk across First Street that the 425 First Street is required to install⁴, the Project will be required to relocate the sidewalk to the south of the street intersection. The Project will also be required to improve the southeast corner (adjacent to hardware store) and will provide a bulb-out across First Street, similar to the one approved on the opposite northeast corner at 425 First Street to satisfy accessibility requirements and reduce the crosswalk width (see Preliminary Bulb-out Design in Attachment B).

The schools serving the site are Gardner Bullis Elementary, Egan Junior High School, and Los Altos High School. The City of Los Altos recently completed suggested “Walk n’ Roll” maps for each school and suggested proposed improvements for some of the schools including the ones utilized by this Project⁵. No improvements are suggested on the suggested routes except for crosswalk

⁴ The 425 First Street project was required to relocate the existing crosswalk from the south side of the intersection to the north side of the intersection.

⁵ See maps found here: <https://losaltoscompletestreets.com/suggested-routes-to-school/>

improvements to the frontage of the schools and the crosswalks across Foothill Expressway to Gardner Bullis Elementary which is a County facility and there is no nexus to require the proposed project to contribute to those improvements.

Proposed Development Design Review

General Plan

The General Plan contains goals and policies for the Downtown in the Land Use Element, Community Design & Historic Resources Element, Economic Development Element and Housing Element. Together these elements emphasize increasing commercial vitality while promoting a pedestrian friendly environment, preserving the small-town village atmosphere, and creating residential opportunities including affordable housing. The General Plan also identifies the Downtown as a Special Planning Area and references the City adopted Downtown Urban Design Plan (1992) in the various elements cited above. On August 28, 2018, the City Council adopted the Downtown Vision Plan, which functionally replaced the Downtown Urban Design Plan, but did not amend the General Plan for inclusion.

The Land Use Element combined with the Economic Development Element encourages intensification in the Downtown while also requiring that new development be compatible with the character of the small-town atmosphere serving commercial needs of residents and visitors. The Land Use element encourages retail and commercial services on the first floor and residential above on the second and third stories emphasizing the need for affordable housing. The Economic Development Element also supports this goal with emphasis of increasing the attractiveness of the Downtown area to shoppers and pedestrians to enhance the economic vitality. While the proposed Project eliminates the existing commercial space, it will provide an additional four residences in the Downtown area and incrementally increase the demand and support of commercial uses. The Proposed project does not include affordable units, but the two-bedroom units in comparison to single-family dwellings in Los Altos should be more affordable by design.

The Community Design and Historic Resources Element identifies the Downtown as the historic center of commerce and characterizes the Downtown triangular area as a walkable, pedestrian friendly environment with a mix of uses to serve the community. Although First Street has historically had more one and two-story buildings setback away from the street, the proposed Project is more consistent with other recent development projects approved and under construction along First Street. The Project will improve the visual appearance along the First Street streetscape and create uniformity with the abutting buildings on either side that are setback closer to the sidewalk. The Project will also be improving the First Street crosswalk on the south side of the intersection with Lyell Street by creating a bulb-out on the southeast corner of the intersection to reduce the crosswalk width and maintain required accessibility standards for pedestrians (see design plans in Attachment G).

The Housing Element encourages maximum densities of residential development and mixed-use development projects within the Downtown as well as facilitating affordable housing. The Applicant is proposing a total of four units, which equates to a density of approximately 31 units per acre. The CD/R3 Zoning District doesn't have a specific density threshold, but instead relies on the height limit, setbacks and on-site parking requirements to establish a functional density. The proposed Project, with a density of 31 dwelling units per acre, would be less dense than other multiple-family projects

in the Downtown Triangle area. For comparison purposes, the recently approved and under construction projects at 450 First Street and 425 First Street are 74 units per acre, and the mixed-use project at 385-389 First Street is 46 units per acre, and the existing multiple-family residential buildings at 396 First Street and 100 First Street each have a density of 50 units per acre.

Downtown Vision Plan

The Downtown Vision Plan (Vision) is a community-based effort to provide the Los Altos community with a vision for the future of the Downtown Triangle to guide growth and development over the next 20 years. The Vision acts as the guiding document for future development of the Downtown, maintaining the community's history, values, and desired intensity of development, while also allowing for incremental change intended to facilitate a unique, vibrant village that exemplifies the exceptional character and qualities of Los Altos.

As it relates to the proposed project, the Vision provides guidance with regards to land use policies including economic and housing, built environment/development standards, and circulation. The proposed project is within the First Street District which is envisioned to have a variety of uses with enhanced pedestrian and vehicular facilities to attract people towards the Downtown center. It encourages new development to anticipate and design for mixed-use development with ground-floor commercial including high quality facades with residential above. Residences in the downtown will likely be supportive of increasing affordable units in Los Altos by either directly providing income restricted or units that are more affordable by design (i.e. smaller units). With regards to the built environment, the Vision allows for taller buildings up to three-stories, but encourages upper floors to be stepped back to increase the articulation and massing of the upper story. The Vision identifies pedestrian and bicycle facilities as a key attribute of the Downtown and the community's expressed concern for further improvements. The First Street corridor was specifically identified as having opportunities to improve the pedestrian, bicycle, and vehicular movements to facilitate movements in the Downtown.

The proposed Project supports the overall goals of the Vision since it seeks to redevelop the site and provide for more intense residential density, which is anticipated and encouraged in the Downtown. The Project will include replacing the commercial office space with four multiple-family residential units, with the two-bedroom units being more affordable by design. The Project proposes a three-story 35-foot tall building, which is consistent with the CD/R3 zoning code and compatible with the recommended height maximum of up to 40 feet for residential buildings on First Street with the top story being stepped back.⁶ The upper floor of the building is not stepped back, however, the building is shorter than both buildings on either side (450 First St and 396 First Street). The Project will improve the visual appearance of the site by removing the surface parking lot, widening the sidewalk, installing a variety of front yard landscaping, and providing for visually appealing architectural detailing at the first story including a variety of exterior materials and the awning over the building entrance. The Applicant proposes to install bicycle parking in front of the building, which is quite limited along the existing street corridor, but improving with each new recently approved development.

Zoning District and other Development Standards

⁶ This is just a recommendation as the city of Los Altos has not formally discussed or adopted changes to the zoning district development standards.

The Project's front and rear setbacks are ten feet and there are no left and right-side yard setbacks, which complies with the development standards for a residential building in the CD/R3 District. At the first story, the majority of the building is setback an additional two feet (12 feet total) and includes landscaping, the building entrance area, a water feature, and areas for required building utilities and a location for temporarily staging trash receptacles. The front setback is measured from the property line, however, a one-foot easement pedestrian easement along the front of the property will increase the sidewalk width an additional foot consistent with other recent approved projects along First Street.⁷ The Applicant has provided an agreement letter with the property owners at 450 and 496 First Street confirming acceptance of an emergency access ingress/egress easement along the rear property line (Attachment B) and a condition of approval for recordation of easement is included in the draft resolution (Condition 25, Attachment A).

Pursuant to Section 14.52.060 of the Municipal Code, the Project is required to provide a minimum 60% of softscape surfaces (plant material) within the front and rear landscaped yard areas. The Applicant is providing approximately 60% of the front yard area with softscape surfaces, however the rear yard has only approximately 30% of the yard area landscaped. Additional landscaping has been restricted by the Santa Clara County Fire Department that requires a seven-foot wide walkway for ground ladder access. Since there is a conflict with the 60% softscape standard in the zoning code, the Santa Clara County Fire Department safety requirement should take precedence; however, if this walkway access is not required for emergency services, then additional landscaping shall be provided (see Condition 1a). In addition, the rear landscaping would not be publicly visible since there is a solid wall proposed along the rear property line. Furthermore, to the rear of the subject parcel is a strip of land approximately 13 feet wide owned by Santa Clara County that separates the Foothill Expressway public right-of-way from the subject site. It is currently used for landscaping and contains one Monterey pine directly to the rear of the subject site. The Applicant had inquired transferring/purchasing the parcel from the County similar to other recent projects that back up to Foothill Expressway in the downtown to incorporate into their rear yard area; however, the County was not amenable to transferring the parcel. See below for further discussion regarding additional landscaping in the landscape strip.

With regards to building height, the top of the roof deck and the midpoint of the front gable roof that are defined building height measurements is proposed at 35 feet, equal to the maximum building height of the CD/R3 zoning district. The elevator shaft and the stairwell providing rooftop access are 3.83 and 8.5 feet taller than the roof deck whereas a 12-foot height exception is allowed (Section 14.66.240(F) of the Municipal Code). Height exceptions are also allowed for mechanical equipment required to operate and maintain the building pursuant to Section 14.66.240(E) and for photovoltaic panels up to 12 feet in height.⁸ The photovoltaic panels are proposed to be installed on the stairwell rooftop area as well as a trellis that is equal in height to the stairwell roof and the photovoltaic would installed not to exceed the 12-foot additional height limitation. The Applicant has submitted additional information to further justify the installation of the trellis to raise the photovoltaic panels.

⁷ The proposed sidewalk width is 5.5 feet not including the top of the curb which adds another six inches to the width, but not technically considered part of the sidewalk.

⁸ Rooftop mechanical equipment is limited to 4% of the overall rooftop area, whereas photovoltaic panels are excluded from this limitation.

Regarding off-site parking provisions, the Project is consistent with the minimum standards provided in the zoning code. Please see the parking section in the multi-modal transportation review portion of the report above for further discussion. Also noted above, since the Applicant proposes four residential units, the proposed development project is not required to provide affordable housing pursuant to Chapter 14.28 Multiple-Family Affordable Housing.

The Santa Clara County Fire Department has reviewed the design plans submitted on September 21, 2021 and has provided comments/conditions contained in development review letter (see Attachment E). The Fire Department has identified a few deficiencies in the design plans that the Applicant believes has been resolved; however, at the time of the report publication, subsequent review by the Fire Department has not been completed. If the deficiencies are not resolved, they could result in justification for denial or approval of the project with further conditions.

Design Review

To approve the project as proposed by the applicant, the City Council must make positive design review findings as outlined in Section 14.78.060 of the Municipal Code. These design review findings are summarized as follows:

- The project meets the goals, policies and objectives of the General Plan and complies with any Zoning Code design criteria for the CD/R3 District;
- The project has architectural integrity and an appropriate relationship with other structures in the immediate area in terms of height, bulk and design;
- The horizontal and vertical building mass is articulated to relate to the human scale; it has variation and depth of building elevations to avoid large blank walls; and the residential elements that signal habitation such as entrances, stairs, porches, bays and balconies;
- The exterior materials that convey high quality, integrity, permanence and durability, and materials are used effectively to define building elements such as base, body, parapets, bays, arcades and structural elements; and the materials, finishes, and colors have been used in a manner that serves to reduce the perceived appearance of height, bulk and mass, and are harmonious with other structures in the immediate area;
- The landscaping is generous and inviting, the landscape and hardscape complements the building and is well integrated with the building architecture and surrounding streetscape, and the landscape includes substantial street tree canopy;
- Any signage is appropriately designed to complement the building architecture;
- Mechanical equipment is screened from public view and the screening is designed to be consistent with the building architecture in form, material and detailing; and
- Service, trash and utility areas are screened from public view, or are enclosed in structures that are consistent with the building architecture in materials and detailing.

Overall, the Project reflects a desired and appropriate development intensity for the CD/R3 District and within the First Street District as outlined in the General Plan and the Downtown Vision. The multiple-family development provides for market-rate housing units that are more affordable by design as compared to single-family housing that is the predominant housing type in Los Altos. Two unit sizes are proposed including two 2-bedroom units having approximately 1,985 and 1,745 square feet of floor area and two 3-bedroom units having approximately 3,090 and 3,290 square feet in floor area which will attract different types of households and contribute to the commercial vitality of the

Downtown. The new building will improve the streetscape and has incorporated design elements that support the residential use. The architectural design uses a variety of elements to break up the bulk of the structure including building articulation, balconies, and a mix of exterior materials. The private balconies on the upper stories signals habitation and also steps back the mass of the building.

The exterior building materials appropriately define the building elements to convey the Project's quality, integrity, durability and permanence. The exterior siding used along the front elevation of the first story includes stone veneer and aluminum composite materials giving the building a base and provides for visual interest at the pedestrian scale. The exterior of the upper stories is a combination of smooth stucco with expansion joints and the recessed walls at the balcony locations replicate the aluminum composite material applied along the front elevation at the first story. The installation of Juliet balconies on the front and rear elevations as well as the trellis over the garage and awning over the entrance area provides for some visual articulation and interest.

The Project includes landscaping at the main building entrance and along the First Street frontage in limited areas between the front façade and the back of sidewalk. A variety of plants are proposed including grasses/groundcovers, and shrubs. With regards to new street trees, the proposed landscape plan shows a Kwanzan cherry tree which is a smaller ornamental tree type. City staff has received feedback from the Santa Clara County Fire Department to restrict trees that grow more than 25 feet at maturity planted in front of buildings over 30 feet in height because taller trees would preclude fire ladder apparatus from being able to effectively gain access to upper portions of the building façade. The landscape plan also includes a water feature to the right of the building entrance that should in-part screen the staging area for trash receptacles that will be placed in this location on trash pick-up days. At the rear of the building, landscaping is limited since the Fire Department requires a seven-foot wide walkway along the side of the building for ground ladder access. A linear raised planter will be installed as well as vertical "living walls", but these will be concealed from public view by a solid wall six feet in height proposed along the rear property line. The exterior portion of the wall is designed to include recessed panels with decorative wood lattice. As discussed above, a parcel owned by the County of Santa Clara separates the project site from the Foothill Expressway right-of-way and currently has one Monterey pine directly behind the subject site which will be protected during construction (see Condition 4 in Attachment A). A condition of approval also requires the Applicant to coordinate with Santa Clara County to mitigate stormwater runoff from the landscaped shoulder area of Foothill Expressway that may sheet-flow towards the subject site since other parcels along this corridor have experienced impacts (Condition 1B). Given the requirements for pedestrian and vehicular building access, utility placement and certain limitations placed on the design by the Fire Department, the Applicant has proposed as much landscaping as feasible with the building design as proposed.

Since this is a residential building, no signage is needed except for the address number and directional signage as necessary by Code. The rooftop mechanical equipment which includes HVAC condensing units is screened by composite screen walls (assumed to be similar wood composite material as stair enclosure) on the rooftop and equipment is located to the interior of the rooftop; therefore, unlikely to be visible from the street below or by views from adjacent building located at the same level. The trash room is located within the underground garage level and a temporary area for trash receptacles is located at street level behind a proposed water feature which will be used for staging receptacles on trash pick-up day only.

Overall, as evidenced in this discussion and as further supported by the findings contained in Exhibit A of the resolution (Attachment A), the project appears to meet the City's required design review findings. The applicant has also provided a design review narrative (Attachment B) that addresses each design review finding as well as the CD/R3 Design Controls and applicable sections of the Downtown Design Guidelines. However, based on comments from the Planning Commission during the study session and architectural peer review, there may be opportunity to further enhance the design.

CD/R3 District Design Controls

In addition to complying with the standard design review findings, the project must address the CD/R3 District's Design Controls (Section 14.52.110), which include design requirements such as reducing the apparent size and bulk, access to the street, relationship to the Downtown and implementing goals and objects of Downtown plans, activating the street frontage and screening rooftop mechanical equipment. Please note that this project was submitted prior to Ordinance 2021-478 becoming effective and therefore is subject to Ordinance 10-346, which are the previous district design controls.

- In terms of size and bulk, the building is just over 50 feet wide, therefore by design and per the Design Controls the building is considered less bulky. The building is divided into smaller elements using articulation with building surfaces relieved with a change in the wall plane at the entries at the ground level and horizontal projections at the first story front elevation with features such as the awning and trellis elements, to provide pedestrian scaled elements;
- The upper stories bulk are broken down into smaller elements with the balcony recesses and the gable roof element at the front elevation;
- The primary access to the building is along the front with direct access to the public sidewalk. The front façade, entries, and pedestrian scaled features contributes to the streetscape environment of the Downtown;
- The Project includes landscape features at the street level and enhances the pedestrian environment by widening the sidewalk and providing a water feature;
- The majority of the front façade includes window glazing and/or entrances; and
- The rooftop mechanical equipment is screened from public view and from adjacent building located at the same level.

Overall, as discussed above and in the Applicant's design review narrative, the project appears to have adequately addressed these design controls. However, based on comments from the Planning Commission during the study session and the architectural peer review there may be opportunity to further enhance the design.

Architectural Design Peer Review and Downtown Design Guidelines

The Downtown Design Guidelines (adopted by City Council on December 8, 2009) provide practical design methods for preserving and enhancing the character and quality of the Downtown. They are intended to be used as guidance and assist in applying visual appropriate designs and understanding of community expectations while providing consistency in the City's downtown development review process. The more recently adopted Downtown Vision, discussed above, establishes present-day

expectations while maintaining and preserving Downtown characteristics described in the Downtown Design Guidelines.

In response to the adopted recommendations by the Downtown Building Committee, the city of Los Altos retained the services of an architectural design professional, Cannon Design Group, to provide an architectural peer review of the project (see Attachment D). The attached report summarizes the Downtown Design Guidelines for the First Street District where the subject site is located and a critique of the design. The report also includes recommendations to improve the design consistent with the design guidelines. In general, the recommendations include refining the design by adding more architectural detailing and providing a more cohesive design elements of the Mediterranean Style.

The Applicant chose not to modify the design based on the architectural peer review report, but rather trying to bridge the differences in the design styles of the existing building at 396 First Street and the project under construction at 450 First Street. While general conformance with the Downtown Design Guidelines and new concepts described in the Downtown Vision is preferred, strict adherence to the design concepts is not mandatory. However, based on comments from the Planning Commission during the study session and the architectural peer review analysis, there may be opportunity to further enhance the design.

Subdivision

The project includes a Tentative Map to create one lot for further subdivision with a condominium plan. The recording of a subsequent condominium plan would further allow for division of the air space for the four residential units as well as assign below grade parking spaces and other common areas. As outlined in the Draft Resolution (Attachment A), the subdivision is in compliance with the General Plan, is physically suitable for this type and density of development, is not likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat, is not injurious to public health and safety, and provides proper access easements for ingress, egress, public utilities and public services.

Environmental Review

The project site, which is 5,495 square feet (0.13 acres) in size, is considered a small in-fill site (i.e., less than five acres) that is substantially surrounded by urban uses and does not contain significant natural habitat for endangered species. The development proposal is consistent with the General Plan and Zoning Ordinance, does not result in any significant effects related to traffic, noise, air or water quality, and is adequately served by all required utilities and public services, and none of the exceptions to applicability of the exemption are present. Therefore, in accordance with Section 15332 of the California Environmental Quality Act (CEQA) Guidelines, the project is exempt from further environmental review.

Regarding potential traffic impacts, as discussed above, the Planning Division had developed interim guidance for City review of projects to evaluate VMT impacts based on OPR Technical Advisory. The interim VMT guidance provided to the Applicant was the nine-county regional average for residential VMT per capita threshold set at 13.95 and considered projects that are 15% below the regional average (or 11.86 residential VMT per capita) not to have a significant environmental impact. Based on the Santa Clara County VMT Evaluation Tool, the Project was estimated to have a 6.36 per

capita residential VMT, which is below the 11.86 regional average; therefore, the proposed project doesn't have a significant impact on VMT using the interim city VMT guideline.

Regarding air quality, an air quality assessment was prepared for the Project by Rincon Consultants, Inc (Attachment B) and submitted by the Applicant. The assessment concludes that all air quality impacts related to project construction and operation would be less than significant. The project would not conflict with the 2017 Clean Air Plan's goal to attain air quality standards, would include applicable control measures from the 2017 Clean Air Plan, and would not disrupt or hinder implementation of such control measures; therefore, the project would be consistent with the 2017 Clean Air Plan. Project construction and operation would not result in a cumulatively considerable net increase of any criteria pollutant for which the project region is in non-attainment under an applicable federal or state ambient air quality standard. Project construction and operation would not expose sensitive receptors to substantial pollutant concentrations from CO hotspots and TACs. The project would not result in other emissions (such as those leading to odors) adversely affecting a substantial number of people. Implementing Basic Construction Conditions of Approval into the project to reduce emissions of fugitive dust during construction activities have been incorporated into the conditions in the draft resolution (Condition No. 36). The Applicant has also completed the City's Climate Action Plan checklist for new development (Attachment B) and will be complying with all applicable requirements to ensure that the project support's the City's greenhouse gas emission reduction targets (Condition No. 15 of the draft resolution).

Regarding noise, a noise study was prepared by Rincon Consultants, Inc (Attachment G) and submitted by the Applicant. The study concluded that the proposed project would have less than significant impacts related to construction noise, operational noise, and vibration, and there would be no impacts related to off-site traffic noise and airport-related noise. The rooftop mechanical equipment will be further evaluated when the building permit is submitted and shall conform to exterior noise standards per Chapter 6.16 of the Municipal Code (see Condition No. 37 of the draft resolution).

Regarding water quality, the City of Los Altos operates under Municipal Regional Stormwater (MRP) NPDES Permit No. CA S612008, Order No. R2-2015-0049 dated November 19, 2015. The project, including the construction, proposed improvements and continued maintenance is conditioned to be in compliance with the NPDES permit. Standard conditions of approval are incorporated which among other things requires the project to implement a stormwater management plan; therefore, with the implementation of standard conditions and other oversight measures under the NPDES Permit, there are no significant potential impacts to water quality.

The Project is located on an infill site with the Downtown area and will be served by existing public services and utilities. The applicant has provided a "Will Serve" letter from California Water Service and feedback from Mission Trail for trash hauling services. The city of Los Altos is currently in the design phase of a sewer system repair program project along First Street between San Antonio Rd and Main Street and the design anticipates the current and potential future development of this site. Overall, as documented above, the project's technical studies support the finding that the project meets the criteria and conditions to qualify for as an in-fill development project that is exempt from further environmental review.

Public Notification and Correspondence

For this meeting, a public hearing notice was published in the *Town Crier*, and mailed to 325 property owners and 348 current tenants within 1,000 feet of the site (Attachment F). A public notice billboard with color renderings was installed along the project's First Street frontage and story poles to represent the corners of the building were installed in conformance with the City Council public notification requirements of the Open Government Policies. A story pole certification letter from the project engineer is included in Attachment B.

At the time of report publication, staff has not received any specific correspondence from any nearby property owners or tenants regarding this proposal.

Options

Complete Streets Commission Recommendation

Consistent with the zoning code provisions, the CSC is recommended to adopt a motion recommending the project to the Planning Commission. The CSC can recommend denial with justification(s) for denial or approval with or without recommendations that could be incorporated as conditions of approval. If making specific recommendations for conditions, the Commission should state the justification for each condition with an understanding that the condition cannot lower the density of the proposed development, that there is nexus and proportionality to the request, and is feasible to incorporate into the proposed design.

Planning Commission

The Planning Commission is recommended to adopt a motion recommending approval, approval with modifications or incorporated as conditions, or denial of the proposed project with justification(s) for denial. If making specific recommendations for conditions, the Commission should state the justification for each condition with an understanding that the condition cannot lower the density of the proposed development, that there is nexus and proportionality to the request, and is feasible to incorporate into the proposed design. Once the Planning Commission makes a recommendation, the Project will be forwarded to the City Council for consideration and final action.



Technical Memorandum

Date: December 22, 2020

To: Abbie Bourgan
25875 Estacada Way
Los Altos Hills, CA 94022
Phone: 650.492.1369
Email: abbie@bourgan.net

From: Janice Spuller
Project Manager

Jurisdiction: City of Los Altos

Subject: **Traffic Analysis for the proposed development at 440 1st Street, City of Los Altos, CA.**

The purpose of this draft technical memorandum is to present the results of circulation assessment, and trip generation expected from the proposed project. The project proposes the demolition of an existing veterinary clinic of 2,000 square feet and the construction of a residential 4-unit condominium building development located at 440 1st Street in City of Los Altos. The proposed building will be three stories of condos over one level of underground parking. Proposed development is located on 1st Street. **Figure 1** illustrates the proposed site plan, dated August 5th, 2020. Access to the project site will be from 1st Street. The proposed project provides nine vehicular parking spaces, and six bicycle parking spaces.

SITE ACCESS AND ON-SITE CIRCULATION

Site Access

Site access for vehicles would be provided from 1st Street via one 18-foot driveway located west of 1st Street. The proposed location is located at the corner of the intersection of 1st Street/Lyell Street, while allowing for vehicle parking on both sides of the roadway. Pedestrian access would be provided directly from the sidewalk along 1st Street in addition to the uncontrolled pedestrian crossing at the south leg of the 1st Street/Lyell Street intersection. An internal bike storage room can be access through both the garage and lobby. The project site is connected to adequate bicycle and pedestrian facilities.

On-Site Circulation

The site plan shows an 18-foot parking garage entrance for vehicles, providing access to eight standard spaces and one accessible space. No on-site loading or truck/emergency vehicle access

is provided. The parking area features sufficient space for vehicles to maneuver in the dead-end aisle. Vehicle access and circulation on the site are considered adequate, even when all parking spaces are filled. **Figure 2** shows the underground garage vehicle circulation, such as ingress and egress. **Figure 3** shows the vehicle turn operations for right-turn in/out, and left-turn in/out at the access driveway.

SIGHT DISTANCE ANALYSIS

Sight distance is evaluated to determine if a driver will have adequate visibility to enter a roadway safely without resulting in a conflict with traffic already on the roadway. The project driveway, which is approximately 450 feet north of the signalized intersection at San Antonio Road/1st Street, was evaluated. Oncoming vehicles travel northbound and southbound at a posted speed of 25 miles per hour (mph).

According to the "Geometric Design of Highways and Streets, (The Green Book) 2018 7th Edition" from the American Association of State Highway and Transportation Officials (AASHTO), there are three situational cases for determining sight distances:

1. Case B1-Left turns from the minor road;
2. Case B2-Right turns from the minor road;
3. Case F-Left turns from the major road

Cases B1 and B2, in Section 9.5.3.2 of the Green Book, discusses a policy on departure sight triangles for intersections with stop control on the minor road. Case F, in Section 9.5.3.6, discusses a policy that along a major roadway from which vehicles are permitted to turn left across opposing traffic, including intersections and driveways, should have sufficient sight distance to accommodate the left-turn maneuver.

The project driveway is analyzed as a minor road stop controlled intersection under three cases as mentioned above and demonstrated in **Figures 4a, 4b, and 4c** respectively for the project driveway. The sight distance analysis is as follows:

- Under Case B1, Left Turn from Stop (Table 9-7, "Geometric Design of Highways and Streets, (The Green Book) 2018 7th Edition" from the American Association of State Highway and Transportation Officials (AASHTO)), the line of sight for vehicles turning left onto 1st Street and oncoming vehicles travelling northbound on 1st Street is clear and visible for at least 280 feet. The line of sight for vehicles turning left onto 1st Street and oncoming vehicles travelling southbound on 1st Street would be obstructed. Approximately 143 feet of the 2-hour on-street parking and the existing utility street light pole, both along the west side of the roadway, are potential obstructions.
- Under Case B2, Right Turn from Stop (Table 9-9, "Geometric Design of Highways and Streets, (The Green Book) 2018 7th Edition" from the American Association of State Highway and Transportation Officials (AASHTO)), the line of sight for vehicles exiting the

project driveway and turning right onto 1st Street and oncoming vehicles travelling southbound on 1st Street would be obstructed. Approximately 126 feet of the 2-hour on-street parking and the existing utility street light pole, both along the west side of the roadway, are potential obstructions.

- Under Case F, Left Turn from the Major Road (Table 9-17, “Geometric Design of Highways and Streets, (The Green Book) 2018 7th Edition” from the American Association of State Highway and Transportation Officials (AASHTO)), the line of sight for vehicles turning left from 1st Street to enter the project driveway and oncoming vehicles travelling southbound on 1st Street is clear and visible for at least 205 feet.

TRIP GENERATION

TJKM developed estimated project trip generation for the proposed project based on published trip generation rates from the Institute of Traffic Engineers (ITE) publication Trip Generation Manual, 10th Edition. TJKM used published trip rates for the ITE Land Use Multifamily Housing (Mid-Rise) (ITE Code 221) for the proposed development. TJKM used existing land use credits based on the ITE Land Use Veterinary Clinic (ITE Code 640). The existing veterinary clinic operates on Monday to Friday from 8:00 a.m. to 6:00 p.m. and on Saturdays from 8:00 a.m. to 4:00 p.m. Based on the information provided, on a current average day, the clinic has 35 clients on appointments, and an additional 10 clients come to pick up or drop off items. They also have a few clients that drop off their pet and then pick them up later in the afternoon.

Table 1 shows the trips expected to be generated by the proposed project. The proposed project is expected to generate approximately 2 weekday a.m. peak hour trips (1 inbound trips, 1 outbound trips) and 2 weekday p.m. peak hour trips (1 inbound trips, 1 outbound trips). It should be noted that proposed project would create less trips when compared to the existing facility.

Table 1. Project Trip Generation

Land Use (ITE code)		Size	Unit	Daily		AM Peak					PM Peak						
				Rate	Trips	Rate	In %	Out %	In	Out	Total	Rate	In %	Out %	In	Out	Total
Proposed Facility	Multifamily Housing (Mid-Rise)(221) ¹	4	DU	5.44	22	0.36	26	74	1	1	2	0.44	61	39	1	1	2
Existing Facility	Veterinary Clinic (640) ²	2.0	KSF	21.5	-43	3.64	67	33	-5	-3	-8	3.53	40	60	-3	-4	-7
Total Trips					-21				-4	-2	-6				-2	-3	-5

Notes: Source: Institute of Transportation Engineers (ITE) Trip Generation Manual, 10th Edition, 2017

¹ Multifamily Housing (Mid-Rise) (ITE Land Use Code 221) based upon number of dwelling units

² Veterinary Clinic (ITE Land Use Code 640) based on square foot.

DU-Dwelling Unit; ksf-Thousand square feet.

VEHICLES MILES TRAVELED (VMT)

Compliance with Senate Bill (SB) 743 will include replacement of Level of Service (LOS) with Vehicle Miles Traveled (VMT) for purposes of assessing traffic impacts under CEQA beginning in July 2020.

Compliance with Senate Bill (SB) 743 will include replacement of LOS with VMT for purposes of assessing traffic impacts under CEQA described in new Section 15064.3 of the CEQA Guidelines that will be apply statewide beginning on July 1, 2020. Lead agencies will have discretion to choose the most appropriate methodology to evaluate a project’s vehicles miles traveled, including whether to express the change in absolute terms, per capita, per household or any other measure. VMT refers to the amount and distance of automobile travel “attributable to a project”.

The City of Los Altos is still working on the formal adoption of VMT policies and standards for determining impacts and acceptable mitigation measures; however, in the meantime, the City is using the following interim guidelines for all new development projects to address VMT. The nine-county regional average for residential VMT per capita threshold is set at 13.95 for residential and 15.33 for employment. If a project is 15% below this regional average, then a project is considered to not have a significant environmental impact. If VMT will have an impact that is less than 15% below the regional average then additional studies are warranted. **Table 2** shows the VMT thresholds.

Table 2. VMT Thresholds

Area	Residential VMT	Population	Residential VMT per Capita	Employment VMT	Jobs	Employment VMT per Job
9-County Region	104,671,663	7,501,728	13.95	57,692,944	3,762,965	15.33
Santa Clara County	24,738,650	1,856,250	13.33	17,318,960	1,040,507	16.64
Los Altos	391,551	32,038	12.22	310,669	16,291	19.07
City / County Average			-8%			+15%

Source: VTA Final Model Forecasts for Year 2015 based on ABAG Projections 2017

TJKM utilized the Santa Clara Countywide VMT Evaluation Tool Report to determine the project would have a significant impact or not.

- Without the project, the VMT rate for this location is 7.07, which is below the 11.86 threshold and exempts the project from further studies.
- With the project, the VMT rate goes down to 6.36, which again is below the 11.86 threshold.
- Therefore, with or without the project this location is more than 15% below the threshold and exempt from further studies.

VMT evaluation summary reports are shown in **Appendix A**.

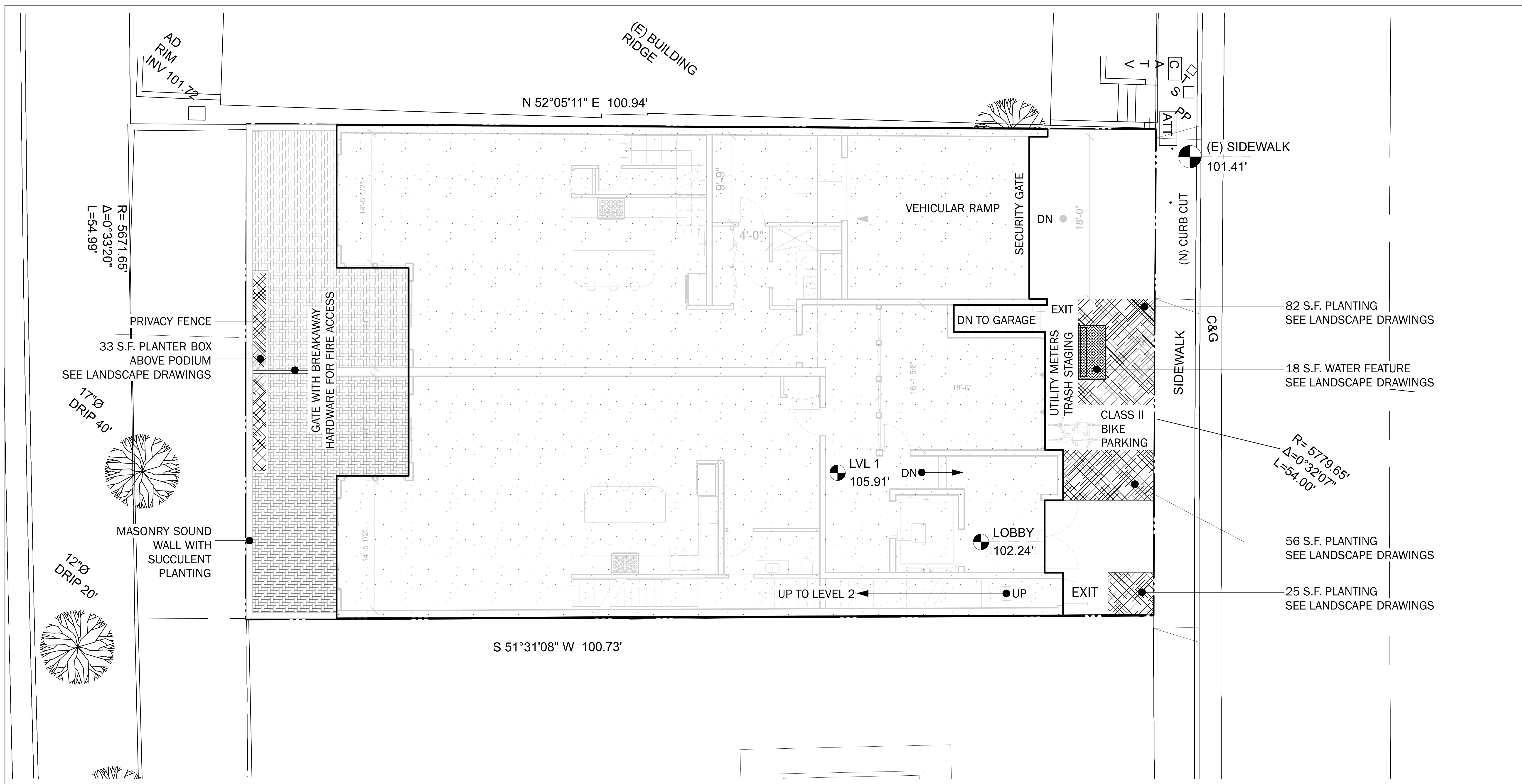
CONCLUSIONS

- Based on a preliminary review of the project site plan, the site access and on-site circulation is considered adequate.
- Based on the sight distance analysis findings at the project driveway, line of sight for left-turn vehicles on 1st Street to enter the project is clear and visible. However, line of sight for exiting vehicles turning left and right from the project driveway would be obstructed with southbound oncoming vehicles on 1st Street and 2-hour parking along the west side of the roadway. Sight distance for left and right turn vehicles from the project driveway can be improved with the restriction of on street parking of approximately 65 feet length on 1st Street along the west side of the roadway. However, these improvements needs to be coordinated with the City of Los Altos.
- This analysis examined trip generation for the proposed residential development. Based on the trip generation analysis, the proposed development would develop 2 trips in the a.m. peak hour and 2 trips in the p.m. peak hour. It should be mentioned that the proposed project would create lesser trips when compared to an existing facility.
- Based on Santa Clara County VMT evaluation report, project is considered to not have a significant environmental impact.



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Figure 1: Project Site Plan



- 82 S.F. PLANTING
SEE LANDSCAPE DRAWINGS
- 18 S.F. WATER FEATURE
SEE LANDSCAPE DRAWINGS
- 56 S.F. PLANTING
SEE LANDSCAPE DRAWINGS
- 25 S.F. PLANTING
SEE LANDSCAPE DRAWINGS

R= 5671.65'
Δ=0°33'20"
L=54.99'

R= 5779.65'
Δ=0°32'07"
L=54.00'

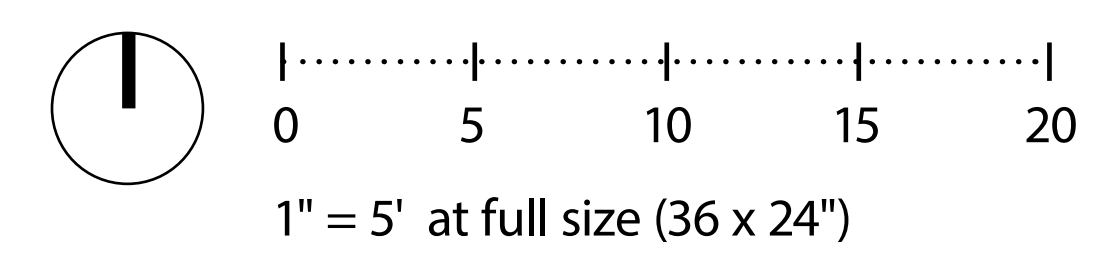


Figure 2
NOVEMBER 2020



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Figure 2 – Vehicle Ingress and Egress Turn Template

Turn Template: Vehicle Ingress and Egress

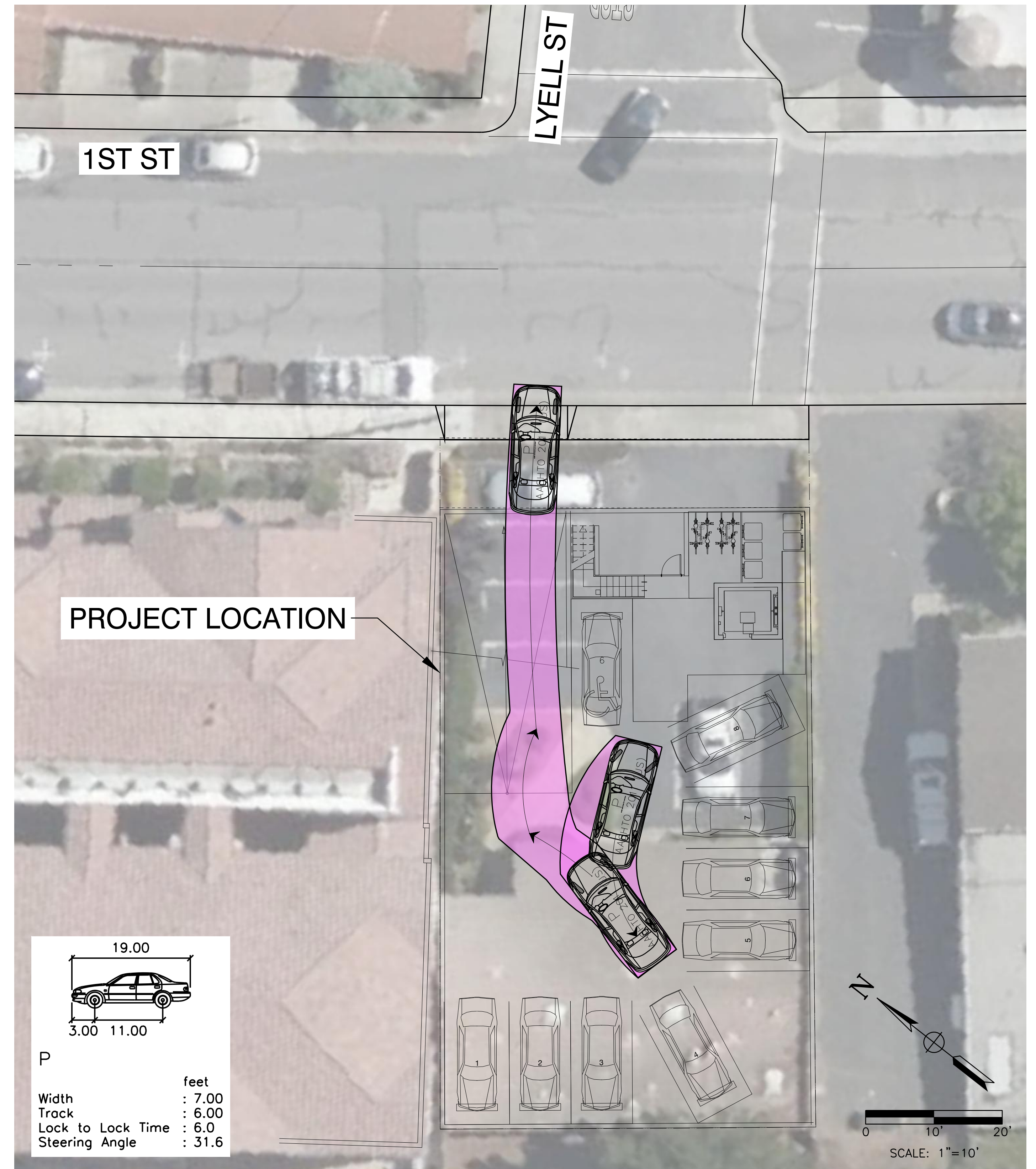
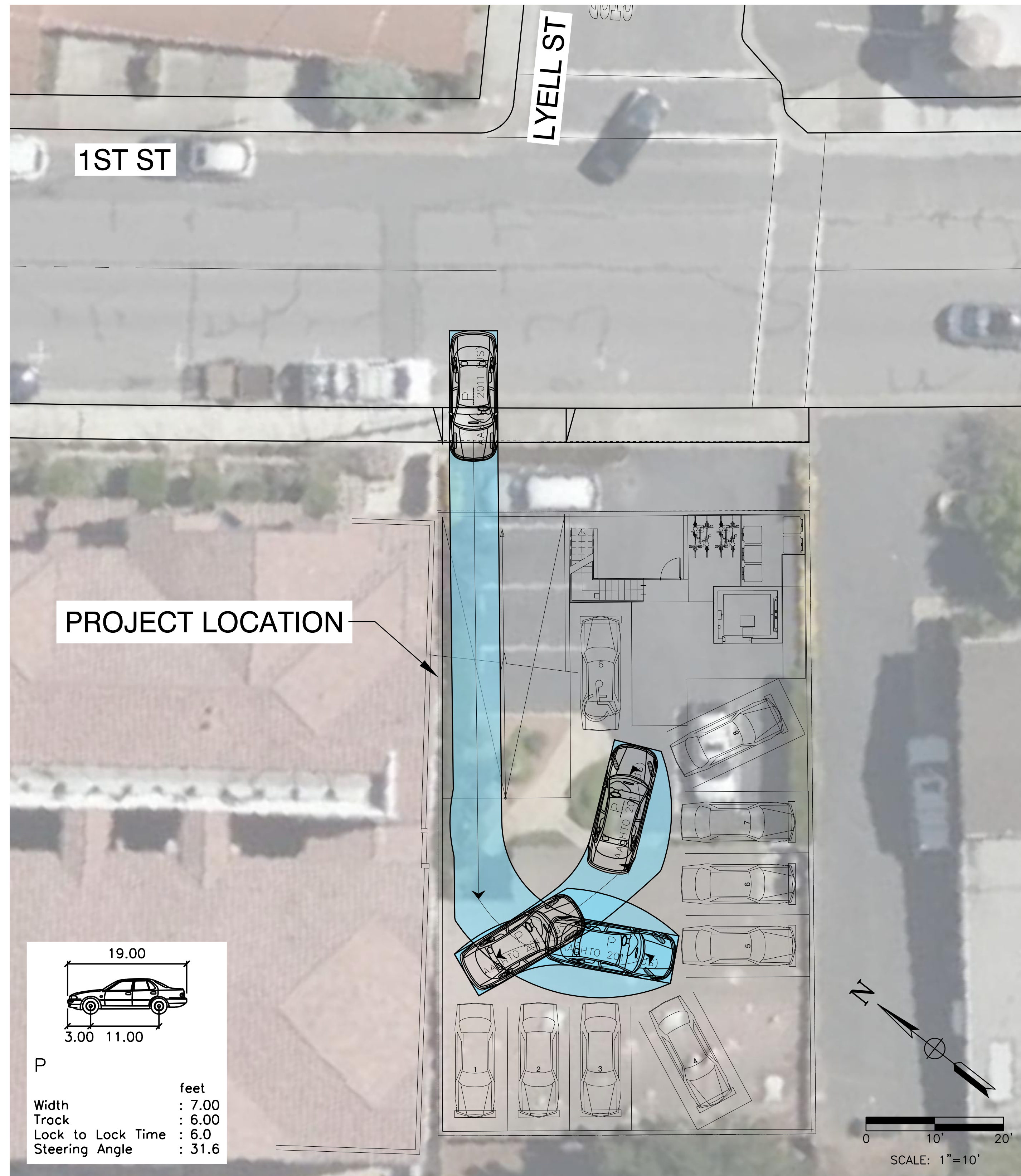


Figure 2



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Figure 3 - Vehicle Turn Operations Turn Template

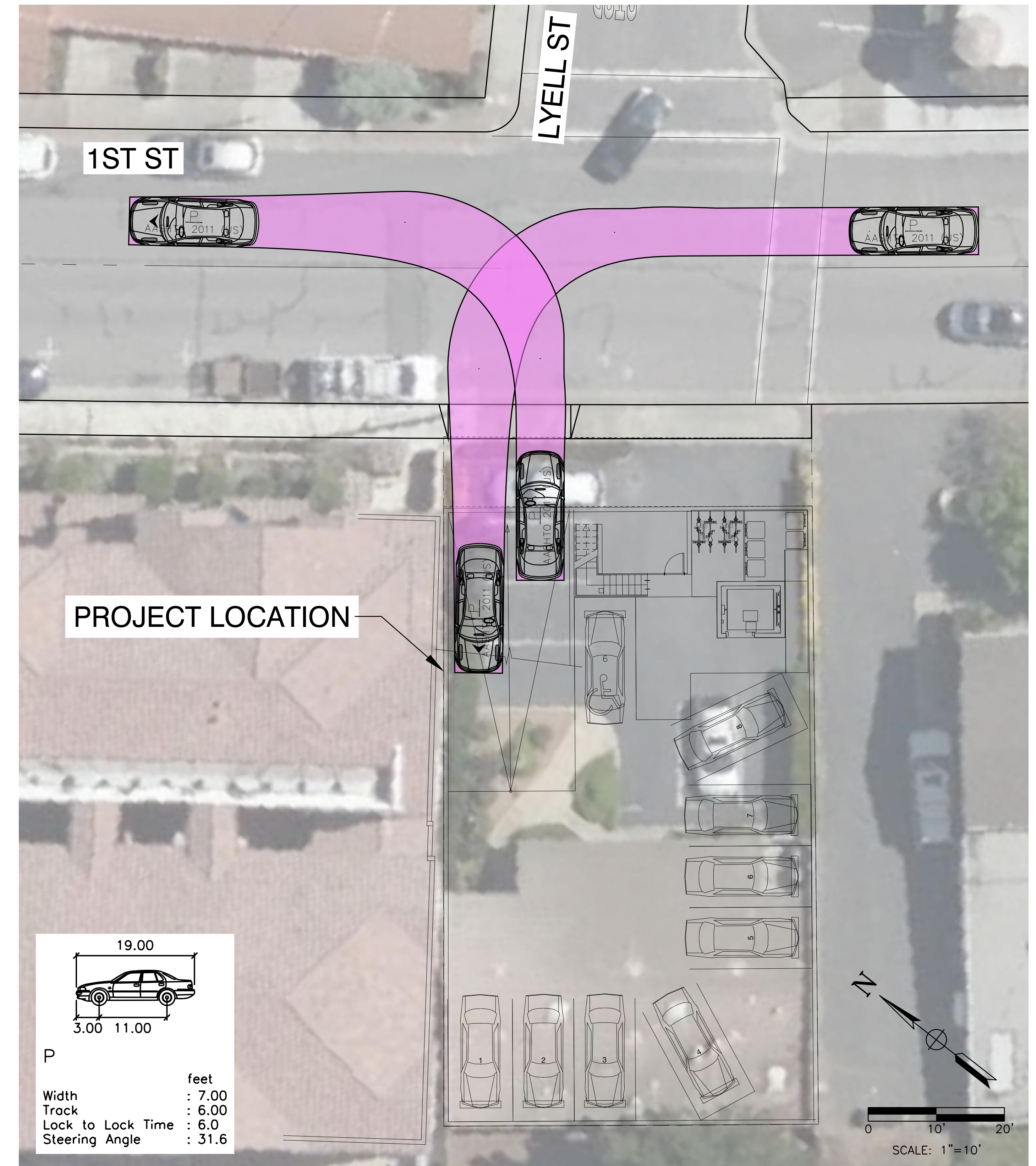
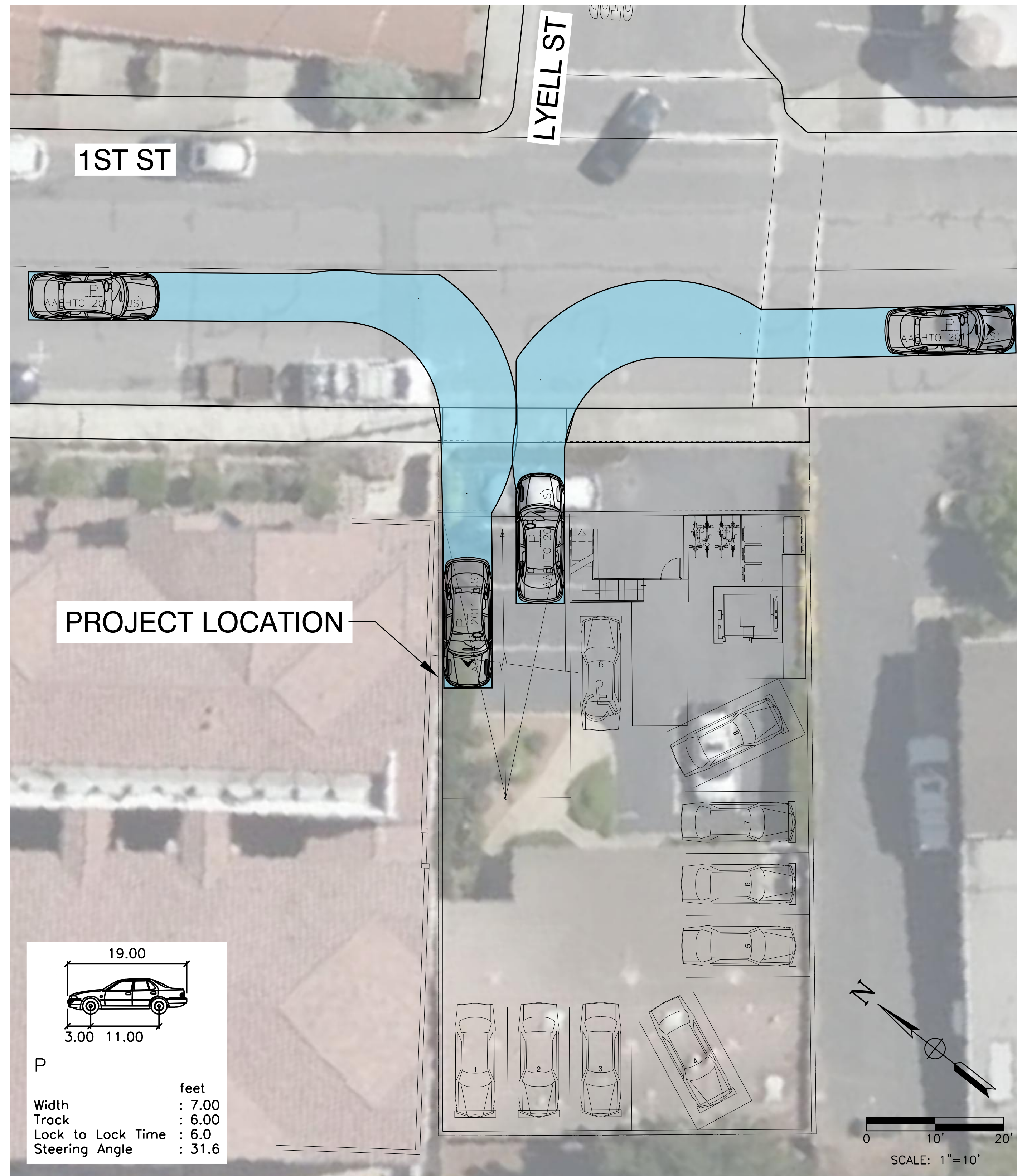


Figure 3



VISION THAT MOVES YOUR COMMUNITY

Figure 4a - Intersection Sight Distance - Case B1, Left Turn from Stop

Intersection Sight Distance: Case B1, Left Turn from Stop

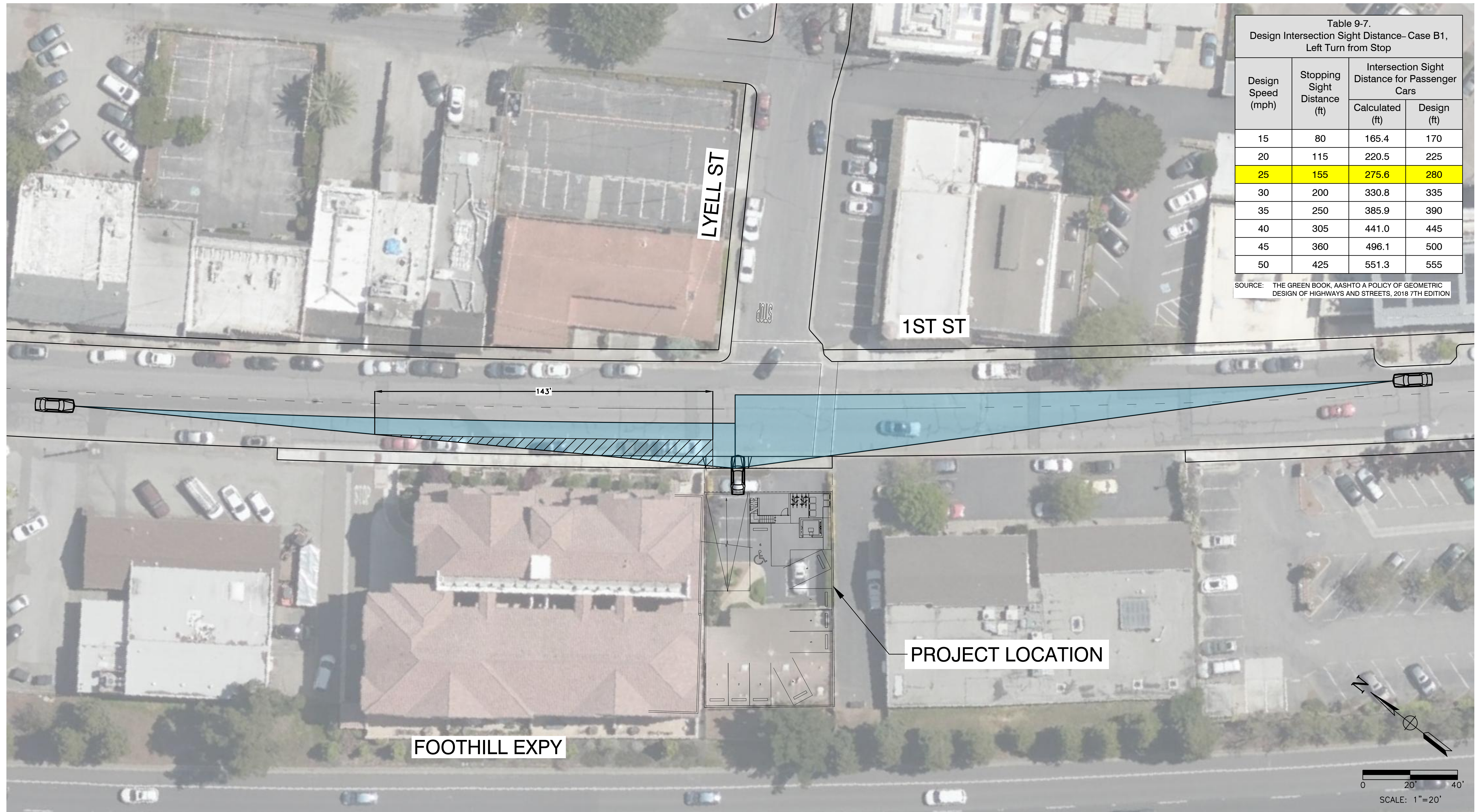


Figure 4a



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Figure 4b - Intersection Sight Distance - Case B2, Right Turn from Stop

Intersection Sight Distance: Case B2, Right Turn from Stop



Table 9-9.
Design Intersection Sight Distance- Case B2,
Right Turn from Stop

Design Speed (mph)	Stopping Sight Distance (ft)	Intersection Sight Distance for Passenger Cars	
		Calculated (ft)	Design (ft)
15	80	143.3	145
20	115	191.1	195
25	155	238.9	240
30	200	286.7	290
35	250	334.4	335
40	305	382.2	385
45	360	430.0	430
50	425	477.8	480

SOURCE: THE GREEN BOOK, AASHTO A POLICY OF GEOMETRIC DESIGN OF HIGHWAYS AND STREETS, 2018 7TH EDITION

Figure 4b



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Figure 4c - Intersection Sight Distance - Case F, Left Turn from the Major Road

Intersection Sight Distance: Case F, Left Turn from the Major Road



Table 9-17.
Design Intersection Sight Distance- Case F,
Left Turn from the Major Road

Design Speed (mph)	Stopping Sight Distance (ft)	Intersection Sight Distance for Passenger Cars	
		Calculated (ft)	Design (ft)
15	80	121.3	125
20	115	161.7	165
25	155	202.1	205
30	200	242.6	245
35	250	283.0	285
40	305	323.4	325
45	360	363.8	365
50	425	404.3	405

SOURCE: THE GREEN BOOK, AASHTO A POLICY OF GEOMETRIC DESIGN OF HIGHWAYS AND STREETS, 2018 7TH EDITION

Figure 4c



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Appendix A – VMT Evaluation Summary Report

Project Details

Timestamp of Analysis: December 01, 2020, 09:02:34 AM
Project Name: 440 1st Street
Project Description: 4-Unit Residential Building

Project Location

Jurisdiction:
Los Altos

APN	TAZ
16741009	194

Inside Transit Priority Area (TPA)?
No (Fail)

Analysis Details

Santa Clara Countywide VMT Evaluation Tool Version: 1
Data Version: VTA Countywide Model December 2019
Analysis Methodology: TAZ
Baseline Year: 2020

Project Land Use

Residential:

Single Family DU:
Multifamily DU: 4

Total DUs: 4

Non-Residential:

Office KSF:
Local Serving Retail KSF:
Industrial KSF:

Residential Affordability (percent of all units):

Extremely Low Income: 0 %
Very Low Income: 0 %
Low Income: 0 %

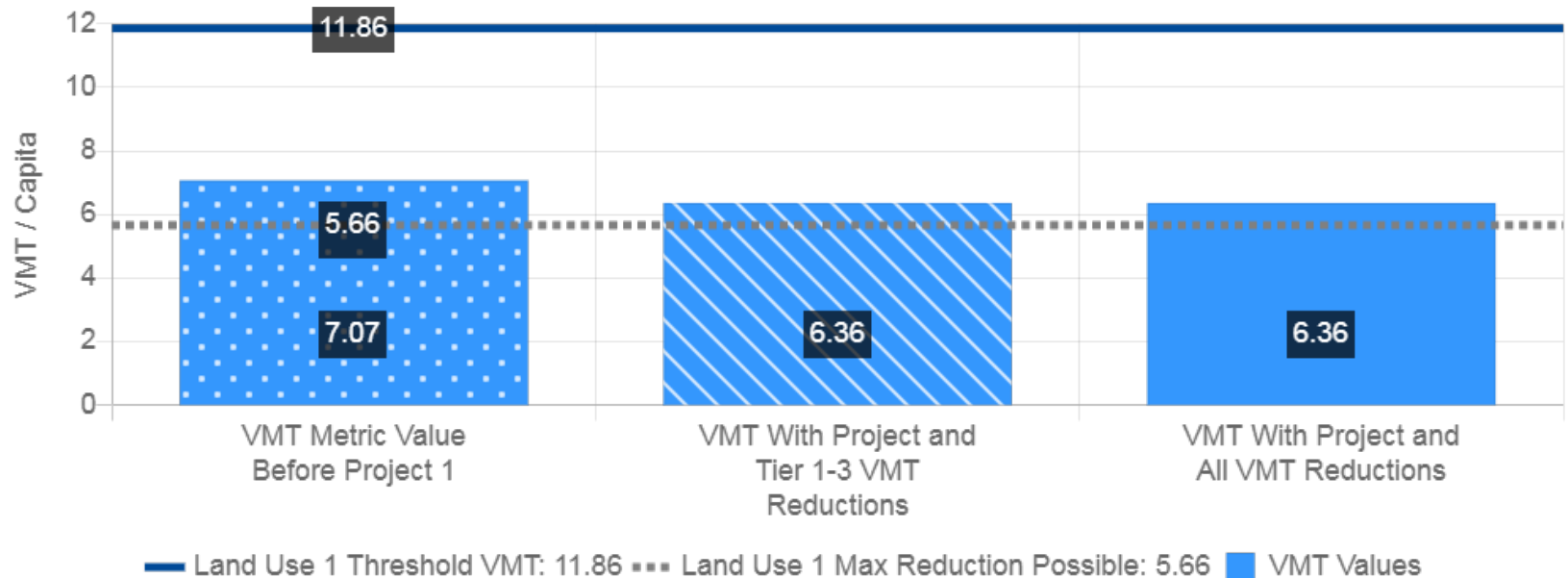
Parking:

Motor Vehicle Parking: 9
Bicycle Parking: 6

Residential Vehicle Miles Traveled (VMT) Screening Results

Land Use Type 1:	Residential
VMT Without Project:	Home-based VMT per Capita
VMT Baseline Description 1:	Bay Area Regional Average
VMT Baseline Value 1:	13.95
VMT Threshold Description 1:	-15%
Land Use 1 has been Pre-Screened by the Local Jurisdiction:	N/A

	Without Project	With Project & Tier 1-3 VMT Reductions	With Project & All VMT Reductions
Project Generated Vehicle Miles Traveled (VMT) Rate	7.07	6.36	6.36
Low VMT Screening Analysis	Yes (Pass)	Yes (Pass)	Yes (Pass)



Tier 1 Project Characteristics

PC01 Increase Residential Density

Existing Residential Density:	1.74
With Project Residential Density:	3.48

PC02 Increase Residential Diversity

Existing Residential Diversity Index:	0.73
With Project Residential Diversity Index:	0.74

PC03 Affordable Housing

PC04 Increase Employment Density

Existing Employment Density:	129.77
With Project Employment Density:	129.77

ATTACHMENT B



440 1st Street Residential Project

Noise Study

prepared for

GreenTek Homes

Contact: Abbie Bourgan

prepared by

Rincon Consultants, Inc.

449 15th Street, Suite 3030

Oakland, California 94612

December 2020



RINCON CONSULTANTS, INC.

Environmental Scientists | Planners | Engineers

rinconconsultants.com

Table of Contents

1	Project Description and Impact Summary	1
1.1	Introduction	1
1.2	Project Summary.....	1
2	Background	6
2.1	Overview of Sound Measurement	6
2.2	Vibration	7
2.3	Sensitive Receivers.....	9
2.4	Project Noise Setting.....	9
2.5	Regulatory Setting.....	9
3	Impact Analysis	16
3.1	Methodology.....	16
3.2	Significance Thresholds.....	17
3.3	Impact Analysis	19
4	Conclusions	23
5	References	24

Tables

Table 1	Summary of Impacts	1
Table 2	Maximum Vibration Levels for Preventing Damage	8
Table 3	Human Response to Steady State Vibration	8
Table 4	Human Response to Transient Vibration	9
Table 5	Exterior Noise Limits	12
Table 6	Mobile Equipment Maximum Noise Levels	14
Table 7	Stationary Equipment Maximum Noise Levels	14
Table 8	Vibration Levels Measured during Construction Activities.....	17
Table 9	Vibration Levels at Nearest Building	21

Figures

Figure 1	Regional Location	2
Figure 2	Project Site Location	3
Figure 3	Sensitive Receiver Locations	10

Appendices

- Appendix A Project Site Plans
- Appendix B Construction Noise Modeling
- Appendix C Manufacturers' Specifications
- Appendix D Vibration Analysis

1 Project Description and Impact Summary

1.1 Introduction

This study analyzes the potential noise and vibration impacts of the proposed 440 1st Street Residential Project (herein referred to as “proposed project” or “project”) in Los Altos, California. Rincon Consultants, Inc. (Rincon) prepared this study under contract to GreenTek Homes for the City of Los Altos to use in support of the environmental documentation being prepared pursuant to the California Environmental Quality Act (CEQA). The purpose of this study is to analyze the project’s noise and vibration impacts related to both temporary construction activity and long-term operation of the project. The conclusions of this study are summarized in Table 1.

Table 1 Summary of Impacts

Impact Statement	Proposed Project’s Level of Significance
Would the project generate a substantial temporary or permanent increase in ambient noise levels in the vicinity of the project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	Less than significant impact
Would the project generate excessive groundborne vibration or groundborne noise levels?	Less than significant impact
For a project located within the vicinity of a private airstrip or an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the proposed project expose people residing or working in the project area to excessive noise levels?	No impact

1.2 Project Summary

Project Location

The project site is an approximately 0.1-acre lot (Assessor Parcel Number [APN] 187-41-009) in the city of Los Altos. The project site is zoned Commercial Downtown/Multiple-Family (CD/R3) with a General Plan Land Use designation of Downtown Commercial (DC) within the Los Altos Plan Area. The project site currently contains the Los Altos Veterinary Clinic and its associated parking lot. The surrounding area is a mixture of commercial and residential uses. The properties to the north, east, and south are zoned CD/R3 and are developed with multi-family residential uses, mixed retail uses, and commercial uses, respectively. The property to the west across Foothill Expressway is zoned Public & Community Facilities (PCF) and consists of a linear park with public art, utility transmission lines, and a parking lot. See Figure 1 and Figure 2 for the project site location in a regional context and local context, respectively.

Project Description

The proposed project consists of the demolition of the existing approximately 2,000-square-foot veterinary clinic and the construction of a four condominium units with a total floor area of approximately 11,735 square feet, one level of subterranean parking with nine parking spaces, and sidewalk improvements.

Figure 2 Project Site Location



Imagery provided by Microsoft Bing and its licensors © 2020.

Fig 2 Project Location

The ground floor of the proposed condominium building would include a main lobby, a gym, and the lower level of two residential units (units 101 and 102), each with a dining room, kitchen, office, living room, bathroom, and outdoor decks. The second floor of the building would include the upper levels of units 101 and 102, each with a family room, two bathrooms, two bedrooms, and outdoor balconies on the western and eastern sides of the building. The third floor of the building would include two residential units (units 301 and 302), each with two bedrooms, two bathrooms, a kitchen, a dining room, a living room, and an outdoor balcony. The roof of the proposed building would include two roof decks with outdoor kitchens for units 301 and 302 as well as mechanical equipment and landscaping. The project would include sustainability features such as water efficient fixtures, water efficient irrigation systems, energy efficient appliances and fixtures, four charging stations with each station to serve two spaces (eight total electric vehicles charging spaces), and a 30-kilowatt (kW) solar photovoltaic (PV) system. See Appendix A for the project site plans.

Construction

Project construction is expected to commence in February 2021 and be completed by December 2022. Construction activities would occur six days a week from 8:00 a.m. to 5:00 p.m., Monday through Friday, and 9:00 a.m. to 5:00 p.m. on Saturdays. Construction would require installation of piles by drilling bore holes and backfilling with concrete for geotechnical stability.

Regulatory Compliance Measures

Regulatory compliance measures (RCMs) are existing requirements and reasonably anticipated standard conditions based on local, state, or federal regulations and laws that are frequently required independently of CEQA review and serve to offset or prevent specific impacts. RCMs are not included as mitigation measures in the environmental clearance document because the project is required to comply with RCMs through state and local regulations. The following RCMs would reduce construction noise, construction-related vibration, and ambient exterior noise exposure to the extent feasible.

Adherence to Existing Construction Noise Standards

The proposed project shall comply with Los Altos Noise Ordinance. To achieve compliance with Los Altos Municipal Code (LAMC) Section 6.16.070(B)(6)(b)(ii), the City requires conducting construction activities that last for 10 days or longer in such a manner that the maximum noise levels at affected properties do not exceed those listed in Table 4 of LAMC Section 6.16.070. For this project, the following specific noise-reducing practices during construction will be implemented to achieve compliance:

- Schedule construction activities so as to avoid operating several pieces of equipment simultaneously, which can cause high noise levels.
- Locate all construction areas for staging and warming up as far as possible from adjacent residential buildings and sensitive receptors.
- For the duration of construction, the project contractor will construct a temporary noise barrier along the northern and southern property lines. The barrier will be of sufficient height to block the lines of sight of surrounding receivers to construction activities and shall have a minimum height of five feet above ground elevation. The noise barrier will be constructed of material with a minimum weight of 2 pounds per square foot with no gaps or perforations. Noise barriers may be constructed of, but are not limited to, 5/8-inch plywood, 5/8-inch oriented strand board, or hay bales.

Sound Amplification Devices

The proposed project shall comply with LAMC Section 6.16.070(B)(1-2), which sets forth hours and noise level restrictions for operation of radios, musical instruments, television sets, and other sound-amplifying devices.

Landscaping Equipment

The proposed project shall comply with LAMC Section 6.16.070(B)(11), which prohibits use of landscaping equipment that creates nuisance noise during nighttime hours.

2 Background

2.1 Overview of Sound Measurement

Sound is a vibratory disturbance created by a moving or vibrating source, which is capable of being detected by the hearing organs (e.g., the human ear). Noise is defined as sound that is loud, unpleasant, unexpected, or undesired and may therefore be classified as a more specific group of sounds. The effects of noise on people can include general annoyance, interference with speech communication, sleep disturbance, and, in the extreme, hearing impairment (California Department of Transportation [Caltrans] 2013).

Noise levels are commonly measured in decibels (dB) using the A-weighted sound pressure level (dBA). The A-weighting scale is an adjustment to the actual sound pressure levels so that they are consistent with the human hearing response, which is most sensitive to frequencies around 4,000 Hertz (Hz) and less sensitive to frequencies around and below 100 Hz (Kinsler, et. al. 1999). Decibels are measured on a logarithmic scale that quantifies sound intensity in a manner similar to the Richter scale used to measure earthquake magnitudes. A doubling of the energy of a noise source, such as a doubling of traffic volume, would increase the noise level by 3 dB; similarly, dividing the energy in half would result in a decrease of 3 dB (Crocker 2007).

Human perception of noise has no simple correlation with sound energy: the perception of sound is not linear in terms of dBA or in terms of sound energy. Two sources do not “sound twice as loud” as one source. It is widely accepted that the average healthy ear can barely perceive an increase (or decrease) of up to 3 dBA in noise levels (i.e., twice [or half] the sound energy); that a change of 5 dBA is readily perceptible (8 times the sound energy); and that an increase (or decrease) of 10 dBA sounds twice (or half) as loud (10.5 times the sound energy) (Crocker 2007).

Sound changes in both level and frequency spectrum as it travels from the source to the receiver. The most obvious change is the decrease in sound level as the distance from the source increases. The manner by which noise reduces with distance depends on factors such as the type of sources (e.g., point or line), the path the sound will travel, site conditions, and obstructions. Noise levels from a point source (e.g., construction, industrial machinery, ventilation units) typically attenuate, or drop off, at a rate of 6 dBA per doubling of distance. Noise from a line source (e.g., roadway, pipeline, railroad) typically attenuates at about 3 dBA per doubling of distance (Caltrans 2013).

The propagation of noise is also affected by the intervening ground, known as ground absorption. A hard site, such as a parking lot or smooth body of water, receives no additional ground attenuation and the changes in noise levels with distance (drop-off rate) result simply from the geometric spreading of the source. An additional ground attenuation value of 1.5 dBA per doubling of distance applies to a soft site (e.g., soft dirt, grass, or scattered bushes and trees) (Caltrans 2013). Noise levels may also be reduced by intervening structures; the amount of attenuation provided by this “shielding” depends on the size of the object and the frequencies of the noise levels. Natural terrain features, such as hills and dense woods, and man-made features, such as buildings and walls, can significantly alter noise levels. Generally, any large structure blocking the line of sight will provide at least a 5-dBA reduction in source noise levels at the receiver. Structures can substantially reduce occupants’ exposure to noise as well. Modern building construction generally provides an exterior-to-interior noise level reduction of 20 to 35 dBA with closed windows (Federal Highway Administration [FHWA] 2011).

The impact of noise is not a function of sound level alone. The time of day when noise occurs and the duration of the noise are also important. Most noise that lasts for more than a few seconds is variable in its intensity. Consequently, a variety of noise descriptors have been developed. One of the most frequently used noise metrics is the equivalent noise level (L_{eq}); it considers both duration and sound power level. The L_{eq} is defined as the single steady A-weighted level equivalent to the same amount of energy as that contained in the actual fluctuating levels over a period of time. Typically, L_{eq} is summed over a one-hour period. L_{max} is the highest root mean squared (RMS) sound pressure level within the sampling period, and L_{min} is the lowest RMS sound pressure level within the measuring period (Crocker 2007). Normal conversational levels are in the 60 to 65 dBA L_{eq} range; ambient noise levels greater than 65 dBA L_{eq} can interrupt conversations (Federal Transit Administration [FTA] 2018).

Noise that occurs at night tends to be more disturbing than that occurring during the day. Community noise is usually measured using Day-Night Average Level (DNL), which is the 24-hour average noise level with a +10 dBA penalty for noise occurring during nighttime hours (10:00 p.m. to 7:00 a.m.). Community noise can also be measured using Community Noise Equivalent Level (CNEL), which is the 24-hour average noise level with a +5 dBA penalty for noise occurring from 7:00 p.m. to 10:00 p.m. and a +10 dBA penalty for noise occurring from 10:00 p.m. to 7:00 a.m. (Caltrans 2013). Noise levels described by DNL and CNEL usually differ by about 1 dBA. Quiet suburban areas typically have 24-hour noise levels in the range of 40 to 50 CNEL, while areas near arterial streets are in the 50 to 60+ CNEL range.

There is no precise way to convert a peak hour L_{eq} to DNL or CNEL - the relationship between the peak hour L_{eq} value and the L_{dn} /CNEL value depends on the distribution of traffic volumes during the day, evening, and night. However, in urban areas near heavy traffic, the peak hour L_{eq} is typically 2 to 4 dBA lower than the daily DNL/CNEL. In less heavily developed areas, such as suburban areas, the peak hour L_{eq} is often roughly equal to the daily DNL/CNEL. For rural areas with little nighttime traffic, the peak hour L_{eq} will often be 3 to 4 dBA greater than the daily DNL/CNEL value (California State Water Resources Control Board 1999). The project site is located in an urban area; therefore, the DNL/CNEL in the area would be 2 to 4 dBA higher than the peak hour L_{eq} .

2.2 Vibration

Groundborne vibration of concern in environmental analysis consists of the oscillatory waves that move from a source through the ground to adjacent structures. The number of cycles per second of oscillation makes up the vibration frequency, described in terms of Hz. The frequency of a vibrating object describes how rapidly it oscillates. The normal frequency range of most groundborne vibration that can be felt by the human body is from a low of less than 1 Hz up to a high of about 200 Hz (Crocker 2007).

While people have varying sensitivities to vibrations at different frequencies, in general they are most sensitive to low-frequency vibration. Vibration in buildings, such as from nearby construction activities, may cause windows, items on shelves, and pictures on walls to rattle. Vibration of building components can also take the form of an audible low-frequency rumbling noise, referred to as groundborne noise. Groundborne noise is usually only a problem when the originating vibration spectrum is dominated by frequencies in the upper end of the range (60 to 200 Hz), or when foundations or utilities, such as sewer and water pipes, physically connect the structure and the vibration source (FTA 2018). Although groundborne vibration is sometimes noticeable in outdoor environments, it is almost never annoying to people who are outdoors. The primary concern from

vibration is that it can be intrusive and annoying to building occupants and vibration-sensitive land uses.

Vibration energy spreads out as it travels through the ground, causing the vibration level to diminish with distance away from the source. High-frequency vibrations diminish much more rapidly than low frequencies, so low frequencies tend to dominate the spectrum at large distances from the source. Discontinuities in the soil strata can also cause diffractions or channeling effects that affect the propagation of vibration over long distances (Caltrans 2020). When a building is impacted by vibration, a ground-to-foundation coupling loss will usually reduce the overall vibration level. However, under rare circumstances, the ground-to-foundation coupling may actually amplify the vibration level due to structural resonances of the floors and walls.

Vibration amplitudes are usually expressed in peak particle velocity (ppv) or RMS vibration velocity. The ppv and RMS velocity are normally described in inches per second (in/sec). The ppv is defined as the maximum instantaneous positive or negative peak of a vibration signal (Caltrans 2020). Table 2 summarizes the vibration limits recommended by the American Association of State Highway and Transportation Officials for structural damage to buildings.

Table 2 Maximum Vibration Levels for Preventing Damage

Type of Situation	Vibration Level (in/sec ppv)
Historic sites or other critical locations	0.1
Residential buildings, plastered walls	0.2–0.3
Residential buildings in good repair with gypsum board walls	0.4–0.5
Engineered structures, without plaster	1.0–1.5

in/sec = inches per second; ppv = peak particle velocity
 Source: Caltrans 2020

In addition to the potential for building damage, the human body responds to vibration signals. However, unlike buildings, which are rigid, it takes some time for the human body to respond to vibration. In a sense, a building responds to the instantaneous movement while the human body responds to average vibration amplitude, which is measured as RMS. The averaging of the particle generally results in the rms conservatively being equivalent to 71 percent of the ppv. Thus, human annoyance usually results in a more restrictive vibration limit than structural damage limits.

Numerous studies have been conducted to characterize the human response to vibration. The general human response to different levels of groundborne vibration velocity levels is described in Table 3 and Table 4.

Table 3 Human Response to Steady State Vibration

Human Response	Vibration Level (in/sec ppv)
Very disturbing	3.6 (at 2 Hz) – 0.4 (at 20 Hz)
Disturbing	0.7 (at 2 Hz) – 0.17 (at 20 Hz)
Strongly perceptible	0.10
Distinctly perceptible	0.035
Slightly perceptible	0.012

in/sec = inches per second; ppv = peak particle velocity; Hz = Hertz
 Source: Caltrans 2020

Table 4 Human Response to Transient Vibration

Human Response	Vibration Level (in/sec ppv)
Severe	2.0
Strongly perceptible	0.9
Distinctly perceptible	0.24
Barely perceptible	0.035

Source: Caltrans 2020

2.3 Sensitive Receivers

Noise exposure goals for land use types reflect the varying noise sensitivities associated with those uses. According to the City of Los Altos Natural Environmental and Hazards Element, noise-sensitive land uses include residential uses, schools, libraries, churches, and hospitals (City of Los Altos 2002). Sensitive receivers in the project site vicinity include multi-family residences located immediately north of the project site as well as Saint Nicholas Catholic Church located approximately 260 feet southwest of the project site. The nearest single-family residence is approximately 290 feet southwest of the project site. Figure 3 shows a map of the nearest sensitive receivers.

2.4 Project Noise Setting

The most common source of noise in the project site vicinity is vehicular traffic on Foothill Expressway, which is approximately 30 feet west of the project site, and 1st Street, which runs immediately adjacent to the project site to the east. Ambient noise levels are generally highest during daytime and rush hours unless congestion substantially slows speeds. According to the City of Los Altos General Plan, noise levels along First Street and Foothill Expressway in the First Street District (the district in which the project site is located) are estimated to be approximately 65 CNEL (City of Los Altos 2002).

2.5 Regulatory Setting

State

California Government Code Section 65302 encourages each local government entity to implement a noise element as part of its general plan. In addition, the Office of Planning and Research has developed guidelines for preparing noise elements, which include recommendations for evaluating the compatibility of various land uses as a function of community noise exposure.

Local

Los Altos General Plan

The Los Altos General Plan Natural Environment and Hazards Element, adopted in November 2002, identifies noise reduction standards to control noise within the community. Listed below are noise-related goals and policies that would be applicable to the proposed project:

Figure 3 Sensitive Receiver Locations



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Fig 3 Sensitive Receiver Locations

- Goal 7** Minimize the amount of noise to which the community is exposed and the amount of noise created by future development and urban activities.
- **Policy 7.1.** Ensure that new development can be made compatible with the noise environment by utilizing noise/land use compatibility standards and the Noise Contours Map as a guide for future planning and development decisions.
 - **Policy 7.2.** Enforce the following maximum acceptable noise levels for new construction of various noise-sensitive uses in an existing noise environment.
 - 60 dBA CNEL is the maximum acceptable outdoor noise exposure level for single-family residential areas.
 - 65 dBA CNEL is the maximum acceptable outdoor noise exposure level for multiple-family residential areas.
 - 70 dBA CNEL is the maximum acceptable outdoor noise exposure level for schools (public and private), libraries, churches, hospitals, nursing homes, parks, commercial, and recreation areas. Excepted from these standards are golf courses, stables, water recreation, and cemeteries.
 - **Policy 7.3.** Work to achieve indoor noise levels not exceeding 45 dBA CNEL in the event that outdoor acceptable noise exposure levels cannot be achieved by various noise attenuation mitigation measures.
 - **Policy 7.6.** Consider noise attenuation measures to reduce noise levels to City-adopted acceptable levels for any development along roadways.
 - **Policy 7.7.** Require the inclusion of design features in development and reuse/revitalization projects to reduce the impact of noise on residential development.
 - **Policy 7.8.** Require an acoustical analysis for new construction and in areas with higher-than-established noise levels.
 - **Policy 7.9.** Minimize stationary noise sources and noise emanating from construction activities.

Los Altos Noise Ordinance

Chapter 6.16 of the LAMC establishes certain policies to control unnecessary, excessive, and annoying noise and vibration in the city in the interest of public health, welfare, and safety. Section 6.16.050 of the LAMC sets the following exterior noise limits:

- A. Maximum permissible sound levels by receiving land use.
 1. The noise standards for the various categories of land use identified by the noise control office as presented in Table 1 of this section (reproduced herein as Table 5), unless otherwise specifically indicated, shall apply to all such property within a designated zone.
 2. No person shall operate, or cause to be operated, any source of sound at any location within the city, or allow the creation of any noise on property owned, leased, occupied, or otherwise controlled by such person, which causes the noise level, when measured on any other property, either incorporated or unincorporated, to exceed:
 - i. The noise standard for that land use as specified in Table 1 (reproduced herein as Table 5) for a cumulative period of more than 30 minutes in any hour; or

- ii. The noise standard plus 5 dB for a cumulative period of more than 15 minutes in any hour; or
 - iii. The noise standard plus 10 dB for a cumulative period of more than five minutes in any hour; or
 - iv. The noise standard plus 15 dB for a cumulative period of more than one minute in any hour; or
 - v. The noise standard plus 20 dB or the maximum measured ambient for any period of time.
3. If the measured ambient level exceeds that permissible within any of the first four noise limit categories above, the allowable noise exposure standard shall be increased in 5-dB increments in each category as appropriate to encompass or reflect such ambient noise level. In the event the ambient noise level exceeds the fifth noise limit category, the maximum allowable noise level under said category shall be increased to reflect the maximum ambient noise level.
 4. If the noise measurement occurs on a property adjacent to a zone boundary, the noise level limit applicable to the lower noise zone, plus 5 dB, shall apply.
 5. If possible, the ambient noise shall be measured at a consistent location on the property with the alleged offending noise source inoperative. If for any reason the alleged offending noise source cannot be shut down, the ambient noise shall be estimated by performing a measurement in the same general area of the source but at a sufficient distance such that the noise from the source is at least 10 dB below the ambient in order that only the ambient level be measured. If the difference between the ambient and the noise source is 5 to 10 dB, then the level of the ambient itself can be reasonably determined by subtracting a one decibel correction to account for the contribution of the source.
- B. Corrections for character of sound. In the event the alleged offensive noise contains a steady, audible tone, such as a whine, screech, or hum, or contains music or speech conveying informational content, the standard limits set forth in Table 1 (reproduced herein as Table 5) shall be reduced by 5 dB.

Table 5 Exterior Noise Limits

Receiving Land Use Category	Time Period	Noise Level (dBA) ¹
All R1 Zoning Districts	10:00 p.m. — 7:00 a.m.	45
	7:00 a.m. — 10:00 p.m.	55
All R3 and PCF Zoning Districts	10:00 p.m. — 7:00 a.m.	50
	7:00 a.m. — 10:00 p.m.	55
All OA Zoning Districts	10:00 p.m. — 7:00 a.m.	55
	7:00 a.m. — 10:00 p.m.	60
All C Zoning Districts	10:00 p.m. — 7:00 a.m.	60
	7:00 a.m.—10:00 p.m.	65

¹ Levels not to be exceeded more than 30 minutes in any hour.

Source. LAMC Section 6.16.050, Table 1

Section 6.16.070 of the LAMC establishes prohibited acts for operation of construction equipment, demolition, and operational use which includes the following:

- B. Specific prohibitions. The following acts, and the causing or permitting thereof, are declared to be in violation of this chapter:
1. Radios, television sets, musical instruments, and similar devices. Operating, playing, or permitting the operation or playing of any radio, television set, phonograph, drum, musical instrument, or similar device which produces or reproduces sound:
 - a. Between the hours of 10:00 p.m. and 7:00 a.m. of the following day Monday through Friday or between 10:00 p.m. and 8:00 a.m. Saturday and Sunday in such a manner as to create a noise disturbance across a residential or commercial real property line or at any time to violate the provisions of LAMC Sections 6.16.050 or 6.16.060, except for activities for which a variance has been issued; or
 - b. In such a manner as to exceed the levels set forth for public space in Table 1 (reproduced herein as Table 5), measured at a distance of at least 50 feet (15 meters) from such device operating on a public right-of-way or public space;
 5. Loading and unloading. Loading, unloading, opening, closing, or handling of boxes, crates, containers, building materials, or similar objects, between the hours of 10:00 p.m. and 7:00 a.m. of the following day, in such a manner as to cause a noise disturbance across a residential real property line or at any time to violate the provisions of Section 6.16.050 of this chapter;
 6. Construction and demolition.
 - a.i. Single-family zoning districts. Operating or causing the operation of any tools or equipment used in construction, drilling, repair, alteration, or demolition work on weekdays before 7:00 a.m. and after 5:30 p.m. and on Saturdays before 9:00 a.m. or after 3:00 p.m. or any time on Sundays or the city observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Veterans' Day, Thanksgiving Day and Christmas Day, such that the sound therefrom creates a noise disturbance across a residential or commercial real property line, except for emergency work of public utilities or by special exception. This section shall apply to operations on residentially zoned property only. This section shall not apply to the use of lawn or garden tools as specified in subsection (B)(11) of this section;
 - ii. All other zoning districts. Operating or causing the operation of any tools or equipment used in construction, drilling, repair, alteration, or demolition work on weekdays before 7:00 a.m. and after 7:00 p.m. and Saturdays before 9:00 a.m. or after 6:00 p.m. or any time on Sundays or the city observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Veterans' Day, Thanksgiving Day and Christmas Day, such that the sound therefrom creates a noise disturbance across a residential or commercial real property line, except for emergency work of public service utilities or by special exception. This section shall apply to operations on properties other than residentially zoned property. This section shall not apply to the use of lawn or garden tools as specified in subsection (B)(11) of this section;
 - b. Where technically and economically feasible, construction activities shall be conducted in such a manner that the maximum noise levels at affected properties will not exceed those listed in the following schedules:

- i. Mobile equipment. Maximum noise levels for the nonscheduled, intermittent, short-term operation (less than 10 days) of mobile equipment as shown in Table 6.

Table 6 Mobile Equipment Maximum Noise Levels

	All R1 Zoning Districts	All PCF and R3 Zoning Districts	All OA and C Zoning Districts
Daily, except Sundays and legal holidays 7:00 a.m. — 7:00 p.m.	75 dBA	80 dBA	85 dBA
Daily, 7:00 p.m. — 7:00 a.m. and all day Sundays and legal holidays	50 dBA	55 dBA	60 dBA

Source: LAMC Section 6.16.070, Table 3

- ii. Stationary equipment. Maximum noise levels for the respectively scheduled and relatively long-term operation (periods of 10 days or more) of stationary equipment as shown in Table 7.

Table 7 Stationary Equipment Maximum Noise Levels

	All R1 Zoning Districts	All PCF and R3 Zoning Districts	All OA and C Zoning Districts
Daily, 7:00 a.m. — 7:00 p.m., except Sundays and legal holidays	75 dBA	80 dBA	85 dBA
Daily, 7:00 p.m. — 7:00 a.m., and all day Sundays and legal holidays	50 dBA	55 dBA	60 dBA

Source: LAMC Section 6.16.070, Table 4

- c. Deliveries, start-up and closing down. The construction times above shall apply to deliveries of materials and equipment, and arrival of workers, start-up and closing down and departure activities on a job site.
7. Vibration. Operating or permitting the operation of any device that creates a vibration which is above the vibration perception threshold of an individual at or beyond the property boundary of the source if on private property or at 150 feet (46 meters) from the source if on a public space or public right-of-way.
10. Noise sensitive zones.
- a. Creating or causing the creation of any sound within any noise sensitive zone so as to exceed the specified land use noise standards set forth in LAMC Sections 6.16.050 and 6.16.060 provided conspicuous signs are displayed indicating the presence of the zone; or
 - b. Creating or causing the creation of any sound within or adjacent to any noise sensitive zone containing a hospital, nursing home, school, or other designated area, so as to interfere with the functions of such activity or annoy the occupants in the activity, provided conspicuous signs are displayed indicating the presence of the zone;

11. Lawn or garden tools.
 - a. Operating or permitting the operation of any lawn or garden tool (except portable gasoline engine powered blowers), or similar tool between 8:00 p.m. and 8:00 a.m. of the following day Monday through Friday or between 6:00 p.m. and 9:00 a.m. of the following Saturday and Sunday; and portable electric powered blowers used to blow leaves, dirt and other debris off sidewalks, driveways, lawns, landscape areas or other surfaces between 5:00 p.m. and 9:00 a.m. seven days a week, so as to create a noise disturbance across a residential or commercial real property line. This section shall apply to operations on residentially zoned property only.
 - b. Where technically and economically feasible, any motor, machinery, or pump shall be sufficiently enclosed or muffled and maintained so as not to create a noise disturbance in accordance with Section 6.16.050 of this chapter.

3 Impact Analysis

3.1 Methodology

Construction Noise

Construction noise was estimated using the FHWA Roadway Construction Noise Model (RCNM) (2006). RCNM predicts construction noise levels for a variety of construction operations based on empirical data and the application of acoustical propagation formulas. Using RCNM, construction noise levels were estimated at noise-sensitive receivers near the project site. RCNM provides reference noise levels for standard construction equipment, with an attenuation of 6 dBA per doubling of distance for stationary equipment.

For construction noise assessment, construction equipment can be considered to operate in two modes: stationary and mobile. As a rule, stationary equipment operates in a single location for one or more days at a time, with either fixed-power operation (e.g., pumps, generators, and compressors) or variable-power operation (e.g., pile drivers, rock drills, and pavement breakers). Mobile equipment moves around the construction site with power applied in cyclic fashion, such as bulldozers, graders, and loaders (FTA 2018). Noise impacts from stationary equipment are assessed from the center of the equipment, while noise impacts from mobile construction equipment are assessed from the center of the equipment activity area (e.g., construction site).

Variation in power imposes additional complexity in characterizing the noise source level from construction equipment. Power variation is accounted for by describing the noise at a reference distance from the equipment operating at full power and adjusting it based on the duty cycle, or percent of operational time, of the activity to determine the L_{eq} of the operation (FTA 2018).

Each phase of construction has a specific equipment mix, depending on the work to be accomplished during that phase. Each phase also has its own noise characteristics; some will have higher continuous noise levels than others, and some may have high-impact noise levels. The maximum hourly L_{eq} of each phase is determined by combining the L_{eq} contributions from each piece of equipment used in that phase (FTA 2018). In typical construction projects, grading activities generate the highest noise levels because grading involves the largest equipment and covers the greatest area.

Project construction is estimated to occur over 23 months. Construction phases would include demolition, site preparation, grading, building construction, and architectural coating at the project site. The construction equipment analyzed was based on applicant-provided information. It is assumed that diesel engines would power all construction equipment. For assessment purposes, and to be conservative, the loudest hour has been used for assessment. The loudest hour would include an auger drill rig, an excavator, and a front-end loader operating simultaneously during the grading phase. Using the FHWA RCNM to estimate noise associated with construction equipment maximum hourly noise levels are calculated to be approximately 86 dBA L_{eq} at 30 feet during the grading phase. RCNM calculations are included in Appendix B.

On-site Operational Noise

The project's heat pump equipment would include six Bryant 286B 3-Ton Heat Pump (17 SEER) condensers located on the rooftop (see Appendix C for manufacturers' specifications). Noise levels

from the heat pumps can range from approximately 68 to 73 L_w (sound power level), which is equivalent to approximately 38 to 43 dBA L_{eq} at 40 feet (LG 2020). To provide a conservative estimate of project impacts, it was assumed that each heat pump would generate a noise level of 43 dBA L_{eq} at 40 feet. Sensitive receivers to the north of the project site would be exposed to noise from approximately six condensers located on the rooftop. Noise levels at the nearest sensitive receivers are estimated assuming a standard distance attenuation rate of 6 dBA per doubling of distance. Using the site plans provided by the applicant, it was estimated that all condensers would be 40 feet from any given residence.

Groundborne Vibration

The proposed project does not include any substantial vibration sources associated with operation. Thus, construction activities have the greatest potential to generate groundborne vibration affecting nearby receivers, especially during grading of the project site. The greatest vibratory sources during construction would be a pile driver (caisson drilling used as a proxy) and loaded trucks. Construction vibration estimates are based on vibration levels reported by Caltrans and the FTA (Caltrans 2020; FTA 2018).

A quantitative assessment of potential vibration impacts from construction activities, such as blasting, pile-driving, vibratory compaction, demolition, drilling, or excavation, may be conducted using the equations developed by Caltrans and the FTA (Caltrans 2020; FTA 2018). Table 8 shows typical vibration levels for various pieces of construction equipment used in the assessment of construction vibration (FTA 2018).

Table 8 Vibration Levels Measured during Construction Activities

Equipment	Vibration Level at 25 feet (in/sec ppv)
Loaded trucks	0.076
Bore drilling	0.089

¹ Caisson drilling used as a proxy for bore drilling.

Source: FTA 2018

3.2 Significance Thresholds

To determine whether a project would have a significant noise impact, Appendix G of the CEQA Guidelines requires consideration of whether a project would result in:

1. A substantial temporary or permanent increase in ambient noise levels in the vicinity of the project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies;
2. Generation of excessive groundborne vibration or groundborne noise levels; or
3. For a project located within the vicinity of a private airstrip or an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, exposure of people residing or working in the project area to excessive noise levels.

Construction Noise

Construction of the project is anticipated for 23 months with construction activities occurring from 8:00 a.m. to 5:00 p.m., Monday through Friday, and 9:00 a.m. to 5:00 p.m. on Saturdays. Therefore,

the construction noise level standards set forth in LAMC Section 6.16.070(B) would be most applicable for use as thresholds of significance. LAMC Section 6.16.070(B)(6) prohibits noise levels generated by individual pieces of machinery, equipment, or devices used during construction activities for relatively long-term operation (periods of 10 days or more) to exceed 75 dBA L_{eq} at affected properties within the R1 zoning district, 80 dBA L_{eq} at affected properties within the R3 and PCF zoning districts, and 85 dBA L_{eq} at affected properties within the C zoning district between the hours of 7:00 a.m. to 7:00 p.m. on Monday through Saturday (see Table 7 in Section 2.5, *Regulatory Setting*).

On-site Operational Noise

The City has adopted noise standards in the LAMC that regulate operational noise sources in the City. The proposed project would result in a significant impact if it generates noise from on-site sources in excess of LAMC standards included in Section 6.16.070, which collectively regulate noise from operations that are typical to urban uses (e.g., sound-amplifying devices, air conditioning, lawn maintenance equipment, hand tools, wheeled equipment). In addition, an impact would occur if noise levels at affected properties would exceed the exterior noise level limits set forth in LAMC Section 6.16.050 (see Table 5 in Section 2.5, *Regulatory Setting*).

Off-site Traffic Noise

Off-site project noise (i.e., roadway noise) would result in a significant impact if the project would cause the ambient noise level measured at the property line of affected uses to increase by 3 dBA, which would be a perceptible increase in traffic noise.

Construction Vibration

LAMC Section 6.16.070(B)(7) prohibits vibration above the perception threshold of an individual at or beyond the property boundary of the source but does not provide a numeric threshold. Therefore, the quantitative thresholds provided by Caltrans, as summarized in Section 2.2 *Vibration*, are utilized in this analysis to determine whether vibration levels would exceed the perception threshold of an individual. Caltrans has developed limits for the assessment of vibrations from transportation and construction sources. The Caltrans vibration limits are reflective of standard practice for analyzing vibration impacts on structures from continuous and intermittent sources. As shown in Section 2.2, *Vibration*, the Caltrans (2020) *Transportation and Construction Vibration Guidance Manual* identifies three sets of impact criteria for buildings and humans. Table 1 presents the impact criteria for buildings; Table 2 presents impact criteria for humans from operational vibration sources; and Table 3 presents the impact criteria for humans from construction sources. For purposes of assessing impacts to humans, vibrations would potentially be significant if vibration levels exceeded the distinctly perceptible vibration levels of 0.035 in/sec ppv from project operation or 0.24 in/sec ppv from project construction in occupied off-site structures. For purposes of assessing impacts to structures regardless of occupancy, vibrations would be potentially significant if vibration levels exceed 1.5 in/sec ppv at any structure.

3.3 Impact Analysis

Threshold 1 Would the proposed project generate a substantial temporary or permanent increase in ambient noise levels in the vicinity of the project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?

Impact N-1 CONSTRUCTION AND OPERATION OF THE PROPOSED PROJECT WOULD NOT GENERATE A SUBSTANTIAL TEMPORARY OR PERMANENT INCREASE IN AMBIENT NOISE LEVELS IN THE VICINITY OF THE PROJECT. IMPACTS WOULD BE LESS THAN SIGNIFICANT.

Construction Noise

The nearest sensitive receivers to the project site include multi-family residences (zoned as CD/R-3) located immediately to the northwest, Saint Nicholas Catholic Church (zoned as public and community facility [PCF]) located approximately 260 feet of the project site, and single-family residences (zoned as R-1) approximately 290 feet southwest of the project site. Construction equipment would be continuously moving across the site, coming near and then moving further away from individual sensitive receivers. Maximum hourly noise levels during project construction, which would occur during the grading phase, are calculated to be approximately 86 dBA L_{eq} at the nearest multi-family residences to the north and the nearest commercial property to the south (30 feet from the center of the project site), approximately 66 dBA L_{eq} at Saint Nicholas Catholic Church (280 feet from the center of the project site), and approximately 65 dBA L_{eq} at the nearest single-family residences (310 feet from the center of the project site; see Appendix B for RCNM results). Therefore, maximum hourly construction noise levels would exceed the City's maximum construction noise limits of 85 dBA L_{eq} in C districts and 80 dBA L_{eq} in R-3 districts at the nearest multi-family residences but would not exceed the maximum construction noise limit of 80 dBA L_{eq} in PCF districts at Saint Nicholas Church or the maximum construction noise limit of 75 dBA L_{eq} in R-1 districts at the nearest single-family residences. Therefore, the applicant would be required to comply with the RCM related to adherence to existing construction noise standards. To implement this RCM and reduce construction noise, the project contractor would install a temporary sound barrier along the northern and southern property lines during construction activities, which would reduce noise levels by approximately 20 dBA as part of the RCM (see Appendix B for barrier calculations). Therefore, maximum hourly noise levels at the nearest multi-family residences and commercial property would be reduced to 66 dBA L_{eq} . As a result, maximum hourly construction noise levels would not exceed the thresholds of 75 dBA L_{eq} at affected properties within the R-1 zoning district, 80 dBA L_{eq} at affected properties within the R-3 and PCF zoning districts, and 85 dBA L_{eq} at affected properties within the C zoning district. Therefore, with implementation of the RCM related to adherence to existing construction noise standards, impacts would be less than significant.

On-site Operational Noise

The proposed project would require periodic trash hauling services. However, the project site is located in an urban area and is surrounded by existing residential and commercial uses that require similar trash hauling and delivery services. Therefore, because trash trucks are already a common occurrence in the project vicinity, trash services would not result in a substantial permanent increase in ambient noise levels above levels existing without the project.

The project would include an outdoor roof deck for two condominium units and small landscaped areas. Operational noise associated with use of the roof decks would include conversations, music, television, or other sound-generating equipment, and operational noise associated with landscaping maintenance would include use of powered landscaping tools. These noise-generating activities would be similar to those of existing multi-family residences immediately north of the project site and in the vicinity and would result in a negligible change to existing noise levels. Noise from conversation and landscaping activities would be intermittent and temporary noise sources, which would typically be limited to the daytime, outside of noise-sensitive hours of sleep. Moreover, compliance with LAMC Section 6.16.070(B)(1-2), which sets forth hours and noise level restrictions for operation of radios, musical instruments, television sets, and other sound-amplifying devices, and LAMC Section 6.16.070(B)(11), which prohibits use of landscaping equipment that creates nuisance noise during nighttime hours, would reduce operational noise impacts related to the outdoor roof decks and landscaped areas to a less-than-significant level.

The project would include six rooftop heat pumps, which are continuous noise sources. Per LAMC Section 6.16.050, project impacts would be significant if exterior noise levels exceeded the standards presented in Table 5 for more than 30 minutes at a time. Rooftop equipment would be located as close as 40 feet from the nearest adjacent properties, which are zoned CD/R3. Noise levels generated by rooftop heat pumps would be approximately 51 dBA L_{eq} at 40 feet. However, the heat pumps would be located toward the center of the rooftop, which would break the line-of-sight between the heat pumps and the nearest receiving properties, which would provide at least a 5-dB reduction in noise levels (FHWA 2011). Therefore, noise levels would be approximately 46 dBA L_{eq} at the adjacent properties, which would not exceed the daytime or nighttime noise standards of 55 dBA L_{eq} and 50 dBA L_{eq} , respectively, for R3 and PCF districts, and 65 dBA L_{eq} and 60 dBA L_{eq} , respectively, for C zoning districts. In addition, heat pump noise levels at the nearest single-family residential properties approximately 260 feet to the south of the proposed equipment locations, would be approximately 30 dBA L_{eq} , which would not exceed the daytime or nighttime noise standards of 55 dBA L_{eq} and 45 dBA L_{eq} , respectively, for R1 districts. Therefore, impacts related to heat pump equipment noise would be less than significant.

Off-Site Traffic Noise

The project would generate vehicle trips that would contribute to existing off-site traffic noise. According to the applicant-provided information, existing land uses generate approximately 126 average daily trips.¹ Based on the trip generation estimated in the California Emissions Estimator Model for the project's air quality study, the proposed project would generate approximately 23 average daily trips on weekdays (Rincon Consultants, Inc. 2020).² Therefore, the project would result in a net decrease of approximately 103 average daily trips. The project would decrease existing traffic volumes and associated off-site traffic noise levels. Consequently, no off-site traffic noise impact would occur.

¹ Weekday trips include 70 trips for appointments, 20 trips for drop off/pick up, 10 trips for deliveries, and 26 trips for employees. Saturday trips include 30 trips for appointments, 10 trips for drop off/pick up, and 26 trips for employees

² Trip generation rates are based on Institute of Traffic Engineers 9th Edition for Condo/Townhouse ITE Code 230.

Threshold 2 Would the proposed project generate excessive groundborne vibration or groundborne noise levels?

Impact N-2 CONSTRUCTION OF THE PROPOSED PROJECT WOULD EXPOSE NEARBY SENSITIVE RECEIVERS TO A TEMPORARY INCREASE IN VIBRATION. VIBRATION LEVELS WOULD NOT EXCEED THE HUMAN ANNOYANCE OR STRUCTURAL DAMAGE THRESHOLDS. IN ADDITION, THE PROJECT WOULD NOT INCLUDE SIGNIFICANT STATIONARY SOURCES OF VIBRATION DURING OPERATION. THEREFORE, THE PROPOSED PROJECT WOULD HAVE A LESS THAN SIGNIFICANT VIBRATION IMPACT.

Certain types of construction equipment can generate high levels of groundborne vibration. Construction of the proposed project would potentially utilize loaded trucks and bore drilling. Vibration impacts are assessed from the edge of construction activity. Therefore, bore drilling was assumed to occur at a distance of 10 feet from the nearest structures, which are residences to the north of the project site, and loaded trucks were assumed to operate at a distance of 25 feet (i.e., the distance to the centerline of the nearest travel lane on 1st Street) from the nearest structures. As shown in Table 9, groundborne vibration from construction equipment would not exceed 0.24 in/sec ppv (the threshold for impacts to humans) and 1.5 in/sec ppv (the threshold for structural damage) at the nearest structure.

Table 9 Vibration Levels at Nearest Building

Equipment	Estimated Vibration Levels at Nearest Building at 30 Feet (in/sec ppv)
Loaded Trucks ¹	0.14
Caisson Drilling ²	0.22
Threshold for Human Annoyance	0.24
Threshold Exceeded?	No
Threshold for Structural Damage	1.5
Threshold Exceeded?	No

¹ Assessed at a distance of 25 feet (i.e., the distance from the centerline of the nearest travel lane on 1st Street to the nearest structure).

² Assessed at a distance of 10 feet (i.e., the distance from the nearest pile location to the nearest structure).

See Appendix D for vibration analysis worksheets.

As a multi-family use, the proposed project would not include significant stationary sources of vibration, such as heavy equipment operations. Therefore, no operational vibration impact would occur.

Threshold 3 For a project located within the vicinity of a private airstrip or an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the proposed project expose people residing or working in the project area to excessive noise levels?

Impact N-3 THE PROJECT WOULD BE LOCATED OUTSIDE THE AIRPORT INFLUENCE AREA FOR THE MOFFETT FEDERAL AIRFIELD. THEREFORE, THE PROJECT WOULD NOT EXPOSE PEOPLE RESIDING OR WORKING IN THE PROJECT AREA TO EXCESSIVE NOISE LEVELS. NO IMPACT WOULD OCCUR.

The airport closest to the project site is the Moffett Federal Airfield located approximately 4.2 miles north of the project site. The project site is not located in an Airport Influence Area for this airport (Santa Clara County Airport Land Use Commission 2012). In addition, the project site is not in close proximity to a private airport. Therefore, the project would not expose people residing or working in the project area to excessive noise levels, and no impact would occur.

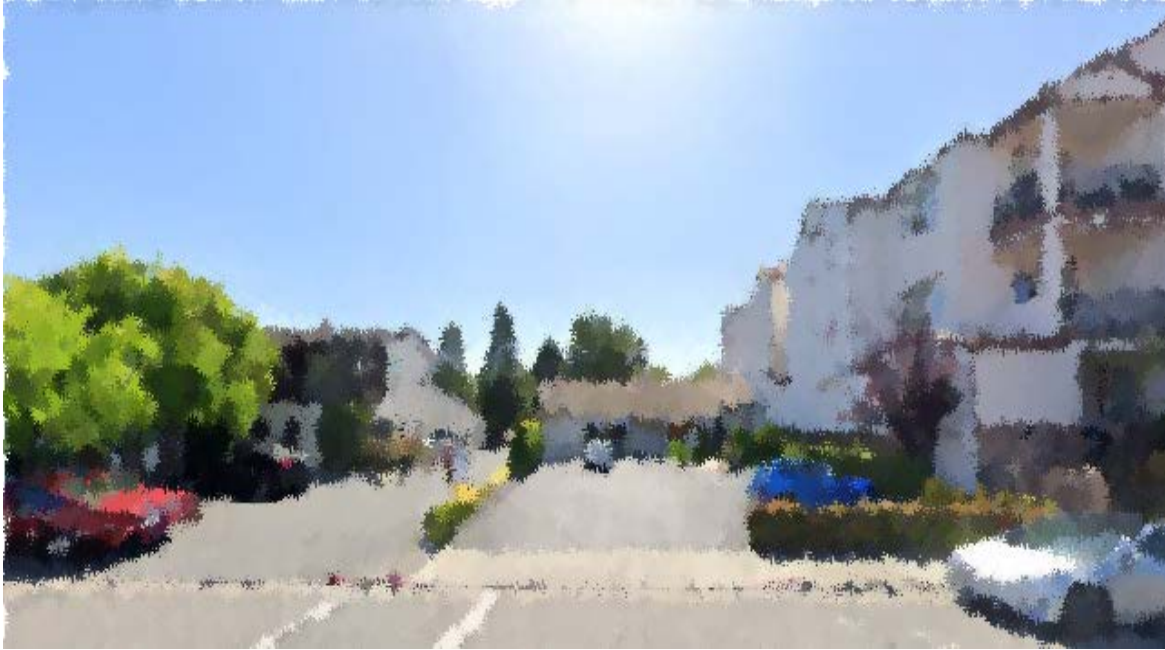
4 Conclusions

The proposed project would have less than significant impacts related to construction noise, operational noise, and vibration, and no impacts related to off-site traffic noise and airport-related noise.

5 References

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ATTACHMENT B



440 1st Street Residential Project

Air Quality Study

prepared for

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December 2020



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Table of Contents

1	Project Description and Impact Summary	1
1.1	Introduction	1
1.2	Project Summary	1
2	Environmental and Regulatory Setting.....	5
2.1	Local Climate and Meteorology.....	5
2.2	Air Pollutants of Primary Concern	6
2.3	Air Quality Regulation.....	9
2.4	Current Air Quality.....	11
2.5	Sensitive Receptors	12
3	Impact Analysis	13
3.1	Methodology	13
3.2	Significance Thresholds	14
3.3	Project Impacts.....	17
3.4	Cumulative Impacts	23
4	Conclusions	24
5	References	25

Tables

Table 1	Summary of Impacts	1
Table 2	Ambient Air Quality Standards & Basin Attainment Status.....	9
Table 3	Annual Ambient Air Quality Data.....	12
Table 4	Air Quality Thresholds of Significance	16
Table 5	Project Consistency with Applicable Control Strategies of 2017 Clean Air Plan	18
Table 6	Estimated Daily Construction Emissions.....	19

Figures

Figure 1	Regional Location Map	2
Figure 2	Project Site Location	3

Appendices

Appendix A	Project Site Plans
Appendix B	Air Quality and Greenhouse Gas Modeling Results

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1 Project Description and Impact Summary

1.1 Introduction

This study analyzes the potential air quality impacts of the proposed 440 1st Street Residential project (herein referred to as “proposed project” or “project”) in Los Altos, California. Rincon Consultants, Inc. (Rincon) prepared this study under contract to GreenTek Homes for the City of Los Altos to use in support of the environmental documentation being prepared pursuant to the California Environmental Quality Act (CEQA). The purpose of this study is to analyze the project’s air quality impacts related to both temporary construction activity and long-term operation of the project. The conclusions of this study are summarized in Table 1.

Table 1 Summary of Impacts

Impact Statement	Proposed Project’s Level of Significance
Would the project conflict with or obstruct implementation of the applicable air quality plan?	No Impact
Would the project result in a cumulatively considerable net increase of any criteria pollutant for which the project region is in non-attainment under an applicable federal or state ambient air quality standard?	Less than significant impact
Would the project expose sensitive receptors to substantial pollutant concentrations?	Less than significant impact
Would the project result in other emissions (such as those leading to odors) adversely affecting a substantial number of people?	Less than significant impact

1.2 Project Summary

Project Location

The project site is an approximately 0.1-acre lot (Assessor Parcel Number [APN] 187-41-009) in the city of Los Altos. The project site is zoned Commercial Downtown/Multiple-Family (CD/R3) with a General Plan Land Use designation of Downtown Commercial (DC) within the Los Altos Plan Area. The project site currently contains the Los Altos Veterinary Clinic and its associated parking lot. The surrounding area is a mixture of commercial and residential uses. The properties to the north, east, and south are zoned CD/R3 and are developed with multi-family residential uses, mixed retail uses, and commercial uses, respectively. The property to the west across Foothill Expressway is zoned Public & Community Facilities (PCF) and consists of a linear park with public art, utility transmission lines, and a parking lot. See Figure 1 and Figure 2 for the project site location in a regional context and local context, respectively.

Project Description

The proposed project consists of the demolition of the existing approximately 2,000-square-foot veterinary clinic and the construction of a four condominium units with a total floor area of approximately 11,735 square feet, one level of subterranean parking with nine parking spaces, and sidewalk improvements.

Figure 2 Project Site Location



Imagery provided by Microsoft Bing and its licensors © 2020.

Fig. 2 Project Location

The ground floor of the proposed condominium building would include a main lobby, a gym, and the lower level of two residential units (units 101 and 102), each with a dining room, kitchen, office, living room, bathroom, and outdoor decks. The second floor of the building would include the upper levels of units 101 and 102, each with a family room, two bathrooms, two bedrooms, and outdoor balconies on the western and eastern sides of the building. The third floor of the building would include two residential units (units 301 and 302), each with two bedrooms, two bathrooms, a kitchen, a dining room, a living room, and an outdoor balcony. The roof of the proposed building would include two roof decks with outdoor kitchens for units 301 and 302 as well as mechanical equipment and landscaping. The project would include sustainability features such as water efficient fixtures, water efficient irrigation systems, energy efficient appliances and fixtures, four charging stations with each station to serve two spaces (eight total electric vehicles charging spaces), and a 30-kilowatt (kW) solar photovoltaic (PV) system. See Appendix A for the project site plans.

Construction

Project construction is expected to commence in February 2021 and be completed by December 2022 in accordance with the following schedule:

- Demolition – approximately three days
- Site Preparation – approximately two days
- Grading – approximately 20 days
- Building Construction – approximately 18 months
- Concrete Sidewalk Installation – approximately five days
- Architectural Coating – approximately two months

Construction activities would occur six days per week, Monday through Saturday. The project would require export of approximately 1,600 cubic yards of soil material via haul trucks with 20 cubic yard capacity.

2 Environmental and Regulatory Setting

2.1 Local Climate and Meteorology

The Southwest area is located in the “Santa Clara Valley” climatological subregion of the San Francisco Bay Area Air Basin (SFBAAB), which is under the jurisdiction of the Bay Area Air Quality Management District (BAAQMD). This subregion is bounded by the Bay to the north and by mountains to the east, south and west. Temperatures are warm on summer days and cool on summer nights, and winter temperatures are fairly mild. At the northern end of the valley, mean maximum temperatures are in the low 80 degrees Fahrenheit (°F) during the summer and the high 50 °F during the winter, and mean minimum temperatures range from the high 50°F in the summer to the low 40°F in the winter. Further inland, where the moderating effect of the Bay is not as strong, temperature extremes are greater. For example, in San Martin, located 27 miles south of the San Jose Airport, temperatures can be more than 10 degrees warmer on summer afternoons and more than 10 degrees cooler on winter nights (BAAQMD 2017a).

Air quality in the SFBAAB is affected by the emission sources located in the region and by natural factors. Air pollutant emissions in the SFBAAB are generated by stationary and mobile sources. Stationary sources can be divided into two major subcategories: point and area sources. Point sources occur at a specific location and are often identified by an exhaust vent or stack. Examples include boilers or combustion equipment that produce electricity or generate heat. Area sources are widely distributed and include sources such as residential and commercial water heaters, painting operations, lawn mowers, agricultural fields, landfills, and some consumer products. Mobile sources refer to emissions from motor vehicles, including tailpipe and evaporative emissions, and are classified as either on-road or off-road. On-road sources may be legally operated on roadways and highways. Off-road sources include aircraft, ships, trains, and self-propelled construction equipment. Air pollutants can also be generated by the natural environment, such as when high winds suspend fine dust particles.

Atmospheric conditions such as wind speed and direction, air temperature gradients, and local and regional topography influence air quality. Complex topographical features, the location of the Pacific high-pressure system, and varying circulation patterns associated with temperature gradients affect the speed and direction of local winds, which play a major role in the dispersion of pollutants. Strong winds can carry pollutants far from their source, but a lack of wind will allow pollutants to concentrate in an area. Air dispersion also affects pollutant concentrations. As altitude increases, air temperature normally decreases. However, inversions can occur when colder air becomes trapped below warmer air, restricting the air masses’ ability to mix. Pollutants also become trapped, which promotes the production of secondary pollutants. Subsidence inversions, which can occur during the summer in the SFBAAB, result from high-pressure cells that cause the local air mass to sink, compress, and become warmer than the air closer to the earth. Pollutants accumulate as this stagnating air mass remains in place for one or more days (BAAQMD 2017a).

The air pollution potential of the Santa Clara Valley is high. High summer temperatures, stable air, and mountains surrounding the valley combine to promote ozone formation. In addition to the many local sources of pollution, ozone precursors from San Francisco, San Mateo and Alameda Counties are carried by prevailing winds to the Santa Clara Valley. The valley tends to channel pollutants to the southeast. In addition, on summer days with low level inversions, ozone can be

recirculated by southerly drainage winds in the late evening and early morning and by the prevailing northwesterly winds in the afternoon. A similar recirculation pattern occurs in the winter, affecting levels of carbon monoxide and particulate matter. This movement of air up and down the valley increases the impact of pollutants significantly.

Pollution sources are plentiful and complex in this subregion. The Santa Clara Valley has a high concentration of industry at the northern end in the Silicon Valley. Some of these industries are sources of air toxics as well as criteria air pollutants. In addition, Santa Clara Valley's large population and many work-site destinations generate the highest mobile source emissions of any subregion in the SFBAAB (BAAQMD 2017a).

2.2 Air Pollutants of Primary Concern

The federal and State Clean Air Acts (CAA) mandate the control and reduction of certain air pollutants. Under these laws, the U.S. Environmental Protection Agency (U.S. EPA) and the California Air Resources Board (CARB) have established ambient air quality standards (AAQS) for "criteria pollutants" and other air pollutants. Primary criteria pollutants are emitted directly from a source (e.g., vehicle tailpipe, an exhaust stack of a factory, etc.) into the atmosphere and include carbon monoxide, volatile organic compounds (VOC)/reactive organic gases (ROG),¹ nitrogen oxides (NO_x), fine particulate matter (PM₁₀ and PM_{2.5}), sulfur dioxide, and lead. Secondary criteria pollutants are created by atmospheric chemical and photochemical reactions primarily between ROG and NO_x. Secondary pollutants include oxidants, ozone, and sulfate and nitrate particulates (smog). The characteristics, sources and effects of criteria pollutants are discussed in the following subsections.

Ozone

Ozone is produced by a photochemical reaction (triggered by sunlight) between NO_x and ROG. ROG are composed of non-methane hydrocarbons (with some specific exclusions), and NO_x is composed of different chemical combinations of nitrogen and oxygen, mainly nitric oxide and nitrogen dioxide. NO_x are formed during the combustion of fuels, while ROG are formed during combustion and evaporation of organic solvents. As a highly reactive molecule, ozone readily combines with many different components of the atmosphere. Consequently, high levels of ozone tend to exist only while high ROG and NO_x levels are present to sustain the ozone formation process. Once the precursors have been depleted, ozone levels rapidly decline. Because these reactions occur on a regional rather than local scale, ozone is considered a regional pollutant. In addition, because ozone requires sunlight to form, it mostly occurs in concentrations considered serious between the months of April and October. Ozone is a pungent, colorless, toxic gas with direct health effects on humans, including respiratory and eye irritation, aggravation of respiratory diseases such as asthma and bronchitis, possible changes in lung functions, and permanent damage to lung tissue (BAAQMD 2017a). Groups most sensitive to ozone include children, the elderly, persons with respiratory disorders, and people who exercise strenuously outdoors.

¹ CARB defines VOC and ROG similarly as, "any compound of carbon excluding carbon monoxide, carbon dioxide, carbonic acid, metallic carbides or carbonates, and ammonium carbonate," with the exception that VOC are compounds that participate in atmospheric photochemical reactions. For the purposes of this analysis, ROG and VOC are considered comparable in terms of mass emissions, and the term ROG is used in this report.

Carbon Monoxide

Carbon monoxide is a localized pollutant that is found in high concentrations only near its source. The major source of carbon monoxide, a colorless, odorless, poisonous gas, is the incomplete combustion of petroleum fuels by automobile traffic. Therefore, elevated concentrations are usually only found near areas of high traffic volumes. Other sources of carbon monoxide include the incomplete combustion of petroleum fuels at power plants and fuel combustion from wood stoves and fireplaces during the winter. The health effects of carbon monoxide are related to its affinity for hemoglobin in the blood. Carbon monoxide causes a number of health problems including fatigue, headache, confusion, and dizziness. At high concentrations, carbon monoxide reduces the amount of oxygen in the blood, causing heart difficulties in people with chronic diseases, reduced lung capacity, and impaired mental abilities (BAAQMD 2017a). Carbon monoxide tends to dissipate rapidly into the atmosphere; consequently, violations of AAQS for carbon monoxide are generally associated with localized carbon monoxide “hotspots” that can occur at major roadway intersections during heavy peak-hour traffic conditions.

Nitrogen Dioxide

Nitrogen dioxide is a by-product of fuel combustion; the primary sources are motor vehicles and industrial boilers and furnaces. The principal form of NO_x produced by combustion is nitric oxide, but nitric oxide reacts rapidly to form nitrogen dioxide, creating the mixture of nitric oxide and nitrogen dioxide commonly called NO_x . Nitrogen dioxide is an acute irritant that can aggravate respiratory illnesses and increase the risk of acute and chronic respiratory diseases (BAAQMD 2017a). A relationship between nitrogen dioxide and chronic pulmonary fibrosis may exist, and an increase in bronchitis in young children at concentrations below 0.3 parts per million (ppm) may occur. Nitrogen dioxide absorbs blue light, gives a reddish-brown cast to the atmosphere, and reduces visibility (BAAQMD 2017a). It can also contribute to the formation of PM_{10} and acid rain.

Sulfur Dioxide

Sulfur dioxide is a colorless, pungent, irritating gas formed primarily by the combustion of sulfur-containing fossil fuels. When SO_2 oxidizes in the atmosphere, it forms sulfur trioxide. Collectively, these pollutants are referred to as sulfur oxides (SO_x). In humid atmospheres, SO_2 can also form sulfuric acid mist, which can eventually react to produce sulfate particulates that can inhibit visibility. Combustion of high sulfur-content fuels is the major source of SO_2 , while chemical plants, sulfur recovery plants, and metal processing are minor contributors. At sufficiently high concentrations, SO_2 irritates the upper respiratory tract. At lower concentrations, when in conjunction with particulates, SO_2 appears to do still greater harm by injuring lung tissues. This compound also constricts the breathing passages, especially in people with asthma and people involved in moderate to heavy exercise. Sulfur dioxide is linked with a number of adverse effects on the respiratory system, including irritation of lung tissue, aggravation of respiratory diseases, increased risk of acute and chronic respiratory diseases, and reduced lung function (BAAQMD 2017a). Sulfur oxides, in combination with moisture and oxygen, can yellow leaves on plants, dissolve marble, and eat away iron and steel.

Suspended Particulates

Atmospheric particulate matter is comprised of finely divided solids and liquids such as dust, soot, aerosols, fumes, and mists. The particulates that are of particular concern are PM_{10} (small particulate matter that measures no more than 10 microns in diameter) and $\text{PM}_{2.5}$ (fine particulate

matter that measures no more than 2.5 microns in diameter). The characteristics, sources, and potential health effects associated with PM₁₀ and PM_{2.5} can be different. Major man-made sources of PM₁₀ are agricultural operations, industrial processes, combustion of fossil fuels, construction, demolition operations, and entrainment of road dust into the atmosphere. Natural sources include windblown dust, wildfire smoke, and sea spray salt. The finer PM_{2.5} particulates are generally associated with combustion processes as well as formation in the atmosphere as a secondary pollutant through chemical reactions. PM_{2.5} is more likely to penetrate deeply into the lungs and poses a serious health threat to all groups, but particularly to the elderly, children, and those with respiratory problems (CARB 2020a). More than half of the small and fine particulate matter that is inhaled into the lungs remains there, which can cause permanent lung damage. These materials can damage health by interfering with the body's mechanisms for clearing the respiratory tract or by acting as carriers of an absorbed toxic substance (South Coast Air Quality Management District 2005). Suspended particulates can also reduce lung function, aggravate respiratory and cardiovascular diseases, increase mortality rates, and reduce lung function growth in children (BAAQMD 2017a).

Lead

Lead is a metal found naturally in the environment, as well as in manufacturing products. The major sources of lead emissions historically have been mobile and industrial sources. However, as a result of the U.S. EPA's regulatory efforts to remove lead from gasoline, atmospheric lead concentrations have declined substantially over the past several decades. The most dramatic reductions in lead emissions occurred prior to 1990 due to the removal of lead from gasoline sold for most highway vehicles. Lead emissions were further reduced substantially between 1990 and 2008, with reductions occurring in the metals industries at least in part as a result of national emissions standards for hazardous air pollutants (U.S. EPA 2013). As a result of phasing out leaded gasoline, metal processing currently is the primary source of lead emissions. The highest level of lead in the air is generally found near lead smelters. Other stationary sources include waste incinerators, utilities, and lead-acid battery manufacturers. The health impacts of lead include behavioral and hearing disabilities in children and nervous system impairment (BAAQMD 2017a).

Toxic Air Contaminants

Toxic air contaminants (TACs) are a diverse group of air pollutants that may cause or contribute to an increase in deaths or serious illness, or that may pose a present or potential hazard to human health. TACs include both organic and inorganic chemical substances that may be emitted from a variety of common sources, including gasoline stations, motor vehicles, dry cleaners, industrial operations, painting operations, and research and teaching facilities. One of the main sources of TACs in California is diesel engine exhaust that contains solid material known as diesel particulate matter (DPM). More than 90 percent of DPM is less than one micron in diameter (about 1/70th the diameter of a human hair) and thus is a subset of PM_{2.5}. Because of their extremely small size, these particles can be inhaled and eventually trapped in the bronchial and alveolar regions of the lungs (CARB 2020a). Particulate matter emitted from diesel engines contributes more than 85 percent of the cancer risk within the SFBAAB, and cancer risk from TACs is highest near major diesel PM sources (BAAQMD 2014).

TACs are different than criteria pollutants because ambient air quality standards have not been established for TACs. TACs occurring at extremely low levels may still cause health effects, and it is typically difficult to identify levels of exposure that do not produce adverse health effects. TAC

impacts are described by carcinogenic risk and by chronic (i.e., long duration) and acute (i.e., severe but of short duration) adverse effects on human health.

2.3 Air Quality Regulation

Federal and California Clean Air Acts

The federal CAA governs air quality in the United States and is administered by the U.S. EPA at the federal level. Air quality in California is also governed by regulations under the California CAA, which is administered by the CARB at the state level. At the regional and local levels, local air districts such as the BAAQMD typically administer the federal and California CAA. As part of implementing the federal and California CAA, the U.S. EPA and the CARB have established ambient air quality standards for major pollutants at thresholds intended to protect public health. Table 2 summarizes the California Ambient Air Quality Standards (CAAQS) and the National Ambient Air Quality Standards (NAAQS). The CAAQS are more restrictive than the NAAQS for several pollutants, including the one-hour standard for carbon monoxide, the 24-hour standard for sulfur dioxide, and the 24-hour standard for PM₁₀.

Table 2 Ambient Air Quality Standards & Basin Attainment Status

Pollutant	Averaging Time	California Ambient Air Quality Standards		National Ambient Air Quality Standards	
		Concentration	Attainment Status	Concentration	Attainment Status
Ozone	8-Hour	0.070 ppm	N	0.070 ppm	N
	1-Hour	0.09 ppm	N	–	–
Carbon Monoxide	8-Hour	9.0 ppm	A	9 ppm	A
	1-Hour	20 ppm	A	35 ppm	A
Nitrogen Dioxide	1-Hour	0.18 ppm	A	0.100 ppm	U
	Annual Arithmetic Mean	0.030 ppm		0.053 ppm	A
Sulfur Dioxide	24-Hour	0.04 ppm	A	0.14 ppm	U
	1-Hour	0.25 ppm	A	0.075 ppm	U
	Annual Arithmetic Mean	–	–	0.030 ppm	U
Particulate Matter – Small (PM ₁₀)	Annual Arithmetic Mean	20 µg/m ³	N	–	–
	24-Hour	50 µg/m ³	N	150 µg/m ³	U
Particulate Matter - Fine (PM _{2.5})	Annual Arithmetic Mean	12 µg/m ³	N	12 µg/m ³	U/A
	24-Hour	–	–	35 µg/m ³	N
Sulfates	24-Hour	25 µg/m ³	A	–	–

Pollutant	Averaging Time	California Ambient Air Quality Standards		National Ambient Air Quality Standards	
		Concentration	Attainment Status	Concentration	Attainment Status
Lead	Calendar Quarter	–	–	1.5 µg/m ³	A
	Rolling 3-Month Average	–	–	0.15 µg/m ³	U
	30-Day Average	1.5 µg/m ³	A	–	–
Hydrogen Sulfide	1-Hour	0.03 ppm (42 µg/m ³)	U	–	–
Vinyl Chloride (Chloroethene)	24-Hour	0.010 ppm (26 µg/m ³)	No information available	–	–
Visibility Reducing Particles	8-Hour (10:00 to 18:00 PST)	–	U	–	–

A = attainment; N = nonattainment; U = unclassified; ppm=parts per million; µg/m³=micrograms per cubic meter; PST = Pacific Standard Time
Source: BAAQMD 2017b and U.S. EPA 2020a

Depending on whether the standards are met or exceeded, the local air basin is classified as in “attainment” or “non-attainment.” Some areas are unclassified, which means insufficient monitoring data are available; unclassified areas are considered to be in attainment. Table 2 presents the attainment status of the SFBAAB for each of the CAAQS and NAAQS. As shown therein, the SFBAAB is designated nonattainment for the NAAQS for ozone and PM_{2.5} and the CAAQS for ozone, PM₁₀, and PM_{2.5}.

Regional

As the local air quality management agency, the BAAQMD is required to monitor air pollutant levels to ensure that state and federal air quality standards are met and, if they are not met, to develop strategies to meet the standards. Under state law, air districts are required to prepare a plan for air quality improvement for pollutants for which the region is in non-compliance.

The BAAQMD 2017 Clean Air Plan (2017 Plan; titled *Spare the Air: Cool the Climate – A Blueprint for Clean Air and Climate Protection in the Bay Area*) provides a plan to improve Bay Area air quality and protect public health as well as the climate. The legal impetus for the 2017 Clean Air Plan is to update the most recent ozone plan, the 2010 Clean Air Plan, to comply with state air quality planning requirements as codified in the California Health and Safety Code. Although steady progress has been made toward reducing ozone levels in the Bay Area, the region continues to be designated as non-attainment for both the one-hour and eight-hour state ozone standards. In addition, emissions of ozone precursors in the Bay Area contribute to air quality problems in neighboring air basins. The 2017 Plan, which focuses on protecting public health and the climate, defines an integrated, multi-pollutant control strategy that includes all feasible measures to reduce emissions of ozone precursors (including transport of ozone and its precursors to neighboring air basins), PM, and TACs. To protect public health, the control strategy will decrease population exposure to PM and TACs in communities that are most impacted by air pollution with the goal of eliminating disparities in exposure to air pollution between communities. The control strategy will also protect the climate by reducing greenhouse gas (GHG) emissions and developing a long-range

vision of how the Bay Area could look and function in a post-carbon economy in 2050 (BAAQMD 2017c).

Local

One of the Guiding Principles of the Los Altos General Plan Natural Environment and Hazards Element (adopted in November 2002) is to “to protect the community from injury, loss of life, property damage, and deteriorating quality of life resulting from natural hazards and hazards relating to human activity.” This includes the protection of the community from air pollutants degrading air quality and posing a significant health hazard through compliance with requirements of the BAAQMD (City of Los Altos 2002). The general plan consists of the following goal applicable to air quality:

Goal 8: Maintain or improve air quality in Los Altos.

Policy 8.1: Support the principles of reducing air pollutants through land use, transportation, and energy use planning.

Policy 8.2: Encourage transportation modes that minimize contaminant emissions from motor vehicle use.

Policy 8.3: Interpret and implement the General Plan to be consistent with the regional Bay Area Air Quality Management Plan, as periodically updated.

Policy 8.4: Ensure location and design of development projects so as to conserve air quality and minimize direct and indirect emissions of air contaminants.

2.4 Current Air Quality

The BAAQMD operates a network of air quality monitoring stations throughout the SFBAAB. The purpose of the monitoring stations is to measure ambient concentrations of pollutants and to determine whether ambient air quality meets the California and federal standards. The monitoring station closest to the project is the San José-Jackson Street station located at 158 Jackson Street in San José, approximately 12.3 miles southeast of the project site. Table 3 indicates the number of days that each of the federal and state standards has been exceeded at this station in each of the last three years. The data indicate the one-hour ozone CAAQS and NAAQS and the eight-hour ozone CAAQS were exceeded in 2017 and 2019. In addition, the CAAQS for PM₁₀ was each year from 2017 to 2019, while the NAAQS for PM_{2.5} was exceeded in 2017 and 2018. No other state or federal standards were exceeded at this monitoring station.

Table 3 Annual Ambient Air Quality Data

Pollutant	2017	2018	2019
Ozone (ppm), Worst 1-Hour ¹	0.121	0.078	0.095
Number of days above CAAQS (>0.09 ppm)	3	0	1
Number of days above NAAQS (>0.12 ppm)	0	0	0
Ozone (ppm), Worst 8-Hour Average ¹	0.098	0.061	0.081
Number of days above CAAQS (>0.070 ppm)	4	0	2
Number of days above NAAQS (>0.070 ppm)	3	0	1
Carbon Monoxide (ppm), Highest 8-Hour Average ²	1.8	2.1	1.3
Number of days above CAAQS or NAAQS (>9.0 ppm)	0	0	0
Nitrogen Dioxide (ppm), Worst 1-Hour ¹	0.0675	0.0861	0.0598
Number of days above CAAQS (>0.180 ppm)	0	0	0
Number of days above NAAQS (>0.100 ppm)	0	0	0
Sulfur Dioxide (ppm), Worst Hour ²	0.0036	0.0069	0.014
Number of days above CAAQS (>0.25 ppm)	0	0	0
Number of days above NAAQS (>0.075 ppm)	0	0	0
Particulate Matter <10 microns (µg/m ³), Worst 24 Hours ²	69.4	155.4	75.4
Number of days above CAAQS (>50 µg/m ³)	6	4	4
Number of days above NAAQS (>150 µg/m ³)	0	0	0
Particulate Matter <2.5 microns (µg/m ³), Worst 24 Hours ¹	49.7	133.9	27.6
Number of days above NAAQS (>35 µg/m ³)	6	15	0
Lead (µg/m ³), 3-Month Average ²	0.010	0.006	0.012
Number of days above NAAQS (>0.15 µg/m ³)	0	0	0

ppm = parts per million; µg/m³ = micrograms per cubic meter; CAAQS = California Ambient Air Quality Standard; NAAQS = National Ambient Air Quality Standard

¹ Data sourced from the CARB and the U.S. EPA at the nearest monitoring station with available data at the 158 Jackson Street station in San José.

² Data sourced from the U.S. EPA at the nearest monitoring station with available data at the 158 Jackson Street station in San José

Source: CARB 2020b and U.S. EPA 2020b

2.5 Sensitive Receptors

Ambient air quality standards have been established to represent the levels of air quality considered sufficient, with a margin of safety, to protect public health and welfare. They are designed to protect that segment of the public most susceptible to respiratory distress, such as children under 14; the elderly over 65; people engaged in strenuous work or exercise; and people with cardiovascular and chronic respiratory diseases. Therefore, the majority of sensitive receptor locations are schools, hospitals, and residences. Sensitive receptors in the project vicinity include multi-family residences located immediately north of the project site as well as Saint Nicholas Catholic Church located approximately 260 feet west of the project site.

3 Impact Analysis

3.1 Methodology

Criteria Air Pollutant Emissions

The analysis of air quality impacts considers the effects of both temporary construction-related air quality impacts and long-term air quality impacts associated with operation of the project. The project's construction-related air pollutant emissions were estimated using the California Emissions Estimator Model (CalEEMod), version 2016.3.2. CalEEMod uses project-specific information, including the project's land uses, square footages for different uses (e.g., condo/townhouse, enclosed parking structure), and location, to estimate a project's construction emissions. As discussed further under *Project Impacts*, operational emissions were screened out from further analysis using the BAAQMD screening criteria; therefore, operational air pollutant emissions were not modeled. Complete CalEEMod results and assumptions are provided in Attachment 1.

Construction emissions modeled include emissions generated by construction equipment used on-site and emissions generated by vehicle trips associated with construction, such as worker and vendor trips. The construction schedule, list of construction equipment, soil export volume, demolition square footage, haul trip distances, and vehicle speeds on unpaved roads were based on applicant-provided data. In addition, it was assumed that project construction would comply with all applicable regulatory standards, including BAAQMD Regulation 8, Rule 3 (Architectural Coatings), which restricts the volatile organic compound content of flat coatings to 100 grams per liter and non-flat coatings to 150 grams per liter.

Toxic Air Contaminants

BAAQMD provides community risk and hazards screening tools for agencies to use in deciding whether there should be further environmental review of a project based on its exposure to TAC emissions. According to the BAAQMD, the screening tools provide conservative estimates. A more refined analysis, including site-specific dispersion modeling, should be conducted for more accurate (and usually lower) risk and hazard estimates (BAAQMD 2012). The screening tools provide estimates for PM_{2.5} concentrations, cancer risk, chronic hazard risk, and acute hazard risk from stationary, roadway, and highway sources. The risk and hazard screening analysis process include the following steps:

1. **Source Identification.** Identify emissions sources (permitted sources, highways, major roadways, and railways) within 1,000 feet of the project's fence-line. If there are no sources within 1,000 feet of the project's fence-line, then the potential for unacceptable cancer risk and health hazards are low, and no further analysis is necessary. If emissions sources exist within 1,000 feet of the project's fence-line, the analysis should conduct initial screening.
2. **Initial Screening.** Initial screening compares each source's estimated cancer risk, PM_{2.5}, and hazard values to applicable thresholds. The screening tools allow the summation all of the sources' impacts for comparison to cumulative thresholds. If the risk and hazard estimates for an individual source and/or the cumulative levels are below BAAQMD's thresholds, then the potential for unacceptable cancer risks and or health hazards are low, and no further analysis is

necessary. If estimated levels exceed the BAAQMD thresholds, then the analysis should conduct advanced screening.

3. **Advanced Screening.** Advanced screening scales the highway and roadway risk and PM_{2.5} values to reflect actual traffic and distances from the project's fence-line. If the refined risk and hazard estimates are below applicable thresholds, then the potential for unacceptable cancer risk and health hazards are low, and no further analysis is necessary. If the estimated levels exceed the BAAQMD thresholds, then the analysis should conduct refined modeling.
4. **Refined Modeling Analysis.** Refined modeling analysis uses local traffic and meteorology data to model cancer risks and health hazards. If the risk and hazard estimates with refined modeling are below BAAQMD's thresholds, then the potential for unacceptable cancer risks and chronic health hazards are low, and no further analysis is needed. If thresholds are exceeded, then risk reduction strategies should be implemented.

One permitted emission source was identified within 1,000 feet of the project's fence line using BAAQMD's Stationary Source Screening Analysis Tool (BAAQMD 2020a). This source is a gasoline dispensing facility (ID: 100829) located approximately 885 feet northeast of the project site at Los Altos 76.

No highways or railways are within 1,000 feet of the project site. The only major roadway in the project vicinity is Foothill Expressway, which is adjacent to the project site. As of 2017, average daily traffic volumes on the segment of Foothill Expressway adjacent to the project site were approximately 2,232 vehicles during the AM peak hour, or approximately 22,230 vehicles per day using an industry standard assumption that 10 percent of ADT is peak hour traffic (Hexagon Transportation Consultants, Inc. 2017). Raster data provided by BAAQMD for Major Roadways in Santa Clara County was used to determine cancer risk, hazard index, and PM_{2.5} annual average concentration for Sonoma Boulevard based on the annual average daily traffic (AADT) and distance from the project site to the edge of the highway (Flores 2020).

3.2 Significance Thresholds

To determine whether a project would result in a significant impact to air quality, Appendix G of the CEQA Guidelines recommends consideration of whether a project would:

1. Conflict with or obstruct implementation of the applicable air quality plan;
2. Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is in non-attainment under an applicable federal or state ambient air quality standard;
3. Expose sensitive receptors to substantial pollutant concentrations; or
4. Result in other emissions (such as those leading to odors) adversely affecting a substantial number of people.

This analysis uses the numeric thresholds in the May 2017 *BAAQMD CEQA Air Quality Guidelines* to determine whether the impacts of the project exceed the thresholds identified in Appendix G of the CEQA Guidelines. The BAAQMD has developed screening criteria to provide lead agencies and project applicants with a conservative indication of whether a project could result in potentially significant air quality impacts. If all the screening criteria are met by a project, the lead agency or applicant does not need to perform a detailed air quality assessment of the project's air pollutant emissions, and air quality impacts would be considered less than significant. These screening levels

are generally representative of new development on greenfield sites without any form of mitigation measures taken into consideration. For infill projects such as the proposed project, emissions would be less than the greenfield-type project on which the screening criteria are based; therefore, use of the screening criteria is a conservative approach (BAAQMD 2017a). The BAAQMD's screening level sizes for general condo/townhomes are 240 dwelling units for construction-related criteria pollutant emissions and 451 dwelling units for operational criteria pollutant emissions (BAAQMD 2017a).

In addition, for construction-related emissions to be considered less than significant, projects must meet the following criteria in addition to being below the applicable screening level (BAAQMD 2017a):

1. All Basic Construction Mitigation Measures would be included in the project design and implemented during construction; and
2. Construction-related activities would not include any of the following:
 - Demolition;
 - Simultaneous occurrence of more than two construction phases (e.g., paving and building construction would not occur simultaneously);
 - Simultaneous construction of more than one land use type (e.g., project would develop residential and commercial uses on the same site) (not applicable to high-density infill development);
 - Extensive site preparation (i.e., greater than default assumptions used by the Urban Land Use Emissions Model [URBEMIS] for grading, cut/fill, or earth movement); or
 - Extensive material transport (e.g., greater than 10,000 cubic yards of soil import/export) requiring a considerable amount of haul truck activity.

The project meets the criteria for use of the operational screening size for criteria pollutant emissions; therefore, this analysis utilizes the screening size process to evaluate the significance of the project's operational criteria pollutant emissions. However, the project does not include implementation of all Basic Construction Mitigation Measures and would involve demolition of the existing land uses. In addition, multiple construction phases would occur simultaneously during construction activities. Therefore, the project does not meet all of the screening criteria for construction emissions. For projects that do not meet the screening criteria, BAAQMD provides numeric significance thresholds. Table 4 presents the BAAQMD quantitative significance thresholds for construction-related criteria air pollutant and precursor emissions. These thresholds represent the levels at which a project's individual emissions of criteria air pollutants or precursors would result in a cumulatively considerable contribution to the SFBAAB's existing air quality conditions. The proposed project would result in a significant impact if construction emissions would exceed any of the thresholds shown in Table 4.

Table 4 Air Quality Thresholds of Significance

Pollutant	Average Daily Emissions (lbs/day)
ROG	54
NOX	54
PM ₁₀	82 (exhaust)
PM _{2.5}	54 (exhaust)
Fugitive Dust	Construction Dust Ordinance or other Best Management Practices

ROG = reactive organic gases, NO_x = nitrogen oxides, PM₁₀ = particulate matter 10 microns in diameter or less, PM_{2.5} = particulate matter 2.5 microns or less in diameter; lbs/day = pounds per day, BAAQMD = Bay Area Air Quality Management District
Source: BAAQMD 2017a

The BAAQMD also provides a preliminary screening methodology to conservatively determine whether a proposed project would potentially result in a significant impact related to localized CO concentrations. If the following criteria are met, a project would result in a less-than-significant impact:

1. Project is consistent with an applicable congestion management program (CMP) established by the county congestion management agency for designated roads or highways, regional transportation plan, and local congestion management agency plans;
2. Project-related traffic would not increase traffic volumes at affected intersections to more than 44,000 vehicles per hour; and
3. Project-related traffic would not increase traffic volumes at affected intersections to more than 24,000 vehicles per hour where vertical and/or horizontal mixing is substantially limited (e.g., tunnel, parking garage, bridge underpass, natural or urban street canyon, below-grade roadway).

The BAAQMD has established the following thresholds of significance for local community risks and hazards associated with toxic air contaminants (TACs) and PM_{2.5} for assessing individual project-level impacts at a local level (BAAQMD 2017a):

- Not to exceed an increased cancer risk of >10 in one million
- Not to exceed increased non-cancer (i.e., Chronic or Acute) risk of >1.0 Hazard Index
- Not to exceed ambient PM_{2.5} concentration increase of >0.3 micrograms per cubic meter (µg/m³) annual average

A project would have a cumulatively considerable impact related to local community risks and hazards associated with TACs and PM_{2.5} if the aggregate total of current and proposed TAC sources within a 1,000 feet radius of the project fence line in addition to the proposed project would exceed the following thresholds of significance (BAAQMD 2017a):

- Not to exceed an increased cancer risk of >100 in one million
- Not to exceed increased non-cancer (i.e., Chronic or Acute) risk of >10 Hazard Index
- Not to exceed ambient PM_{2.5} concentration increase >0.8 µg/m³ annual average

3.3 Project Impacts

Threshold 1 Would the project conflict with or obstruct implementation of the applicable air quality plan?

Impact AQ-1 THE PROJECT WOULD NOT CONFLICT WITH OR OBSTRUCT IMPLEMENTATION OF THE 2017 CLEAN AIR PLAN. NO IMPACT WOULD OCCUR.

The California Clean Air Act requires air districts to create a Clean Air Plan that describes how the jurisdiction will meet air quality standards. These plans must be updated every three years. The most recently adopted air quality plan for the SFBAAB is the 2017 Clean Air Plan. To fulfill State ozone planning requirements, the 2017 control strategy includes all feasible measures to reduce emissions of ozone precursors (reactive organic gases [ROG] and nitrogen oxides [NO_x]) and reduce the transport of ozone and its precursors to neighboring air basins. In addition, the 2017 Clean Air Plan builds upon and enhances BAAQMD's efforts to reduce emissions of PM_{2.5} and toxic air contaminants (TACs). The 2017 Clean Air Plan does not include control measures that apply directly to individual development projects. Instead, the control strategy includes measures related to stationary sources, transportation, energy, buildings, agriculture, natural and working lands, waste management, water, and super-greenhouse gas pollutants (BAAQMD 2017c).

The 2017 Clean Air Plan focuses on two paramount goals (BAAQMD 2017c):

- Protect air quality and health at the regional and local scale by attaining all state and national air quality standards and eliminating disparities among Bay Area communities in cancer health risk from TACs; and
- Protect the climate by reducing Bay Area greenhouse gas emissions to 40 percent below 1990 levels by 2030 and 80 percent below 1990 levels by 2050

Under BAAQMD's methodology, a determination of consistency with the 2017 Clean Air Plan should demonstrate that a project (BAAQMD 2017a):

- Supports the primary goals of the 2017 Clean Air Plan;
- Includes applicable control measures from the 2017 Clean Air Plan; and
- Would not disrupt or hinder implementation of any control measures in the 2017 Clean Air Plan.

A project that would not support the 2017 Clean Air Plan's goals would not be considered consistent with the plan. On an individual project basis, consistency with BAAQMD's quantitative thresholds is interpreted as demonstrating support for the 2017 Clean Air Plan's goals. As shown in the later discussions under Impact AQ-2 and AQ-3, the project would not result in exceedances of BAAQMD's thresholds for criteria air pollutants and thus would not conflict with the 2017 Clean Air Plan's goal to attain air quality standards. Furthermore, as shown in Table 5, the proposed project would include applicable control measures from the 2017 Clean Air Plan and would not disrupt or hinder implementation of such control measures. Therefore, the proposed project would result in no impact related to consistency with the 2017 Clean Air Plan.

Table 5 Project Consistency with Applicable Control Strategies of 2017 Clean Air Plan

Control Strategy	Evaluation
Direct new development to areas that are well served by transit, and conducive to bicycling and walking.	Consistent. The project would be an infill redevelopment project located in the City’s Downtown Vision – First Street District (City of Los Altos 2018). The project site is also located within 0.1 mile of the San Antonio Road/Lyell Street bus stop for Santa Clara Valley Transportation Authority’s route 40 and is within approximately 1.8 miles of the San Antonio Caltrain station). The project site is located in the Los Altos Priority Development Area, which is one of the neighborhoods identified by <i>Plan Bay Area 2040</i> as suitable for additional, compact development in proximity to existing transit (Metropolitan Transportation Commission and Association of Bay Area Governments 2017). The project would also be within walking and bicycling distance of Los Altos Main Street, which includes commercial, retail, restaurant, and entertainment opportunities and is approximately 0.1 mile west of bicycle lanes on South San Antonio Road. Therefore, the project would be located in an area that is well served by transit and conducive to bicycling and walking.
Accelerate the widespread adoption of electric vehicles.	Consistent. Of the project’s nine parking spaces, eight would be equipped with electric vehicle charging stations. This project feature would promote the adoption of electric vehicles by providing infrastructure to facilitate their use by residents.
Expand the production of low-carbon, renewable energy by promoting on-site technologies such as rooftop solar, wind and ground-source heat pumps.	Consistent. The project would include an approximately 20-kW rooftop solar PV system, which would expand the production of low-carbon, renewable energy.
Promote energy and water efficiency in both new and existing buildings.	Consistent. The project would involve the replacement of an existing veterinary clinic with multi-family residences that would be required to comply with 2019 CALGreen standards, which include measures for energy and water efficiency.
Source: BAAQMD 2017c	

Threshold 2 Would the project result in a cumulatively considerable net increase of any criteria pollutant for which the project region is in non-attainment under an applicable federal or state ambient air quality standard?

Impact AQ-2 PROJECT CONSTRUCTION AND OPERATION WOULD RESULT IN THE GENERATION OF CRITERIA AIR POLLUTANTS, WHICH WOULD AFFECT LOCAL AIR QUALITY. HOWEVER, CONSTRUCTION-RELATED EMISSIONS OF CRITERIA AIR POLLUTANTS WOULD NOT EXCEED BAAQMD THRESHOLDS, AND THE PROJECT WOULD FALL BELOW THE BAAQMD OPERATIONAL SCREENING SIZE. THEREFORE, THE PROJECT WOULD NOT RESULT IN A CUMULATIVELY CONSIDERABLE NET INCREASE OF ANY CRITERIA POLLUTANT FOR WHICH THE PROJECT REGION IS NON-ATTAINMENT UNDER AN APPLICABLE FEDERAL OR STATE AMBIENT AIR QUALITY STANDARD. THIS IMPACT WOULD BE LESS THAN SIGNIFICANT.

Construction Emissions

Project construction would generate temporary air pollutant emissions associated with fugitive dust (PM₁₀ and PM_{2.5}) and exhaust emissions from heavy construction equipment and construction vehicles in addition to ROG emissions that would be released during the drying phase of architectural coating. Construction would occur over approximately 23 months, and approximately 1,600 cubic yards of material would be exported off site. Table 6 summarizes the estimated maximum daily emissions of pollutants during project construction. As shown therein, construction-

related emissions would not exceed BAAQMD thresholds. Therefore, project construction would not result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard. Impacts would be less than significant.

Table 6 Estimated Daily Construction Emissions

	ROG	NO _x	CO	SO ₂	Exhaust PM ₁₀	Exhaust PM _{2.5}
Maximum Construction Emissions (lbs/day)	2.6	8.9	7.2	<0.1	0.3	0.3
BAAQMD Thresholds	54	54	N/A	N/A	82	54
Threshold Exceeded?	No	No	N/A	N/A	No	No

ROG = reactive organic gases, NO_x = nitrogen oxides, CO = carbon monoxide, SO₂ = sulfur dioxide, PM₁₀ = particulate matter measuring 10 microns in diameter or less, PM_{2.5} = particulate matter measuring 2.5 microns or less in diameter; lbs/day = pounds per day, BAAQMD = Bay Area Air Quality Management District

N/A = Not available. The BAAQMD has not established recommended quantitative thresholds for construction-related emissions of CO and SO₂.

Notes: All emissions modeling was completed using CalEEMod in accordance with applicant-provided data. Some numbers may not add up due to rounding. Emissions presented are the highest of the winter and summer modeled emissions.

See Appendix B for model output results.

Although project emissions would not exceed the significance thresholds, the BAAQMD recommends implementing the following Basic Construction Mitigation Measures to reduce emissions of fugitive dust during construction activities (BAAQMD 2017a):

- All exposed surfaces (e.g., parking areas, staging areas, soil piles, graded areas, and unpaved access roads) should be watered two times daily.
- All haul trucks transporting soil, sand, or other loose material off-site should be covered.
- All visible mud or dirt track-out onto adjacent public roads should be removed using wet power vacuum street sweepers at least once per day. The use of dry power sweeping is prohibited.
- All vehicle speeds on unpaved roads should be limited to 15 miles per hour.
- All roadways, driveways, and sidewalks to be paved should be completed as soon as possible.
- Idling times should be minimized either by shutting equipment off when not in use or reducing the maximum idling time to five minutes (as required by the California airborne toxics control measure Title 13, Section 2485 of California Code of Regulations). Clear signage should be provided for construction workers at all access points.
- All construction equipment should be maintained and properly tuned in accordance with manufacturer's specifications. All equipment should be checked by a certified mechanic and determined to be running in proper condition prior to operation.
- A publicly-visible sign with the telephone number and person to contact at the City of Los Altos regarding dust complaints should be posted. This person should respond and take corrective action within 48 hours. The BAAQMD's phone number should also be visible to ensure compliance with applicable regulations.

Operational Emissions

The BAAQMD operational screening level size for a condos/townhomes (general) is 451 dwelling units. The proposed project includes four dwelling units and therefore is well below the screening size. As a result, per BAAQMD guidance, a detailed air quality assessment of the project's operational criteria air pollutant emissions is not necessary, and project operation would not result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard. Impacts would be less than significant.

Threshold 3	Would the project expose sensitive receptors to substantial pollutant concentrations?
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Impact AQ-3 THE PROPOSED PROJECT WOULD NOT EXPOSE SENSITIVE RECEPTORS TO SUBSTANTIAL CONCENTRATIONS OF CO OR TACS. THEREFORE, IMPACTS WOULD BE LESS THAN SIGNIFICANT.

Certain population groups, such as children, the elderly, and people with health problems, are particularly sensitive to air pollution. Therefore, the majority of sensitive receptor locations are schools, hospitals, and residences. Sensitive receptors in the project vicinity include multi-family residences located immediately north of the project site as well as Saint Nicholas Catholic Church located approximately 260 feet of the project site. The nearest sensitive receptors are multi-family residences adjacent to the project site's northern boundary. The project also includes the siting of new sensitive receptors. Localized air quality impacts to sensitive receptors typically result from CO hotspots and TACs, which are discussed in the following subsections.

Carbon Monoxide Hotspots

Vehicular traffic associated with project operation could have the potential to contribute to CO hotspots. The BAAQMD recommends comparing project's attributes with the following screening criteria as a first step to evaluating whether the project would result in the generation of CO concentrations that would substantially contribute to an exceedance of its CO thresholds of significance. As stated in the BAAQMD 2017 *CEQA Air Quality Guidelines*, the proposed project would result in a less than significant impact related to local CO concentrations if the project is consistent with an applicable CMP; would not increase traffic volumes at affected intersections to more than 44,000 vehicles per hour; and would not increase traffic volumes at affected intersections to more than 24,000 vehicles per hour where vertical and/or horizontal mixing is substantially limited (e.g., tunnel, parking garage, bridge underpass, natural or urban street canyon, below-grade roadway).

The nearest CMP roadway segments are the segment of Foothill Expressway adjacent to the project site between Interstate 280 and the Santa Clara County line, which currently operates at Level of Service (LOS) E during both peak hours, and the segment of San Antonio Road approximately 0.1 mile to the east of the project site between Charleston Road and Foothill Expressway, which currently operates at LOS D during both peak hours. The nearest CMP intersection is the Foothill Expressway/San Antonio Road intersection located approximately 0.1 mile to the south, which currently operates at LOS E during both peak hours (Santa Clara Valley Transportation Authority 2018). Based on the CalEEMod trip generation estimates, the proposed project would generate approximately 23 vehicle trips on weekdays, 23 vehicle trips on Saturdays, and 19 vehicle trips on

Sundays.² According to data provided by the applicant, existing traffic volumes include 126 one-way trips per weekday (70 for appointments, 20 for drop off/pick up, 10 for deliveries, and 26 for employees), 66 one-way trips on Saturdays (30 for appointments, 10 for drop off/pick up, and 26 for employees), and no trips on Sundays. Therefore, the proposed project would result in a net decrease of 103 vehicle trips on weekdays and 43 vehicle trips on Saturdays. Accordingly, the project would decrease traffic on the CMP network and would therefore be consistent with the applicable CMP.

The highest volume intersection that would accommodate project traffic is the Foothill Expressway/San Antonio Road intersection. As of 2017, average daily traffic volumes on the segment of Foothill Expressway adjacent to the project site were approximately 2,232 vehicles during the AM peak hour, or approximately 22,230 vehicles per day using an industry standard assumption that 10 percent of ADT is peak hour traffic (Hexagon Transportation Consultants, Inc. 2017). Therefore, existing traffic does not exceed the 44,000 vehicle-per-hour threshold at this intersection. In addition, as discussed earlier, the proposed project would result in fewer vehicle trips than existing conditions and therefore would result in fewer mobile source CO emissions than under existing conditions. Thus, the project would not expose sensitive receptors to substantial CO concentrations, and no impact would occur.

Toxic Air Contaminants

TACs are defined by California law as air pollutants that may cause or contribute to an increase in mortality or an increase in serious illness, or which may pose a present or potential hazard to human health. The following subsections discuss the project's potential to result in impacts related to TAC emissions during construction and operation.

Construction

Construction-related activities would result in temporary project-generated emissions of diesel particulate matter (DPM) exhaust emissions from off-road, heavy-duty diesel equipment for site preparation, grading, building construction, and other construction activities. DPM was identified as a TAC by CARB in 1998. The potential cancer risk from the inhalation of DPM (discussed in the following paragraphs) outweighs the potential non-cancer health impacts (CARB 2020a) and is therefore the focus of this analysis.

Generation of DPM from construction projects typically occurs in a single area for a short period. Construction of the proposed project would occur over approximately 23 months. The dose to which the receptors are exposed is the primary factor used to determine health risk. Dose is a function of the concentration of a substance or substances in the environment and the extent of exposure that person has with the substance. Dose is positively correlated with time, meaning that a longer exposure period would result in a higher exposure level for the Maximally Exposed Individual. The risks estimated for a Maximally Exposed Individual are higher if a fixed exposure occurs over a longer period of time. According to the California Office of Environmental Health Hazard Assessment, health risk assessments, which determine the exposure of sensitive receptors to toxic emissions, should be based on a 70-year exposure period; however, such assessments should be limited to the period/duration of activities associated with the project. Thus, the duration of proposed construction activities (i.e., 23 months) is approximately six percent of the total exposure period used for 30-year health risk calculations. Current models and methodologies for conducting health-risk assessments are associated with longer-term exposure periods of 9, 30, and

² CalEEMod trip generation rates based on Institute of Traffic Engineers 9th Edition for Condo/Townhouse ITE Code 230

70 years, which do not correlate well with the temporary and highly variable nature of construction activities, resulting in difficulties in producing accurate estimates of health risk (BAAQMD 2017a).

The maximum PM₁₀ and PM_{2.5} emissions would occur during demolition, site preparation and grading activities. These activities would last for approximately 25 days. PM emissions would decrease for the remaining construction period because construction activities such as building construction and architectural coating would require less intensive construction equipment. While the maximum DPM emissions associated with demolition, site preparation, and grading activities would only occur for a portion of the overall construction period, these activities represent the worst-case condition for the total construction period. This would represent less than one percent of the total 30-year exposure period for health risk calculation. Given the aforementioned discussion, DPM generated by project construction would not create conditions where the probability is greater than one in one million of contracting cancer for the Maximally Exposed Individual or to generate ground-level concentrations of non-carcinogenic TACs that exceed a Hazard Index greater than one for the Maximally Exposed Individual. Therefore, project construction would not expose sensitive receptors to substantial TAC concentrations, and impacts would be less than significant.

Operation

In the Bay Area, there are a number of urban or industrialized communities where the exposure to TACs is relatively high in comparison to others. According to Figure 5-1 of the BAAQMD 2017 *CEQA Air Quality Guidelines*, the project site is not located in an impacted community. Sources of TACs include, but are not limited to, land uses such as freeways and high-volume roadways, truck distribution centers, ports, rail yards, refineries, chrome plating facilities, dry cleaners using perchloroethylene, and gasoline dispensing facilities (BAAQMD 2017a). The proposed project does not involve any of these uses. Therefore, the project would not expose sensitive receptors to elevated concentrations of TAC emissions, and no impact would occur.

Threshold 4 Would the project result in other emissions (such as those leading to odors) adversely affecting a substantial number of people?

Impact AQ-4 THE PROPOSED PROJECT WOULD NOT RESULT IN OTHER EMISSIONS (SUCH AS THOSE LEADING TO ODORS) ADVERSELY AFFECTING A SUBSTANTIAL NUMBER OF PEOPLE. NO IMPACT WOULD OCCUR.

During construction activities, heavy equipment and vehicles would emit odors associated with vehicle and engine exhaust and during idling. However, these odors would be intermittent and temporary and would cease upon completion. Overall, project construction would not generate objectionable odors affecting a substantial number of people. Construction-related odor impacts would be less than significant.

Table 3-3 in the BAAQMD 2017 *CEQA Air Quality Guidelines* provides screening distances for land uses that have the potential to generate substantial odor complaints. The uses in the table include wastewater treatment plants, landfills or transfer stations, refineries, composting facilities, confined animal facilities, food manufacturing, smelting plants, and chemical plants (BAAQMD 2017a). Condominiums are not included in this list, and operation of the project would not generate objectionable odors that would affect a substantial number of people. No operational odor impacts would occur.

3.4 Cumulative Impacts

The geographic scope for the cumulative air quality impact analysis is the SFBAAB. Because the SFBAAB is designated non-attainment for the state and federal ozone standards, the state and federal PM_{2.5} standards, and the state PM₁₀ standard, there are existing significant cumulative air quality impacts related to these pollutants. As discussed in the BAAQMD 2017 *CEQA Air Quality Guidelines*, “by its very nature, air pollution is largely a cumulative impact...if a project exceeds the identified significance thresholds, its emissions would be cumulatively considerable, resulting in significant adverse air quality impacts to the region’s existing air quality conditions” (BAAQMD 2017a). As discussed under Thresholds 1 through 4, air pollutant emissions generated by the proposed project would not exceed the BAAQMD’s thresholds of significance. Therefore, the project’s contribution to significant cumulative air quality impacts in the SFBAAB would not be cumulatively considerable.

4 Conclusions

All air quality impacts related to project construction and operation would be less than significant. The project would not conflict with the 2017 Clean Air Plan's goal to attain air quality standards, would include applicable control measures from the 2017 Clean Air Plan, and would not disrupt or hinder implementation of such control measures; therefore, the project would be consistent with the 2017 Clean Air Plan. Project construction and operation would not result in a cumulatively considerable net increase of any criteria pollutant for which the project region is in non-attainment under an applicable federal or state ambient air quality standard. Project construction and operation would not expose sensitive receptors to substantial pollutant concentrations from CO hotspots and TACs. The project would not result in other emissions (such as those leading to odors) adversely affecting a substantial number of people.

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ATTACHMENT B

Abbie Bourgan

Subject: FW: Request for Service Confirmation - 440 1st St., Los Altos

From: Paul Lenarduzzi <PLenarduzzi@missiontrail.com>
Sent: Tuesday, November 24, 2020 10:45 PM
To: abbie@bourgan.net
Subject: Re: Request for Service Confirmation - 440 1st St., Los Altos

Mission Trail has reviewed the plans for 440 1st St. Los Altos. The garbage area will only accommodate cart service due to the size and location of the trash room. Mission Trail will service three commodities with three different Automated Side loader's; recycling, garbage, organics.

Porter service will be needed to bring the carts from the parking garage and put them in front of the building in the staging area. Mission Trail will service them on their service day.

Paul Lenarduzzi
Sent from my iPad

From: Abbie Bourgan <abbie@bourgan.net>
Sent: Wednesday, November 11, 2020 11:04 AM
To: 'plenarduzzi@missiontrail.com' <plenarduzzi@missiontrail.com>
Subject: RE: Request for Service Confirmation - 440 1st St., Los Altos
Importance: High

Hi Paul,

Thanks for taking my call today. As you had requested, I have attached 2 files showing the dimensions of trash storage and staging areas, as follows:

Basement Storage Room: 9.4' x 10.2'
Front-Yard Staging Area: 5.3' x 8.5'
Distance from storage room to street: 100'
Depth of basement from street level: 7'
of 96 Gallon Carts: 5 (2 garbage; 2 recycling; 1 compost)

Thanks again for addressing my request.

Abbie Bourgan
GreenTek Homes
C 650-492-1369
F 650-492-4089
abbie@GreenTekCo.com
www.GreenTekCo.com

From: Abbie Bourgan <abbie@bourgan.net>
Sent: Friday, October 2, 2020 2:17 PM
To: 'plenarduzzi@missiontrails.com' <plenarduzzi@missiontrails.com>
Subject: Request for Service Confirmation - 440 1st St., Los Altos



CALIFORNIA WATER SERVICE

Los Altos District 949 B Street
Los Altos, CA 94024 Tel: (650) 917-0152

ATTACHMENT B

1/8/2021

440 1st St
Los Altos, Ca 94022

Will Serve Letter
Tract or Parcel Map No: APN 167-41-009

Dear Abbie Bourgan,

As a regulated utility, California Water Service Company Los Altos Suburban District (“Cal Water”) has an obligation to provide water service in accordance with the rules and regulations of the California Public Utility Commission (CPUC). Assuming you receive all required permits from the City of Los Altos, Cal Water will provide water service to the above referenced project. Cal Water agrees to operate the water system and provide service in accordance with the rules and regulations of the California Public Utilities Commission (CPUC) and the company’s approved tariffs on file with the CPUC. This will serve letter shall remain valid for **two years** from the date of this letter. If construction of the project has not commenced within this **two year** time frame, Cal Water will be under no further obligation to serve the project unless the developer receives an updated letter from Cal Water reconfirming our commitment to serve the above mentioned project. Additionally, Cal Water reserves the right to rescind this letter at any time in the event its water supply is severely reduced by legislative, regulatory or environmental actions.

Cal Water will provide such potable¹ water at such pressure as may be available from time to time as a result of its normal operations per the company’s tariffs on file with the CPUC. Installation of facilities through developer funding shall be made in accordance with the current rules and regulations of the CPUC including, among others, Tariff Rules 15 and 16 and General Order 103-A. In order for us to provide adequate water for domestic use as well as fire service protection, it may be necessary for the developer to fund the cost of special facilities, such as, but not limited to, booster pumps, storage tanks and/or water wells,² in addition to the cost of mains and services. Cal Water will provide more specific information regarding special facilities and fees after you provide us with your improvement plans, fire department requirements, and engineering fees for this project.

This letter shall at all times be subject to such changes or modifications by the CPUC as said Commission may, from time to time, require in the exercise of its jurisdiction.

If you have any questions regarding the above, please call me at (650) 917-0152.

Sincerely,

Christopher G. Wilson
Operations Manager

¹ This portion of the letter to be modified accordingly in the event the development for which this letter is being generated is to be served with potable and non-potable water.

² For the districts that collect facility fees on a per lot basis, delete the reference to wells as a special facility here and add in the following sentence, “Developer will also be required to contribute towards Cal Water’s water supply by paying facilities fees on a per lot basis as described in Rule 15”



Mayne Tree Expert Company, Inc.

ESTABLISHED 1931

STATE CONTRACTOR'S LICENSE NO. 276793

CERTIFIED FORESTER • CERTIFIED ARBORISTS • PEST CONTROL • ADVISORS AND OPERATORS

RICHARD L. HUNTINGTON
PRESIDENT

JEROMEY INGALLS
CONSULTANT/ESTIMATOR

July 20, 2020

535 BRAGATO ROAD, STE. A
SAN CARLOS, CA 94070-6311

TELEPHONE: (650) 593-4400
FACSIMILE: (650) 593-4443
EMAIL: info@maynetree.com

Mr. Abbie Bourgan
GreenTek Homes, Inc.
25875 Estacada Wy.
Los Altos Hills, CA 94022

Dear Mr. Bourgan,

RE: 440 1ST STREET, LOS ALTOS – ARBORIST REPORT

At your request, I visited the above-referenced site on July 1, 2020. The purpose of my visit was to identify, inspect, and document the trees located on site.

Limitations of this Report

This report is based on a visual-only inspection that took place from ground level. I accept no responsibility for any unseen or undocumented defects associated with the trees identified within this report.

Method

Each tree was identified and given a number that is scribed onto a metal foil tag and placed on the trunk of the tree at eye level. This identification number has also been placed on the provided site plan to show the approximate location of each tree on the property. Unless otherwise noted in the report, the diameter of each tree was found by measuring the trunk at 48 inches off the natural grade as described in the heritage tree ordinance for the City of Los Altos. The height of each tree was estimated and the canopy spread paced off to show the approximate dimensions for each tree. A condition rating was also given to each tree; this rating is based on form and vitality and can be further defined by the following table:

0	–	29	Very Poor
30	–	49	Poor
50	–	69	Fair
70	–	89	Good
90	–	100	Excellent

Lastly, a Comments section is included to give more individualized detail for each tree.

Tree Survey

Tree #	Species	Diameter (inches)	Condition (percent)	Height (feet)	Spread (feet)	Comments
1	Ornamental Plum	14.9	25	20	12	Partially covered root crown; frass around base; multi-stem attachment at 3 feet; Ganoderma conks present in various locations on trunk; severe tip decline in upper canopy; poor form and vigor.
2	Monterey Pine	21.6	60	35	30	Large surface roots around the root zone; small amount of pitch canker present in upper canopy; moderate amount of interior deadwood; multi-stem top at 25 feet; good vigor and fair form; approximately 12 feet from the building.
3	Redwood	15.0 (est.)	85	35	27	Root crown covered; good form and vigor; located along Foothill Expressway; no tag.

Observations

Tree #1 is located on the right side of the parking area in front of the building. This tree is in the late stages of decline and barely alive. I found several areas on the trunk that have Ganoderma mushrooms growing out of the trunk and the upper canopy has an abundance of deadwood.

I recommend removal of this tree in the near future.

Tree #2 is located at the rear of the building. An abundance of large surface roots are present throughout the tree's root zone. I found a small amount of pitch canker present in the upper canopy on the main stem, a moderate amount of interior deadwood throughout the canopy, and a multi-stem top at 25 feet. Overall, this tree has good vigor and fair form.

I recommend routine tree maintenance that should include removing deadwood, treating the tree to control pine pitch canker, and supplying regular intervals of irrigation to keep the tree healthy through the summer months.

Tree #3 is located along Foothill Expressway just outside the property line fence. Soil and other organic material cover the root crown of the tree. Overall, this tree has good form and vigor. I did not place an identification tag on this tree.

Conclusion

Tree #1 should be removed, as it is in the late stages of life and cannot be saved.

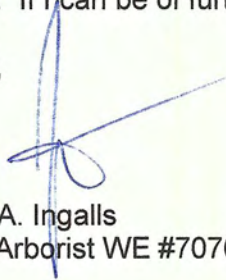
Tree #2 is in good health and would benefit from regular irrigation, deadwood removal, and treatment to control Pine Pitch Canker.

Tree #3 is located along Foothill Expressway just outside the property line. No work is needed at this time.

All tree work performed as a result of this report should be accomplished by a qualified licensed tree care professional.

I believe this report is accurate and based on sound arboricultural principles and practices. If I can be of further assistance, please contact me at my office.

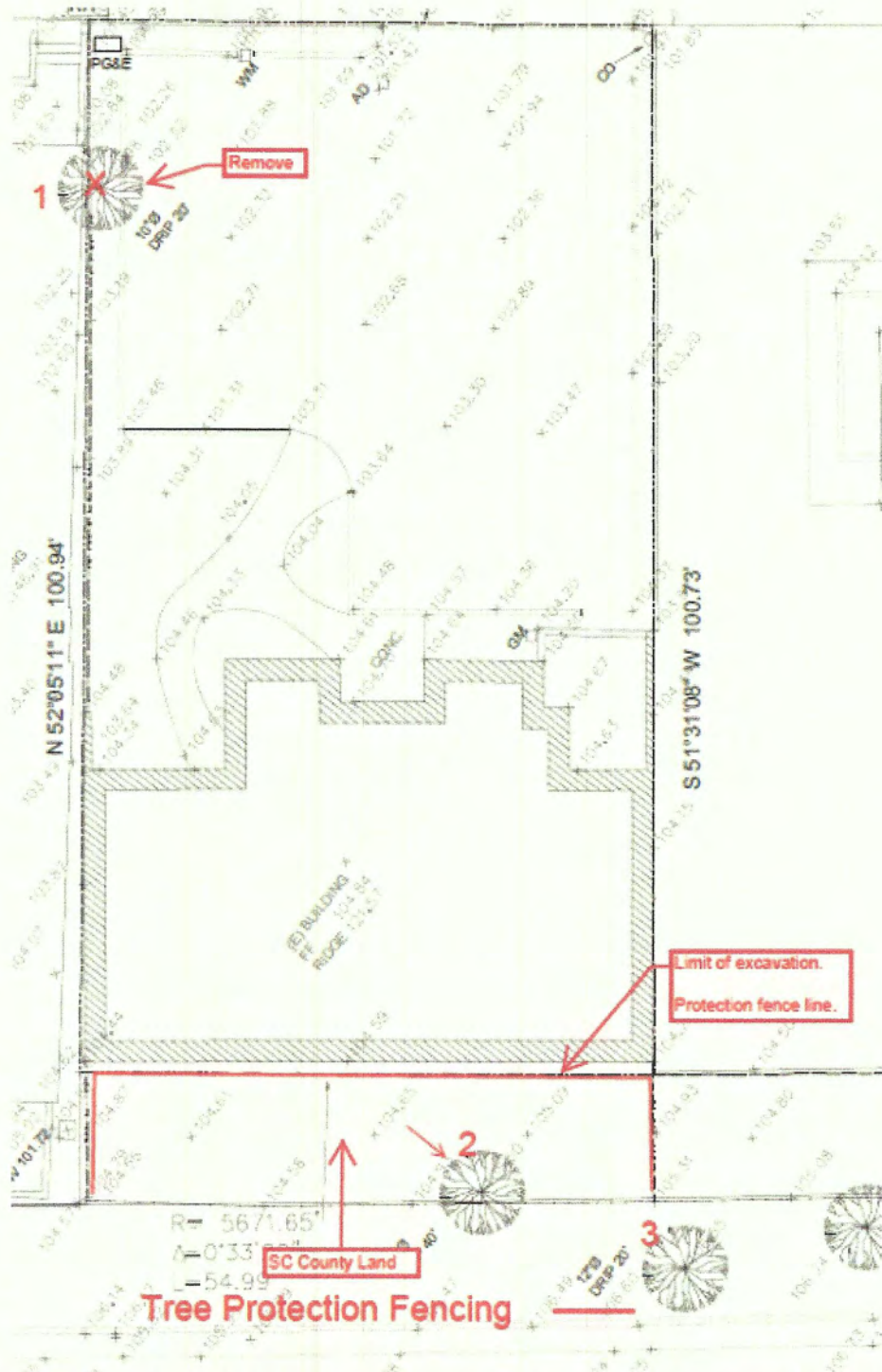
Sincerely,



Jeromey A. Ingalls
Certified Arborist WE #7076A

JAI:pmd





See tree numbers & fencing site plan (pdf) attached to email with this letter.



Mayne Tree Expert Company, Inc.

ESTABLISHED 1931

STATE CONTRACTOR'S LICENSE NO. 276793

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SAN CARLOS, CA 94070-6311

TELEPHONE: (650) 593-4400

FACSIMILE: (650) 593-4443

EMAIL: info@maynetree.com

July 20, 2020

Mr. Abbie Bourgan
GreenTek Homes, Inc.
25875 Estacada Wy.
Los Altos Hills, CA 94022

Dear Mr. Bourgan,

RE: 440 1ST STREET, LOS ALTOS – PLAN REVIEW

At your request, on July 7, 2020, I reviewed the proposed construction plans dated January 18, 2019. The purpose of my review of these plans is to determine what impact the proposed construction would have on the trees that are to remain on the site during the project and how to protect the trees through the ongoing construction.

Limitations of this Letter

The following tree protection plan is based on my interpretation of the plans that were provided to me. I accept no responsibility for any misinterpreted portions of the construction project or if the provided plans for the project were changed without my knowledge after I received a copy.

The following letter is not a contract to become the site arborist or for any future inspections that might be needed. A separate contract would need to be established to perform the role of site arborist for this project.

Plan Review

During my review of the plans, I determined that the existing structure will be demolished and a new building with underground parking will be constructed on the site. **Tree #1** will be removed as part of the construction plan and **Trees #2** and **#3** will remain onsite.

Tree #2 will have roughly 15 percent of its root zone impacted by the proposed construction and **Tree #3** will not be impacted.

Excavation of the underground parking will take place approximately 12 feet away from the trunk of **Tree #2**. Tree protection fencing shall be established along the edge of the wall of excavation to reduce the impact to the tree roots and the health of the tree.

When work is being completed within the dripline of any protected tree, it is important to minimize the disturbance to the roots. Therefore, any excavations within the dripline of any protected tree should be accomplished by hand digging or use of compressed air tools. All roots less than 2 inches in diameter that are exposed during any excavation should be cut cleanly with hand pruners or loppers back to the wall of excavation nearest to the tree.

Any roots found that are larger than 2 inches in diameter should be left uncut and intact; the site arborist shall be contacted immediately. The roots in this area should be left untouched until the site arborist can identify, inspect, document, and make a final decision as to the root's fate.

Trenches should be filled as soon as possible to minimize the drying out of any exposed roots of the protected trees. If any trenches are to be left open for longer than 24 hours, then the wall of excavation that is closest to the protected trees shall be lined with 3 to 4 layers of burlap. These burlap layers shall be kept moist throughout the duration of the trench being open.

The lower limbs of this tree may need to be side pruned to provide adequate clearance for the construction project to proceed in a safe manner. All tree work performed as a result of this report should be accomplished by a qualified licensed tree care professional.

I believe this report is accurate and based on sound arboricultural principles and practices. If I can be of further assistance, please contact me at my office.

TREE PROTECTION SPECIFICATIONS

1. Establish a perimeter around the protected trees that follows the trees' driplines as closely as possible. This perimeter should consist of 6-foot tall chain link fencing supported by 1.5- to 2-inch diameter metal pipes. These support pipes shall be no more than 10 feet apart. This enclosed area is the Tree Protection Zone (TPZ) and should be off limits to workers, construction debris, and construction activities.
2. Temporary movable barriers, such as chain link fencing panels that are supported by cement blocks, can be used in place of fixed fencing in certain situations. Permission to use such panels will need to be discussed with the project arborist prior to installation. Once the location of these panels is established, they should not be moved closer to the tree without the consent of the Project Arborist or City Arborist.
3. To protect the health, structural integrity, and vigor of the protected trees and their roots,

DO NOT:

- a. Allow runoff or spillage of damaging materials into the area below any tree canopy.
- b. Store materials, stockpile soil, or park or drive vehicles within the TPZ.
- c. Cut, break, skin, or bruise roots, branches, or trunks without first obtaining authorization from the City Arborist.

- d. Allow fires under and adjacent to trees.
 - e. Discharge exhaust into foliage.
 - f. Secure cable, chain, or rope to trees or shrubs.
 - g. Trench, dig, or otherwise excavate within the dripline or TPZ of the trees without first obtaining authorization from the City Arborist.
 - h. Apply soil sterilants under pavement near existing trees.
4. When work is being completed within the dripline of any protected tree it is important to minimize the disturbance to the roots of the tree. Therefore, any excavations within the dripline of any protected tree should be accomplished by hand digging or use of compressed air tools.
 5. All roots less than 2 inches in diameter that are exposed during any excavation should be cut cleanly with hand pruners or loppers back to the wall of excavation nearest to the tree. Any roots found that are larger than 2 inches in diameter should be left uncut and intact; the site arborist shall be contacted immediately. The roots in this area should be left untouched until the site arborist can identify, inspect, document, and make a final decision as to the root's fate.
 6. Trenches should be filled as soon as possible to minimize the drying out of any exposed roots of the protected trees. If any trenches are to be left open for longer than 24 hours, then the wall of excavation that is closest to the protected trees shall be lined with 3 to 4 layers of burlap. These burlap layers shall be kept moist throughout the duration of the trench being open.
 7. When possible, any pipes or utility lines shall be kept outside the dripline of the protected trees or at least 10 times the trunk diameter of the protected trees. Tunneling or directional boring under the trees is an option, but should take place at least three feet below the surface of the ground.
 8. Any damage due to construction activities shall be reported to the Project Arborist or City Arborist within six hours so that remedial action can be taken.
 9. An ISA Certified Arborist or ASCA Registered Consulting Arborist may be required by the City to be retained as the Project Arborist to monitor the tree protection specifications. Should the builder fail to follow the tree protection specifications, it shall be the responsibility of the Project Arborist to report the matter to the City Arborist.
 10. Violation of any of the above provisions may result in sanctions or other disciplinary action.

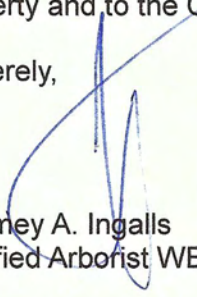
MONTHLY INSPECTIONS

Monthly inspections of the site, if required, should take place at intervals of approximately once every four weeks. At the time of each inspection, the site arborist shall complete a write-up that:

1. Describes the effectiveness of the protective measures.
2. Identifies any problems with the tree protection zones.
3. Provides any recommendations to promote general tree health.

Copies of the monthly inspection write-ups should be provided to the owner of the property and to the City.

Sincerely,


Jerome A. Ingalls
Certified Arborist WE #7076A

JAI:pmd



ATTACHMENT B

DESIGN REVIEW NARRATIVE FOR NEW DOWNTOWN DEVELOPMENT

General Design Review Findings (Section 14.78.060)

- A. The proposal meets the goals, policies and objectives of the general plan and any specific plan, design guidelines and ordinance design criteria adopted for the specific district or area.

RESPONSE: The vision for 440 First St is to create high-quality residences which take advantage of a central location in the downtown district. The design of the project focuses on creating a friendly residential frontage which reinforces and furthers the vision of First St as a pedestrian and mixed-use corridor with direct links to central Los Altos. This is accomplished through the creation of ample glass and planting on the ground floor, balconies and an upper level roof-deck, conveying residential scale and providing visual interest, as well as providing the residential condos with functional adjoining outdoor spaces. The character and style of the design is inspired by the 'Mediterranean' style which is common to the area and appropriate to the landscape and climate. The project is consistent with the Zoning and General Plan land use and is providing high-quality housing options to the local market.

- B. The proposal has architectural integrity and has an appropriate relationship with other structures in the immediate area in terms of height, bulk and design.

RESPONSE: The project is similar in scale to an existing residential condominium project to the north at 396 First St, and a proposed project (with planning approval) to the south at 450 First St. The project has a parking garage similar to the 450 First St design, and massing and façade design which coordinates massing, colors and materials with the surrounding context.

- C. Building mass is articulated to relate to the human scale, both horizontally and vertically. Building elevations have variation and depth, and avoid large blank wall surfaces. Residential or mixed-use residential projects incorporate elements that signal habitation, such as identifiable entrances, stairs, porches, bays and balconies.

RESPONSE: The First St frontage includes a generous lobby entry and landscaping and is broken up both horizontally (trellises and balconies) and vertically (a vertical gabled element over the entry lobby and matching 'book-end' over the ramp entry). This creates a sense of base/middle/top and helps break down the building mass and relate it to the human scale. The roof deck also will include planting boxes and feature warm wood cladding, which will further harmonize the structure with the natural environment.

- D. Exterior materials and finishes convey high quality, integrity, permanence and durability, and materials are used effectively to define building elements such as base, body, parapets, bays, arcades and structural elements. Materials, finishes, and colors have been used in a manner that serves to reduce the perceived appearance of height, bulk and mass, and are harmonious with other structures in the immediate area.

RESPONSE: The materials palette is of high-quality and integrates materials such as manufactured stone (quartz), stucco, composite metal panels and wood. The palette is meant to harmonize with the 'Mediterranean' styles which are both prevalent in Los Altos and are responsive to the local landscape and climate. In addition to this, the transition in color, material, and setback on the roof deck level is intended to create a 'lightening' of the mass as it extends higher above the ground.

E. Landscaping is generous and inviting, and landscape and hardscape features are designed to complement the building and parking areas, and to be integrated with the building architecture and the surrounding streetscape. Landscaping includes substantial street tree canopy, either in the public right-of-way or within the project frontage.

RESPONSE: Our proposed landscape design has been fully integrated to create a connection between the building, the front entry, and the streetscape. Trellises with vines will create further greenery close to the ground between the first and second floor. Please see Landscape plans for more specific detail.

F. Signage is designed to complement the building architecture in terms of style, materials, colors and proportions.

RESPONSE: The only significant signage is likely to be an address number as is reflected on our street level elevation. This will be designed in a manner appropriate to the architectural style as well as the general signage standards of the city and downtown area.

G. Mechanical equipment is screened from public view and the screening is designed to be consistent with the building architecture in form, material and detailing.

RESPONSE: Mechanical equipment will be screened as shown in our project design drawings. This will include rooftop AC units, the current plan is to hide utilities at grade (such as the backflow preventor) wherever possible submerged in the garage area or behind landscaping (the gas meters).

H. Service, trash and utility areas are screened from public view, or are enclosed in structures that are consistent with the building architecture in materials and detailing.

RESPONSE: Trash staging for pick-up is to the left of the garage ramp and fully screened behind landscaping. All other trash areas are in the underground garage and not in the public view.

CD/R3 District Design Controls (Section 14.52.110)

A. Reduction of apparent size and bulk:

1. As a general principle, building surfaces should be relieved with a change of wall plane that provides strong shadow and visual interest.

RESPONSE: The façade plane changes 3 times along First St as well as Foothill and is broken down into a series of masses which include 2-3 window bays separated by entry terraces and balconies. Further visual interest is provided with a main-entry awning, trellises, upper-level balconies etc.

2. Every building over seventy-five (75) feet wide should have its perceived height and bulk reduced by dividing the building mass into smaller-scale components by:
 - i. A change of plane;
 - ii. A projection or recess;
 - iii. Varying cornice or roof lines;
 - iv. Other similar means.

RESPONSE: Our building is less than 75' wide, but the design accomplishes all of the above requirements:

1. Change in wall planes as described in previous comments
2. Projecting balconies and recessed door walls accessing the balconies
3. Setback roof-deck

3. The proportions of building elements, especially those at ground level, should be kept close to human scale by using recesses, courtyards, entries, or outdoor spaces along the perimeter of the building to define the underlying lot frontage.

RESPONSE: Special attention has been paid to the sidewalk adjacent design along First st. This includes:

1. An 1' easement along frontage to increase the potential sidewalk width from 5' to 6'.
2. Substantial landscape in the front setback.
3. Grade-level Lobby entry facing the street.
4. Rooftop equipment shall be concealed from view and/or integrated within the architecture of the building.

RESPONSE: Rooftop ACs are screened from view – see section detail

5. Windows should be inset generously from the building wall to create shade and shadow detail; the minimum inset shall be three inches.

RESPONSE: The design complies with this requirement.

B. The primary access for all buildings shall be directly to the street.

RESPONSE: The design complies with this requirement.

- C. Consideration should be given to the relationship of the project and its location in the downtown to the implementation of goals and objectives of the downtown design plan, reevaluation of design approval shall consider one or more of the following factors:
1. The project location as an entry, edge, or core site;
 2. The ability to contribute to the creation of open space on-site or in designated areas;
 3. Enhancement of the pedestrian environment through the use of pathways, plantings, trees, paving, benches or other amenities;
 4. Building facade improvements including, paint, signage, service areas, windows and other features;
 5. On-site or off-site parking improvements;
 6. Public or private landscape improvements.

RESPONSE: The design complies with these requirements by all that we have mentioned as well as specifically:

1. In Coordination with a future crosswalk across First St side, Engineering Department recommended that the existing crosswalk remain in its current location.
 2. All dedicated residential parking has been moved into an underground garage.
 3. Street parking has been maintained with the proposed design from the existing conditions at the site currently, which has a curb cut of similar width to the one we are proposing into the garage.
 4. Substantial improvements will be made to the First St frontage including a new sidewalk, plantings along the sidewalk, (please see landscape siteplan).
- D. Opaque, reflective, or dark tinted glass should not be used on the ground floor elevation. With the exception of ground floor residential units, sixty (60) percent of the ground floor elevation should be transparent window surface.

RESPONSE: The design complies with this requirement.

E. Courtyards should be partially visible from the street or linked to the street by a clear circulation element such as an open passage or covered arcade.

RESPONSE: The design complies with this requirement, no 'courtyards' exist.

F. Rooftop mechanical, venting, and/or exhausting equipment must be within the height limit and screened architecturally from public view, including views from adjacent buildings located at the same level.

RESPONSE: The design complies with this requirement, see bldg. elevations and sections.

Downtown Design Guidelines – First Street District (Pages 65-70)

5.1 PEDESTRIAN ENVIRONMENT

The First Street District is spread along First Street which is more vehicle-oriented than the remainder of Downtown Los Altos, and has more surface parking with limited landscaping than most other areas. Nevertheless, this district is very much a part of the downtown village. These guidelines are intended to allow larger buildings and on-site parking while doing so in a manner that reinforces Downtown Los Altos' village scale and character.

5.1.1 Minimize the visual impact of parking

- a) Underground or screened roof parking is encouraged on larger parcels.
- b) Provide a landscape buffer between street front sidewalks and any adjacent parking lot. Per the zoning code, the minimum width of this buffer must be 5 feet, unless less is allowed by a variance. When lesser widths are allowed for existing parking lot improvements, some buffering is still required. One approach to adding visual buffering by a low wall is shown below.

RESPONSE: The design complies with this requirement; no surface parking is proposed.

5.1.2 Provide pedestrian linkages between street front sidewalks and building entries

- a) Building entries facing First Street are strongly encouraged. For larger buildings where entries are set back on a facade facing a parking lot, provide a strong sidewalk connection with landscaping on both sides from the street front to the entry.

RESPONSE: The design complies with this requirement; all entries are directly connected to the sidewalk.

5.1.3 Provide landscape buffers between parking lots and pedestrian areas at buildings

- a) Building fronts are expected to be as active and attractive as those in the Downtown Core District, and to be buffered from parked cars. Landscaping and, where appropriate, trees should be used to buffer pedestrian areas. Alternatively, arcades and planters at the building may be used for this purpose. Examples of these two approaches are shown to the left.

RESPONSE: The design complies with this requirement, only parallel parking on-street is provided, all other parking is subterranean.

5.1.4 Provide special paving for parking lots immediately accessible from the street

- a) Parking areas which are adjacent to street front sidewalks and with perpendicular parking spaces directly accessible from the street drive lane are strongly discouraged. For existing parking areas like this that are being upgraded, provide a distinction on the paving color and texture between the parking surface and the adjacent sidewalk and street paving.

RESPONSE: The design complies with this requirement, only parallel parking on-street is provided, all other parking is subterranean.

5.1.5 Provide pedestrian walkways through large parking lots

- a) Dedicated walks through parking lots will improve pedestrian safety and enhance the shopping and business patronage experience. Walkways should be reinforced with edge landscaping and with textured and/or permeable paving where they cross parking drive aisles. One example is shown in the upper right of this page.

RESPONSE: Not applicable, no parking lots are provided

5.1.6 Provide pedestrian amenities.

Amenities may include: Benches; Fountains; Planted areas; Rain gardens and other rainwater infiltration features; Special decorative paving; Potted flowers and plants; Public art; and/or Waste receptacles.

RESPONSE: The project proposes a waterfall art feature / sculpture in the front setback, planting areas, etc.

5.1.7 Integrate ground floor residential uses with the streetscape

- a) Set structures back a minimum of 10 feet from the street property line. Stairs and entry porches may encroach into this setback up to the property line.
- b) Soft landscaping is required for a minimum of 60% of the front setback area.

RESPONSE: Our bldg. is proposed to be setback min 10' from the property line. Substantial areas are setback 12' for added softscape integration into the front setback.

5.2 ARCHITECTURE

Building uses and sizes will vary more in the First Street District than elsewhere in the downtown. The goal of these guidelines is to accommodate this wide diversity of size and use while maintaining a village scale and character that is complementary to the downtown core. The photographs shown on this and the following page are examples of more vehicle-oriented buildings that include forms and details that are sensitive to village scale and character.

5.2.1 Design to a village scale and character

- a) Avoid large box-like structures.
- b) Break larger buildings into smaller scale elements.
- c) Provide special design articulation and detail for building facades located adjacent to street frontages.
- d) Keep focal point elements small in scale.
- e) Utilize materials that are common in the downtown core.
- f) Avoid designs that appear to seek to be prominently seen from Foothill Expressway and/or San Antonio Road in favor of designs that focus on First Street, and are a part of the village environment.
- g) Provide substantial small-scale details.
- h) Integrate landscaping into building facades in a manner similar to the Downtown Core District (See DDG pages 28-29).

RESPONSE: a)/b) Bldg is broken down in mass as previously described
c) The entry lobby, balconies, trellises all accomplish this

- d) The main focal point is the Entry Awning which is at an appropriate scale to the lobby and residential bldg. design
- e) Stucco, quartz (manufactured stone), wood, metal, are all common to the area
- f) The main design elements and articulation are all focused on the First St frontage
- g) Balcony railings, trellises, all provide finer detail to the design
- h) See landscape plan for First St side, landscape will play a substantial role in the design.

5.2.2 Design structures to be compatible with adjacent existing buildings

- a) Buildings adjacent to the Downtown Core District should be designed in form, material, and details similar to those nearby along Main and State Streets.
- b) Projects adjacent to existing residential neighborhoods should draw upon residential forms and details to create a smaller grain design fabric that is compatible with the residential buildings.

RESPONSE: Our site is adjacent to other commercial properties (the proposed condo to the south and the existing residential building to the north). The proposed building is designed to integrate with the current and future residential frontages to the north of the site. This is done with a harmonious scale, materials palette, and frontage landscape design.

5.3 LANDSCAPE

Substantial landscaping is expected in the First Street District to ensure that the area becomes a visual part of the larger downtown village.

5.3.1 Provide substantial landscaping adjacent to residential neighborhoods

5.3.2 Landscape Foothill Expressway edges with shrubbery and trees

5.3.3 Add substantial landscaping in all parking lots

- a) Provide landscaping equal to or greater than the requirements set forth in the Los Altos Zoning Code.
- b) Tree landscaping should be provided to create an orchard canopy effect in surface parking lots with more than one drive aisle. Utilize landscape fingers placed parallel to the parking spaces to break up expanses of parking lot paving. Space the islands with intervals not exceeding 6 parking spaces in length.
- c) Utilize hedges, trees, and other landscaping between facing parking spaces as shown in the example to the left.

5.3.4 Add street trees along all parcel street frontages

RESPONSE: We have asked the County for permission to plant trees and shrubs along the Foothill side of the property. The County has rejected the request once and has not been responsive to additional requests, the applicant will continue to pursue them. There are no planter areas in the public right of way on the First St side, however we are planting 3 trees in front along the sidewalk. No surface parking lots are proposed.

5.4 SIGNAGE

The Downtown Core District signage guidelines apply to all signs in the First Street District. Ground signs and freestanding signs may also be allowed at the discretion of the city. (See the guidelines on pages 60-61 for these two sign types).

RESPONSE: The only substantial signage anticipated would be the address number that will be integrated in some fashion into the Entry Awning. We anticipate working with the City to assure its compliance with the DCD signage guidelines.

Los Altos Municipal Code Section 14.52.050 (C) (2) Lighting

Response: The proposed project at 440 1st Street shall include the minimum amount of exterior lighting required in order to meet California Building Code. Where required, warm white (under 3000 Kelvin) diffuse lighting of lowest compliant intensity shall be used. All ceiling lights shall be recessed. Exterior balcony lights, if any, shall be controlled by timers forcing them to turn off after one hour if left on.

All interior lights visible from the outside shall be recessed in the ceiling with diffuse illumination and warm color.

The roof-top patios will incorporate vacancy-sensing (auto-shut-off) warm diffuse LED strip lights, pointing downward under the solar panels. The illuminance shall not exceed 21 Lux, or 1000 lumens per patio.



NEW DEVELOPMENT CLIMATE ACTION PLAN CHECKLIST

As required in the Los Altos Climate Action Plan, which was adopted in December of 2013, new development shall demonstrate compliance with all applicable best management practices outlined in the checklist below. This list should be included in the project plans and, for all applicable best management practices, provide a description for how the project will complying.

Best Management Practice	Applicable to	Project Compliance		
1.1 Improve Non-Motorized Transportation				
<input type="checkbox"/> Provide end-of-trip facilities to encourage alternative transportation, including showers, lockers, and bicycle racks.	Nonresidential projects over 10,000 square feet	Yes	No	<input type="radio"/> N/A
<input type="checkbox"/> Connect to and include non-motorized (bicycle and pedestrian) infrastructure on-site.	Nonresidential projects over 10,000 square feet	Yes	No	<input type="radio"/> N/A
<input type="checkbox"/> Where appropriate, require new projects to provide pedestrian access that internally links all surrounding uses. Applicable to all new commercial and multiple-family development.	Nonresidential projects over 10,000 square feet	Yes	No	<input type="radio"/> N/A
1.2 Expand Transit and Commute Options				
<input type="checkbox"/> Develop a program to reduce employee vehicle miles traveled (VMT).	Nonresidential projects over 10,000 square feet (or over 50 employees)	Yes	No	<input type="radio"/> N/A
1.3 Provide Alternative-Fuel Vehicle Infrastructure				
<input checked="" type="checkbox"/> Provide electric vehicle (EV) pre-wiring and/or charging stations.	All projects	<input checked="" type="radio"/> Yes	No	N/A
2.2 Increase Energy Efficiency				
<input checked="" type="checkbox"/> Install higher-efficiency appliances.	All new construction	<input checked="" type="radio"/> Yes	No	N/A
<input checked="" type="checkbox"/> Install high-efficiency outdoor lights.	All new construction	<input checked="" type="radio"/> Yes	No	N/A
<input type="checkbox"/> Obtain third-party heating, ventilating and air conditioning (HVAC) commissioning.	All new nonresidential construction	Yes	No	<input type="radio"/> N/A

Best Management Practice	Applicable to	Project Compliance		
3.1 Reduce and Divert Waste				
<input checked="" type="checkbox"/> Develop and implement a Construction and Demolition (C&D) waste plan.	All new projects	Yes	No	N/A
3.2 Conserve Water				
<input checked="" type="checkbox"/> Reduce turf area and increase native plant landscaping.	All new projects	Yes	No	N/A
3.3 Use Carbon-Efficient Construction Equipment				
<input checked="" type="checkbox"/> Implement applicable Bay Area Air Quality Management District construction site and equipment best practices. <i>Tables 8-1 and 8-2 in the District's Air Quality Guidelines (see separate handout).</i>	All new projects	Yes	No	N/A
4.1 Sustain a Green Infrastructure System and Sequester Carbon				
<input checked="" type="checkbox"/> Create or restore vegetated common space.	Projects over 10,000 sq ft	Yes	No	N/A
<input checked="" type="checkbox"/> Establish a carbon sequestration project or similar off-site mitigation strategy.	Projects over 10,000 sq ft	Yes	No	N/A
<input type="checkbox"/> Plant at least one well-placed shade tree per dwelling unit. (There's space for 3 trees only)	New residential projects	Yes	No	N/A



ATTACHMENT B

October 24, 2021

City of Los Altos
Building Division
One North San Antonio Road
Los Altos, CA 94022

Reference: Certification of Story Pole for the new building at 440 First St.,
Los Altos, CA

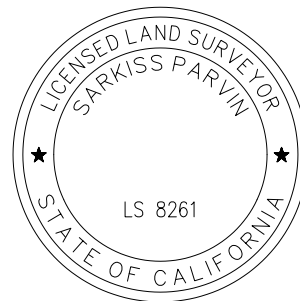
I hereby certify that I performed a field inspection of the story poles erected at 440 First St., Los Altos. The story poles substantially conform with the plans Submitted by Platform LLP, dated 09/21/21, as to heights and locations as shown thereon.

Should you have any questions, please call our office at your convenience.

Very truly yours,

SMP ENGINEERS, a California Corporation

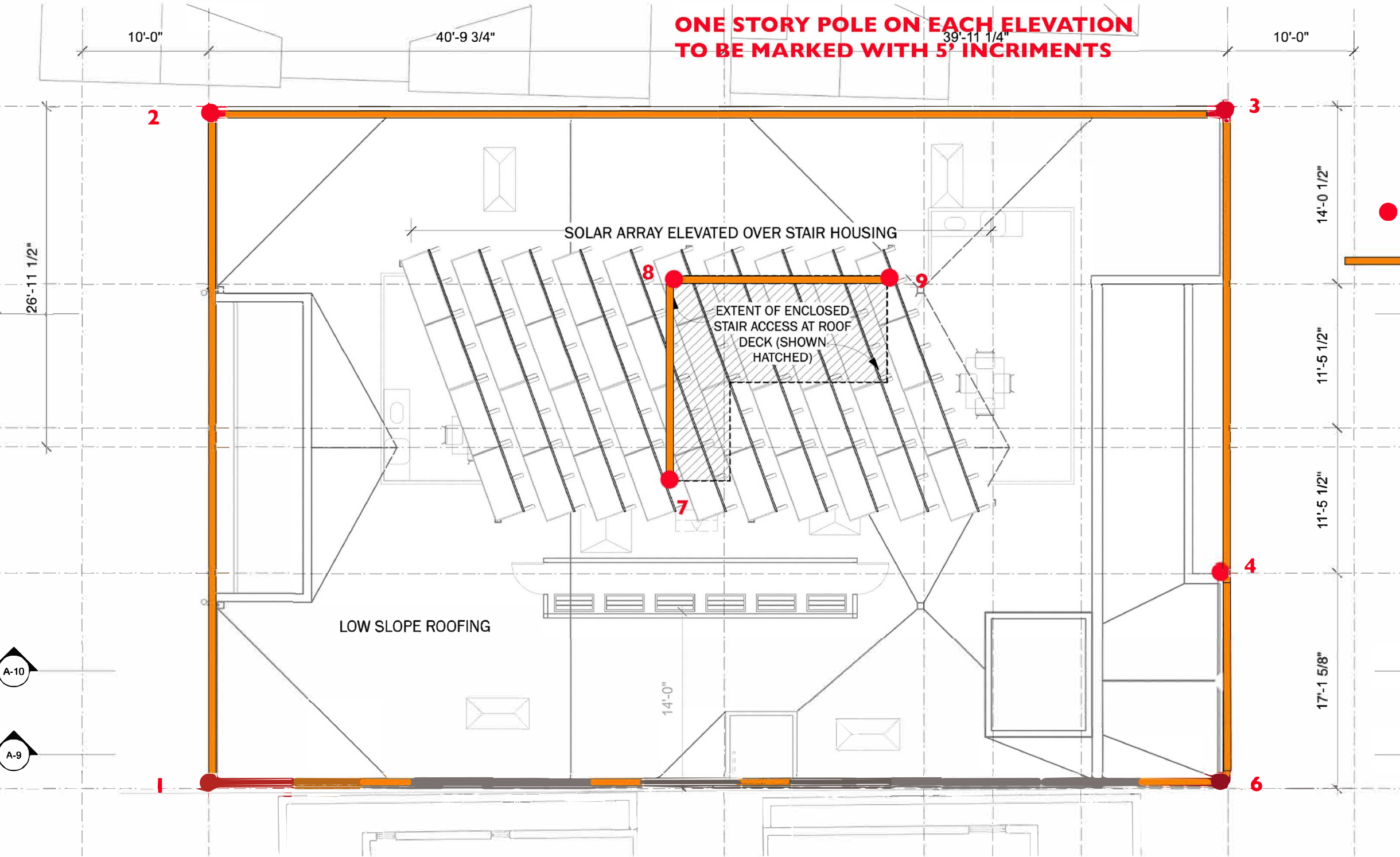
Sarkiss Parvin, PLS 8261



**ONE STORY POLE ON EACH ELEVATION
TO BE MARKED WITH 5' INCRIMENTS**

LEGEND:

- **STEEL STROY POLE**
- **STRING LINES WITH 9"X12" PENNANT FLAGS.**
DUE TO HEIGHT/SAFETY, 24'MESH CANNOT BE USED



The undersigned (applicant/owner) agrees to indemnify and hold the City of Los Altos harmless for any liability, costs or expenses, including attorney's fees, associated with the construction of, or any damage caused by, the story poles or support apparatus installed per this plan.

Abbie Bourgan
Abbie Bourgan, Trustee-Bourgan Family Trust

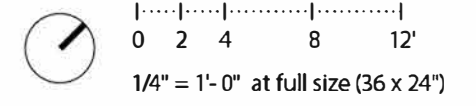
PLATFORM
architecture / planning / research

©PLATFORM LLP
The designs and concepts shown are the sole property of Platform. The drawings may not be used except with the expressed written consent of Platform

440 FIRST ST
Los Altos, California

APPROVED

PLANNING DIVISION
FILE NO. D20-0004
BY *Alan Edm*
DATE 10/27/21



09/07/2021 STORY POLE PLAN
California Story Poles, Inc.

Roof Plan **A-5**

Planning Application Re-Submittal - Nov 23rd 2020

* Building height measured from average grade along all four property lines to top of roof structure

MATERIALS LEGEND

#	Material/Color
1	Smooth Stucco - BM Evening White' Color (or TBD)
2	Steel roll up security gate at bottom of ramp - See Bldg Section A11
3	Dark Bronze Metal Finish Metal Railing
4	Dark Bronze 'Aluminum Composite Material' (ACM) panels
5	Aluminum Windows and Doors
6	Composite Wood Stair Enclosure at Roof
7	Exterior Decorative Light Fixture
8	Quartz Stone Veneer
9	Dark Bronze Standing Seam Metal Roof
10	Elevator Overrun +/- 48" above perimeter parapet height
11	Downspout draining metal roof at gable and shed over balcony
12	Smooth Stucco, color to match dark bronze ACM panel



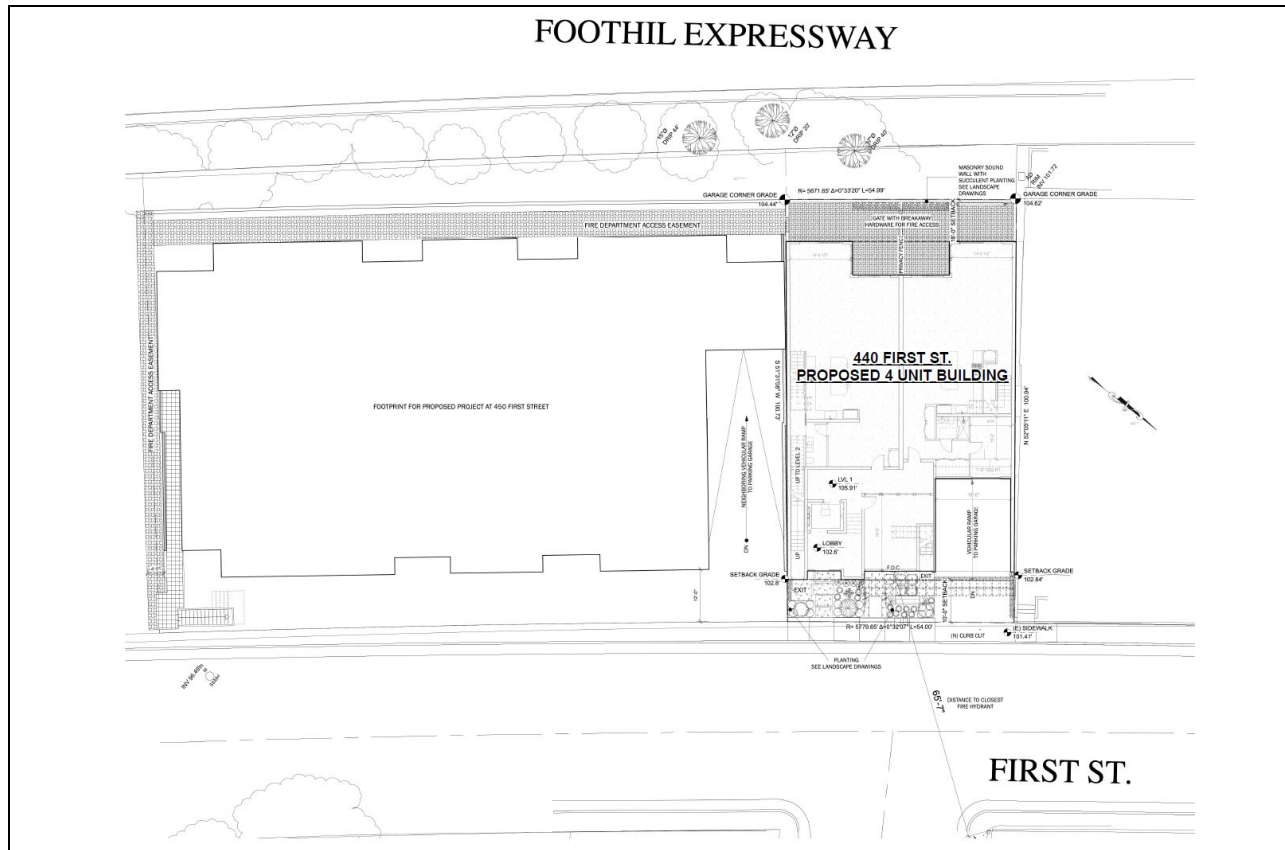
0 2 4 8'
1/4" = 1'-0" at full size (36 x 24")

LETTER OF INTENT FIRE SERVICE ACCESS EASEMENT

Subject to a definitive and recordable Grant of Fire Service Access Easement acceptable by the Santa Clara Fire Department (SCFD), DD 1st Street Group LLC (GRANTOR) owner of 444-450 1st Street, Los Altos, agrees to grant an access easement to SCFD, for the benefit of the adjacent property at 440 1st Street, Los Altos, CA 94022, owned by Bourgan Family Trust (GRANTEE).

Prior to the grant of easement, GRANTEE shall deposit \$35,000 (Thirty Five Thousand Dollars) in an escrow account (escrow holder TBD), which shall be transferred to GRANTOR upon recordation of the easement document at the County of Santa Clara Recorder's Office.

The hatched areas on the plan below depict the access corridor along the southeast and the rear of the GRANTOR's property, connecting to the rear of Grantee's property though an SCFD accessible gate.



GRANTOR:

DD 1st Street Group LLC
DocuSigned by:

Mark Yazdani

Mark Yazdani, Manager

Date: 1/13/2021

GRANTEE:

Bourgan Family Trust

A. Bourgan

Abbie Bourgan, Trustee

Date: 1/8/2021

LETTER OF INTENT

FIRE SERVICE ACCESS EASEMENT

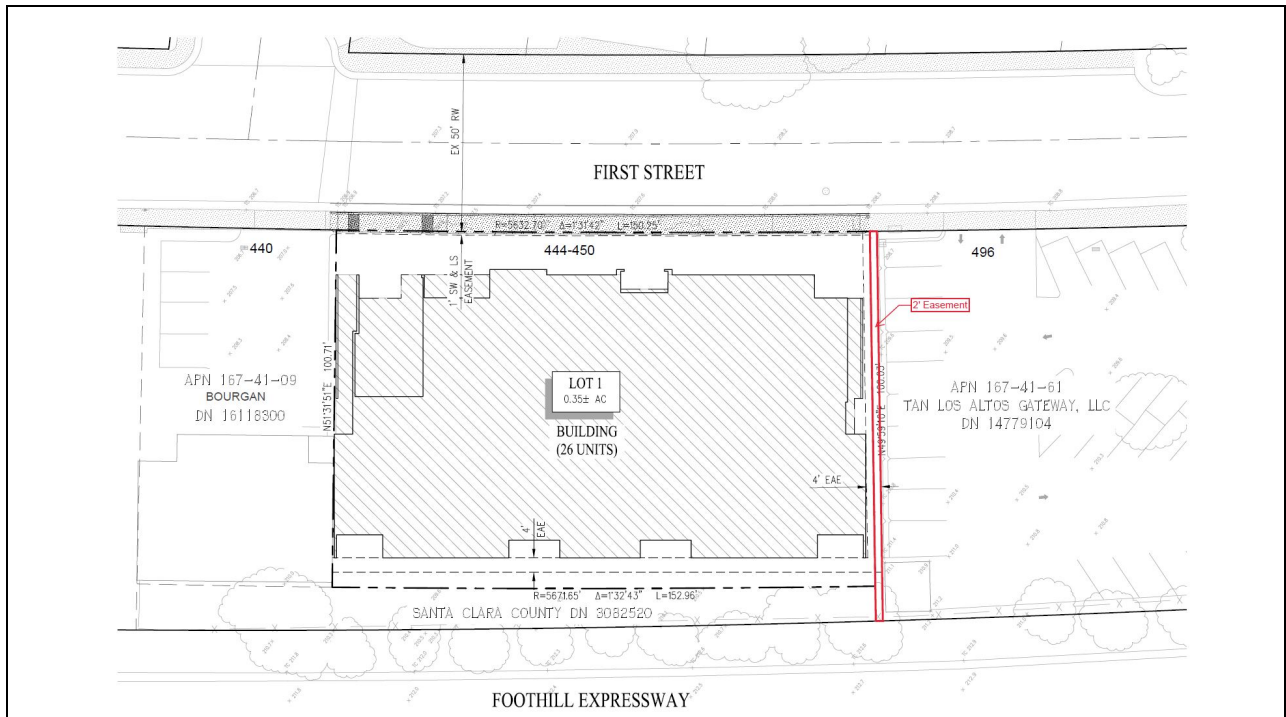
Subject to a definitive and recordable Grant of Fire Service Access Easement acceptable by the Santa Clara Fire Department (SCFD), Tan Los Altos Gateway, LLC (GRANTOR) owner of 496 1st Street, Los Altos, agrees to grant a perpetual two-foot wide, nonexclusive access easement to SCFD, for the benefit of property located at 440 1st Street, Los Altos, CA 94022, owned by Bourgan Family Trust (GRANTEE).

Prior to the grant of easement, GRANTEE shall deposit \$15,000 (Fifteen Thousand Dollars) in an escrow account with First American Title Company, which shall be transferred to GRANTOR upon recordation of the easement document at the County of Santa Clara Recorder's Office.

Grantee shall pay all Escrow, title and closing costs.

It is expressly understood by both parties that this proposal is not a binding agreement between Grantor and Grantee, but is intended only to outline the basic business terms and conditions under which the parties would consider entering into an agreement.

The areas outline below depicts the access corridor along the northwest line of GRANTOR's property.



GRANTOR:
Tan Los Altos Gateway, LLC

DocuSigned by:

Jeff Tan

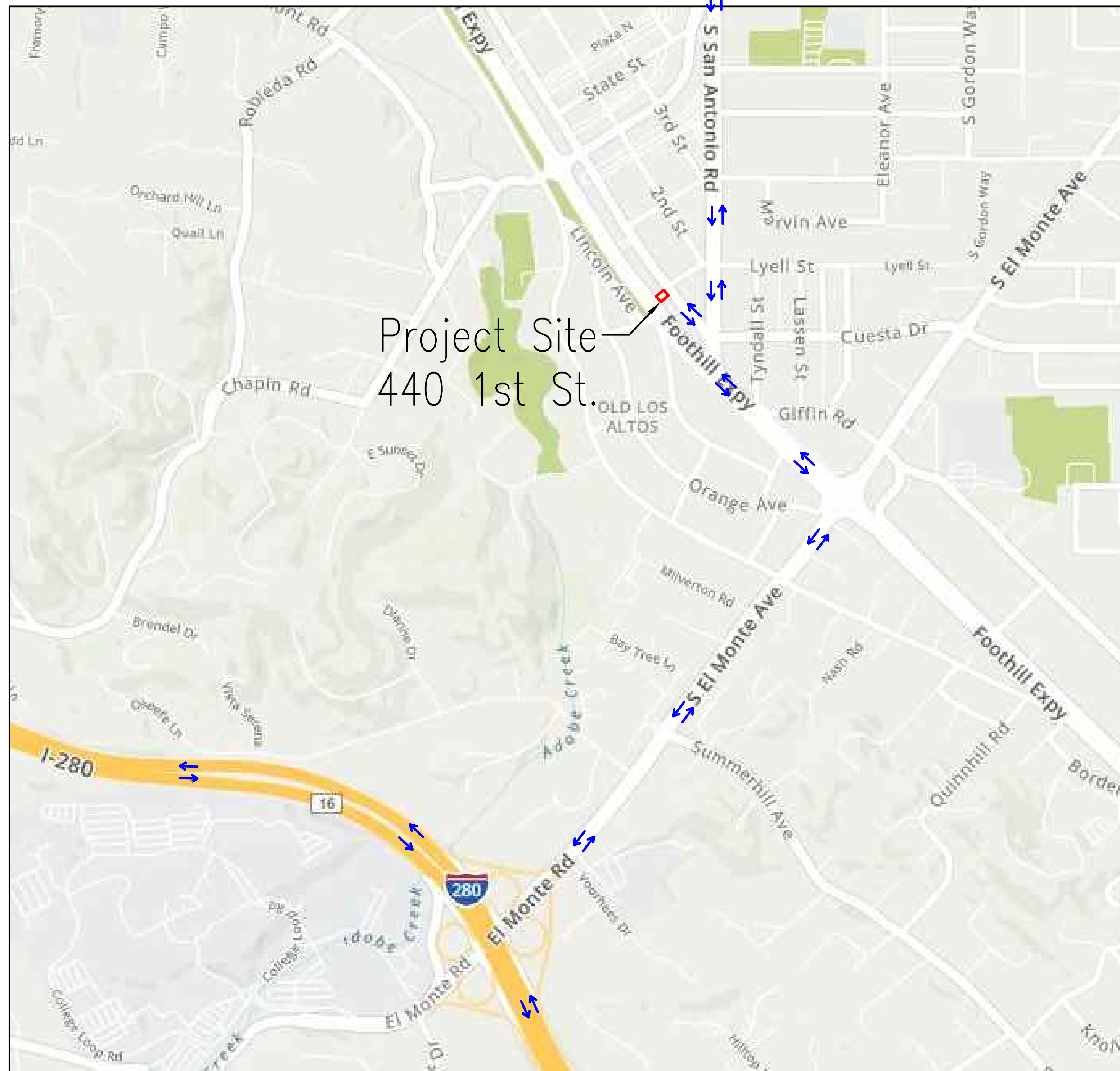
876B1F7EDE047C...

Joseph Tan, President
VP, Real Estate
Date: 2/23/21

GRANTEE:
Bourgan Family Trust

A. Bourgan

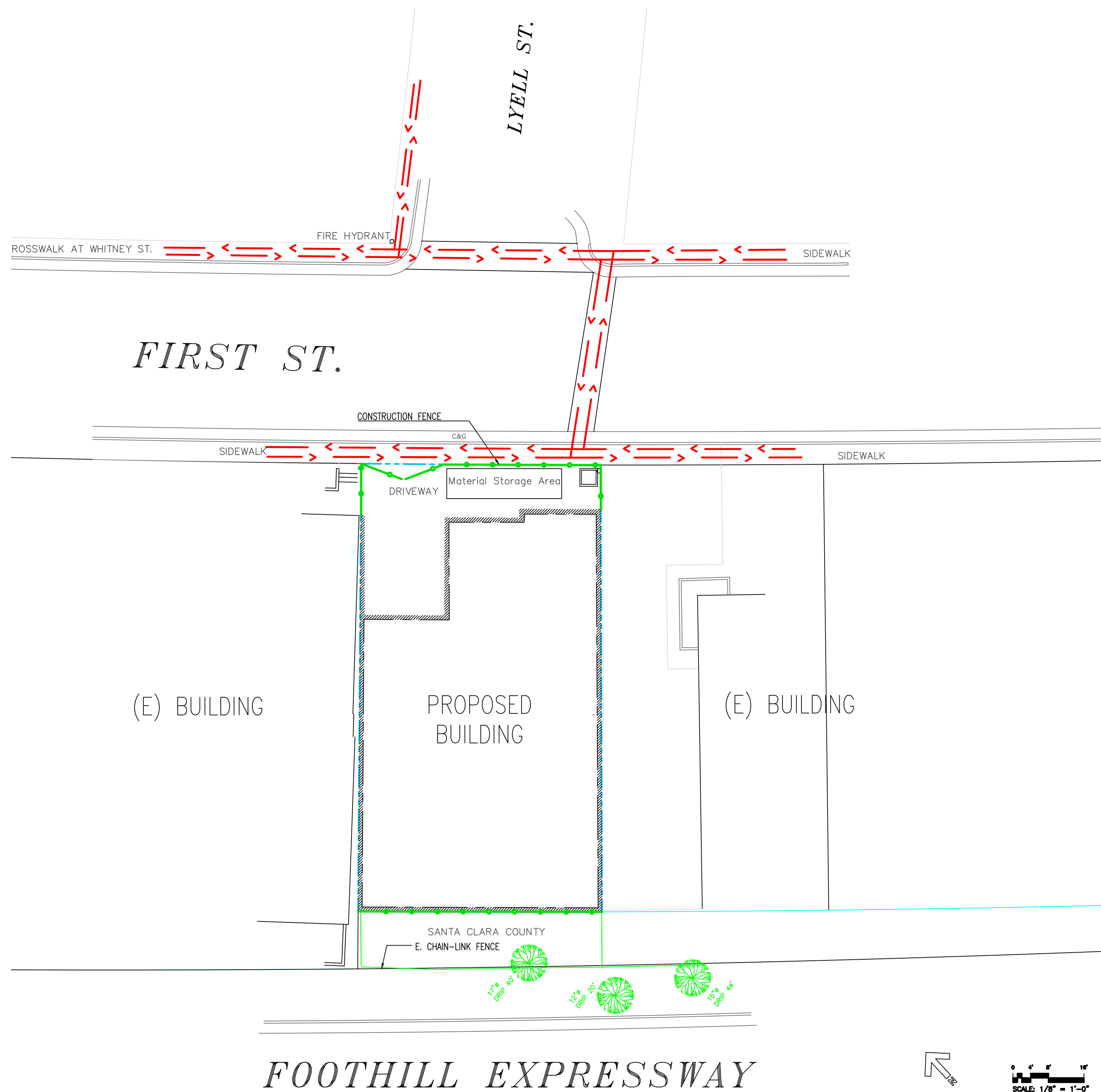
Abbie Bourgan, Trustee
Date: 2-2-2021



TRUCK ROUTING MAP

LEGEND

- Truck Route
- Project Site



NOTES

1. Construction vehicles shall park off-street at TBD location.

LEGEND

- Property Line
- Construction Fence
- Pedestrian Path
- Sanitation

650-492-4087
www.GreenTekCo.com
Lic. 936918

440 First Street
Los Altos, CA 94022

OWNER

MARK	DATE	DESCRIPTION

PROJECT NO: -----
CAD DWG FILE: CMP1 CONSTRUCTION MANAGEMENT PLAN.DWG
DRAWN BY: AB
CHK'D BY: -
COPYRIGHT: GreenTek Homes, Inc.

**CONSTRUCTION
MANAGEMENT PLAN**

STAMP:



CLIENT:
Abbie Bourgan

PROJECT ADDRESS:

440 1st St.
Los Altos, CA

SHEET TITLE:

TEMPORARY
SHORING PLAN

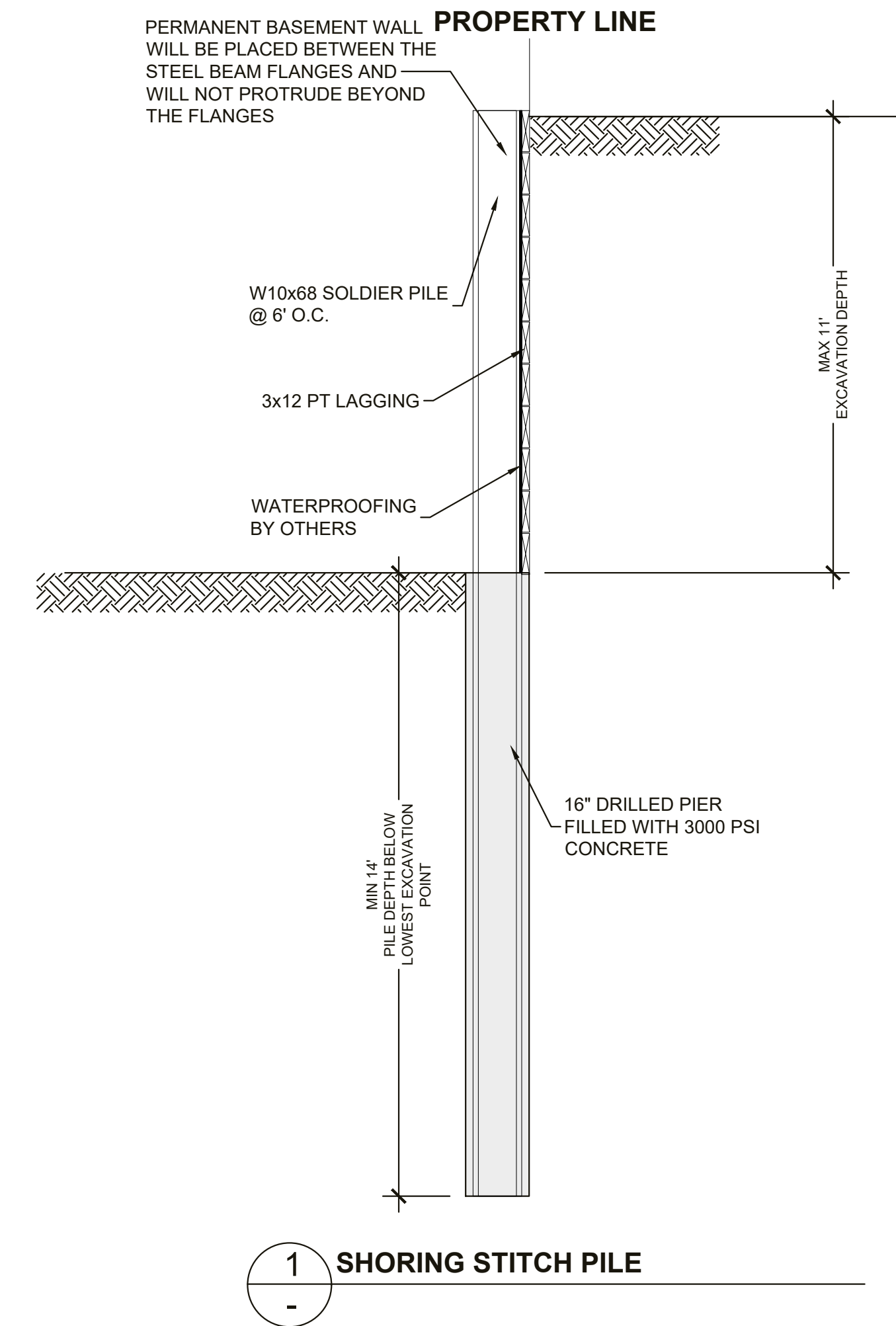
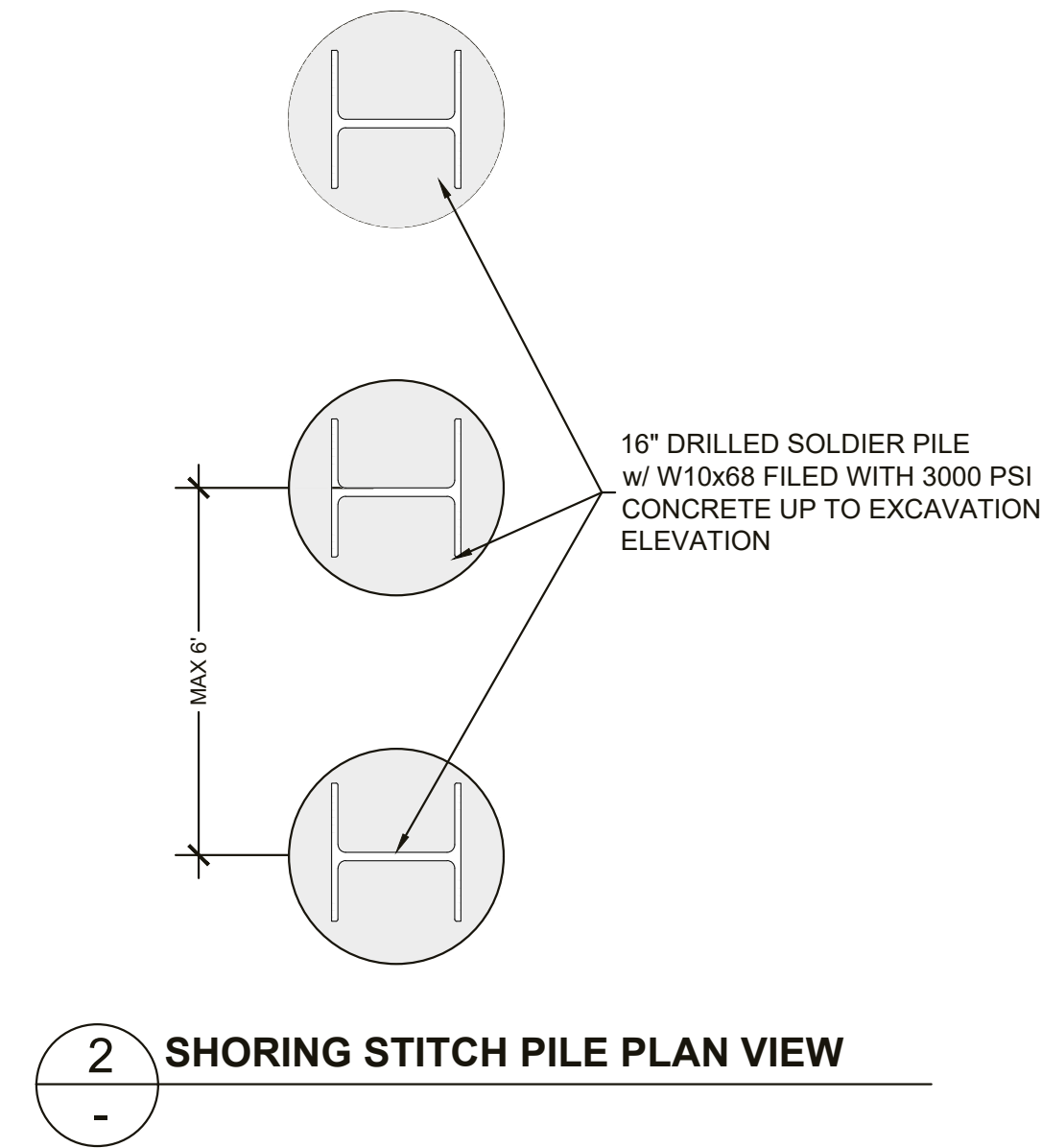
REV: DATE:
REV0 12/12/2020

SCALE:
DRAWN BY: A.M
JOB NO: TEH73
SHEET NO:

S-2

SHORING PLAN NOTES:

- * ALL EXCAVATION MUST CONFORM TO APPLICABLE OSHA AND CAL-OSHA REQUIREMENTS. CONTACT CALIFORNIA DEPARTMENT OF OCCUPATIONAL SAFETY AND HEALTH (DOSH) FOR INFORMATION ABOUT REQUIRED PERMITS. DOSH LOCAL OFFICE: 510 794 2521. PRIOR TO EXCAVATION, THE EXCAVATION CONTRACTOR SHALL SUBMIT PROOF, TO THE TOWN BUILDING INSPECTOR, THAT SHOWS HE OR SHE HAS RECEIVED SUCH A PERMIT.
- * THE CONTRACTOR SHALL PROVIDE WRITTEN NOTICE TO THE OWNERS OF ADJOINING BUILDINGS ADVISING THEM THAT THE EXCAVATION IS TO BE MADE AND THAT THE ADJOINING BUILDINGS SHOULD BE PROTECTED. SAID NOTIFICATION SHALL BE DELIVERED NOT LESS THAN 10 DAYS PRIOR TO THE SCHEDULED STARTING DATE OF THE EXCAVATION. PROTECTION OF STRUCTURES NEAR CUTS SUCH AS THE EXISTING RESIDENCE AND NEIGHBORING RESIDENCES SHOULD BE THE RESPONSIBILITY OF THE CONTRACTOR.
- * PROPER MONITORING AND UNDERTAKING A PRE-CONSTRUCTION SURVEY WITH BENCHMARKS AND PHOTOGRAPHS OF THE ADJACENT PROPERTIES SHOULD BE PROVIDED BY CONTRACTOR TO ASSURE THAT THE PROPOSED RETAINING WALL EXCAVATION ALONG THE ADJACENT EXISTING RESIDENCE DOES NOT DAMAGE/DISTRESS THE EXISTING PROPERTY.
- * THE SOIL REPORT IS DONE BY ROMIG ENGINEERS REPORT 4332-1, DATED MARCG 2018, PHONE # (650) 591-5224. ROMIG ENGINEERS SHALL BE RETAINED TO PROVIDE OBSERVATION AND TESTING SERVICE DURING THE SHORING/EXCAVATION PHASE OF CONSTRUCTION PER SOIL REPORT RECOMMENDATIONS AND THAT INSPECTION AND TESTING. SHORING PLANS AND CALCULATION SHALL BE REVIEWED BY ROMIG ENGINEERS PRIOR TO PERMIT ISSUE.



ATTACHMENT B

JUSTIFICATION FOR ELEVATED SOLAR PANELS

440 1ST Street, Los Altos

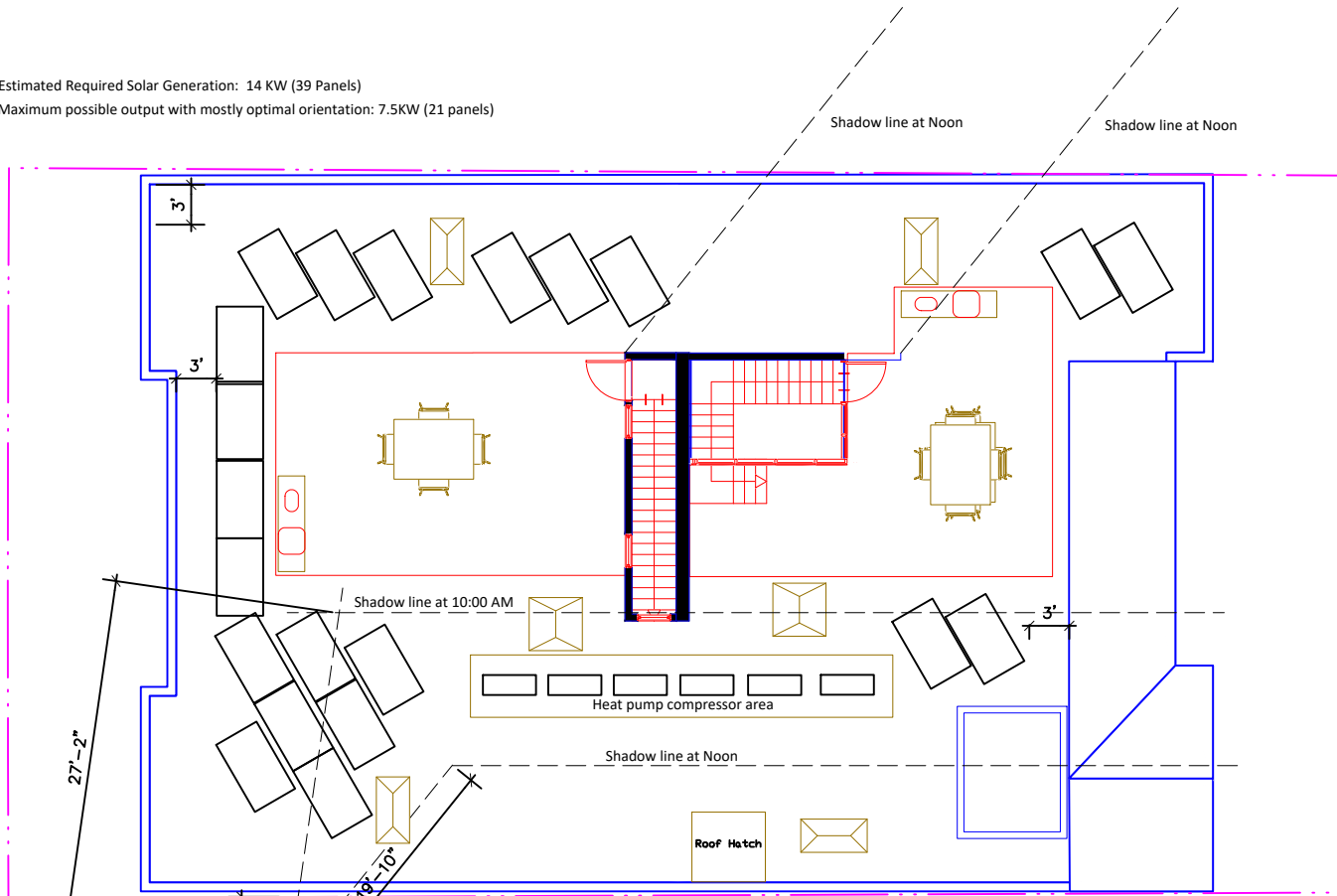
Based on the size and number of condominium units in the building, it is estimated that a 14KW PV system will be required. Based on the average output of currently available panels, 39 panels will be needed. The following factors limit the placement and quantity of the panels at the roof level.

1. The Fire Department requires 3' of space along the roof edge. They may also impose additional restrictions upon design review.
2. The heat pump compressors need to be around 14' from the property line (dues to audible noise), forcing them to be placed on the southeast side of the roof, as shown.
3. The adjacent building at 450 1st is 11' higher than the roof level, casting a shadow onto the roof surface. Dotted lines on the attached drawings show the shadow lines at 10:00 AM and noon during the winter months.
4. Not shown are numerous bathroom, kitchen, laundry, and plumbing vents throughout the roof that will severely restrict and limit the placement of solar panels.

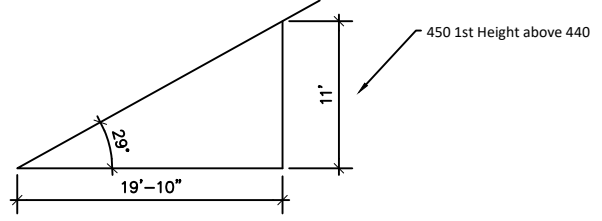
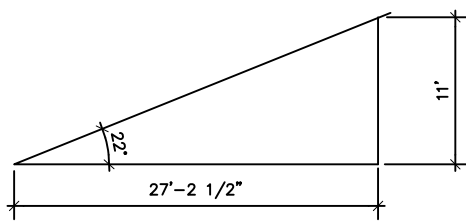
Conclusion:

As shown in the following diagrams, with optimum (south facing) orientation for all but 4 panels, a total of 21 panels may be installed on the roof, yielding only 7.5 KW of output. With sub-optimal orientation, a total of 25 panels may be installed, yielding 9.0 KW of output. Neither of these options provide adequate energy. Therefore, we are proposing to elevate all 39 panels above the center of the roof and at the same achieve optimal south-facing orientation.

Estimated Required Solar Generation: 14 KW (39 Panels)
 Maximum possible output with mostly optimal orientation: 7.5KW (21 panels)



Sun azimuth at Noon
 Sun azimuth at 10:00 AM



Los Altos Longitude: 37° 23'
 Los Altos Latitude: 122° 06'

**MINUTES OF A REGULAR MEETING OF THE PLANNING COMMISSION OF THE
CITY OF LOS ALTOS, HELD ON THURSDAY, JULY 18, 2019 BEGINNING AT
7:00 P.M. AT LOS ALTOS CITY HALL, ONE NORTH SAN ANTONIO ROAD,
LOS ALTOS, CALIFORNIA**

ESTABLISH QUORUM

PRESENT: Chair Samek, Commissioners Ahi, Bodner, Bressack and Meadows
ABSENT: Vice-Chair Lee
IN PREPARATION: Commissioner Marek
STAFF: Community Development Director Biggs, Senior Planner Golden and City
Attorney Lee

PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

Gary Wesley commented on the SB 592 bill in California.

ITEMS FOR CONSIDERATION/ACTION

CONSENT CALENDAR

1. Planning Commission Minutes

Approve minutes of the regular meeting of June 6, 2019, 2019.

Action: Upon motion by Commissioner Meadows, seconded by Commissioner Bodner, the Commission approved the minutes from the June 6, 2019 Regular Meeting as written.

The motion was approved (4-0-1) by the following vote:

AYES: Samek, Ahi, Bodner, and Meadows

NOES: None

ABSENT: Lee and Marek

ABSTAIN: Bressack

STUDY SESSION

2. PPR19-0001 – Abbie Bourgan – 440 First Street

Design Review Study Session for a proposed three-story multiple-family building consisting of seven residential units and one level of underground parking. *Project Planner: Golden*

Senior Planner Golden presented the staff report.

Project applicant Abbie Bourgan gave the first overview of the LEAD project stating that the original design was a three-story, four-unit project and the elimination of the curb cut provides two to three parking spaces.

Project architect Steve Collom with RH & Associates noted the narrow width of the lot and coordination with the neighboring property. He looked to 396 First Street's use of spandrel glass

windows and said that spaces 11 and 12 in the basement are of concern for accessibility and asked if the column could be changed.

Public Comment

Resident Gary Wesley said the property is not zoned to permit this type of development, is impacted by the Foothill expressway and should not be given a CEQA exemption.

Resident Ramin Shahidi who lives across Foothill Expressway expressed concerns about view and light pollution impacts to the adjacent residential neighborhood due to the rooftop deck.

Resident Steinle stated his opposition to the roof top deck and said the homeowner association should have a side access for maintenance of the building; however, there may not be enough space.

Resident Abigail Ahrens said housing is needed, the ramp for dual access is expensive but saves on street parking, asked the Commission to review the rear elevation, and concluded by saying an admirable effort is being brought forth and provides opportunities for those that are downsizing.

Resident and President of the HOA at 396 First Street, Paul Frattini, agreed with comments made that three stories are better than four; prefers no rooftop deck; said 396 First is two buildings and noted the HOA has not been able to maintain the building well, so he recommended requiring a two-foot setback. He concluded by addition there is a real drainage problem that caused damage to one of the units at 396 First and there will be no access to building given the proposed elevator tower will be at the property line.

Resident Fred Fallah mentioned the existing light pollution on homes; said CEQA is still an issue; the design is more appropriate for a transportation corridor not here; it is not in keeping with Los Altos; but noted he has no issue with the parking design of the building.

Commission Discussion

The Commission discussed the project and provided the following comments:

- Commissioner Bodner:
 - Appreciates the design but needs a better color combination;
 - Likes the shared driveway, said it's a good model for narrow sites, and a win-win benefit;
 - Likes the screen design;
 - Likes that the building has been pulled back at the rear;
 - A reality of downtown is higher/taller buildings;
 - Does not support the first floor extending into the 10-foot setback given the arrangement of the building;
 - Wants to better understand the parking space arrangement because it may be dangerous; and
 - Would appreciate confirmation that the applicants are working with the neighbors.

- Commissioner Meadows:
 - Questioned what the building would look like in relation to the adjoining building – a fuller streetscape would be useful;
 - In compliance with the code, a one-bedroom was appropriately small, but the three-bedrooms felt massive;
 - If the market is going this way, can there be a reconfiguration – more efficient way to arrange spaces/units;
 - Likes the laser-cut screens, but pattern shadows may be busy;

- Having sufficient off-street parking is a benefit;
- Questioned if the fourth-floor large private decks are needed; and
- Asked about the relationship of the deck to the adjoining building.

- Commissioner Ahi:
 - Noted the elevator tower and common deck are a good thing;
 - 396 First Street needs to be shown in the next submittal, including location of the windows;
 - Parking spaces 11 and 12 are a concern and questioned whether a five-point turn next to the driveway is practical or should the column be moved;
 - Look to introducing awning and railings from First Street;
 - Questioned the decorative railings;
 - Commonality with adjoining developments is good;
 - Slightly shorter windows and smaller balconies would be better, asked if they make sense along Foothill; and
 - Moving the common deck to the front would be better and give a better relationship to 396 First Street project.

- Chair Samek:
 - Eliminate the gap between buildings;
 - Asked for clarification on the units at the third floor and the elevator tower and why it needed to go above the 46-foot height limit;
 - Not certain column removal would equate to functional parking at spaces at 11 and 12, especially at the driveway entrance;
 - Elevation windows need some work and finer detailing;
 - Okay with the private decks on the third floor;
 - The laser-cut railings are a good balance with transparency; and
 - Work on the window detailing and trim is needed.

PUBLIC HEARING

3. 19-CA-03 – City of Los Altos – Downtown CRS Zone Uses

Proposed amendments to Chapter 14.48, CRS Commercial Retail Sales District, modifying the list of permitted and conditional uses and making findings of CEQA exemption. *Project Manager: Biggs*

Community Development Director Biggs presented the staff report, recommending adoption of the proposed ordinance to the City Council.

Public Comment

Representative from the Los Altos Village Association (LAVA) Scott Hunter spoke in support.

Resident and Chamber of Commerce President Kim Mosley spoke in favor of the proposed changes.

Representative from Los Altos Property Owners Downtown (LAPOD) Kim Cranston spoke in favor.

Resident and commercial real estate broker David Rock stated that more feet on the street are needed, there are not a lot of retail inquiries these days, and potential tenants are seeking restaurant and personal service uses.



May 7, 2021

Mr. Steve Golden
Community Development Department
City of Los Altos
One North San Antonio Road
Los Altos, CA 94022

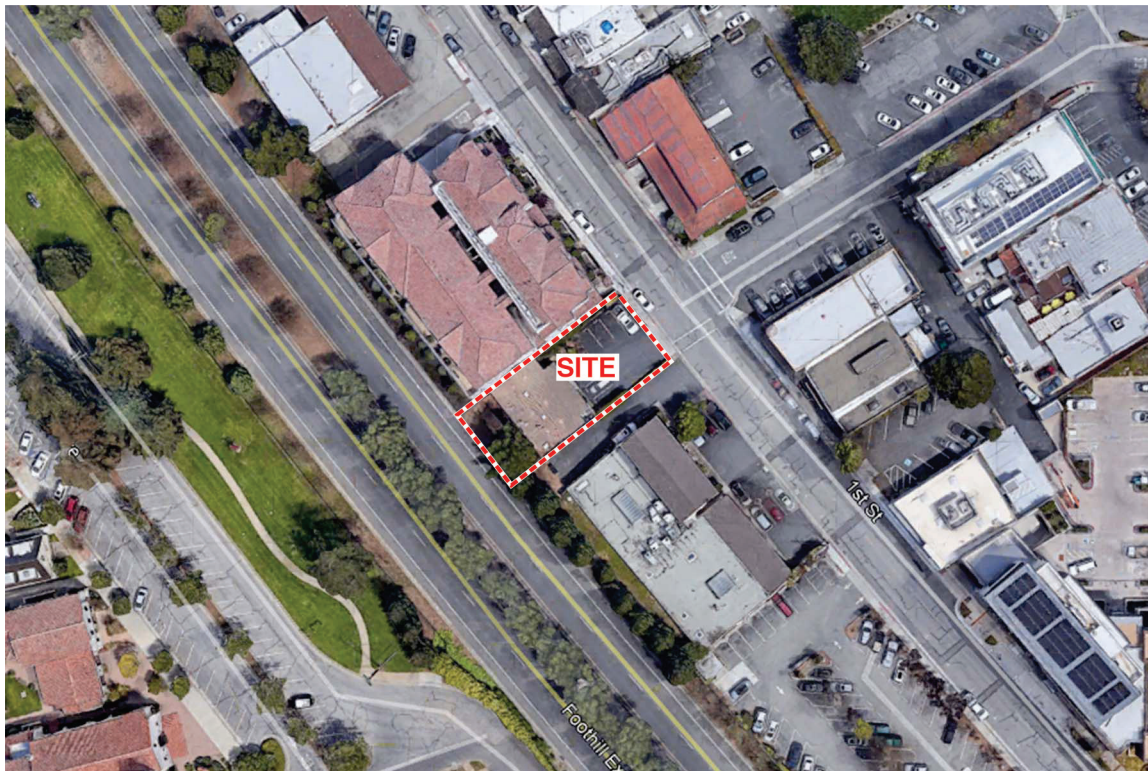
RE: 440 FIRST STREET

Dear Steve:

I reviewed the drawings and evaluated the site context. My comments and suggestions are as follows:

SITE CONTEXT

The site is located in the CD/R3 Downtown/Multiple Family District in an area characterized by older one and two-story commercial buildings. New development along First Street has started to occur in recent years. A three-story over podium garage multifamily development is located adjacent the site, and another approved multifamily development over below-grade parking will soon be constructed on the other side of this site. Photos of the site and immediate context are shown on the following page.





THE SITE



Multifamily Development immediately to the right



Approved Multifamily Development immediately to the left



Approved Multifamily Development nearby across First Street



Approved Multifamily Development nearby immediately across First Street

DESIGN REVIEW FRAMEWORK

The following applicable Zoning Code Sections, plans and guidelines apply to this review:

- Downtown Design Guidelines
- Commercial/Multi-Family Design Findings (Zoning Code Section 14.78.060)
- CD/R3 District Design Controls (Section 14.52.110)

The proposed project appears to meet the required findings of the Commercial/Multi-Family Design Findings and the CD/R3 District Design Controls which are less specific than the Downtown Design Guidelines. It also appears to be sensitive to the goals, objectives and guidelines of the Downtown Design Guidelines.

The Downtown Design Guidelines include the identification of defining Village Character Elements and specific guidelines for the Downtown Core District, Mixed Commercial District, and First Street District. The First Street District design guidelines include some guidelines unique to the First Street District, but also contains the following introductory text.

FIRST STREET DISTRICT

Owners of properties and businesses in this district should review the guidelines for the Downtown Core District. While projects in this district may be somewhat larger and less retail-oriented than those in the downtown core, they are still very much a part of the downtown village, and the village character and scale emphasis underlying those guidelines will be expected of new buildings and changes to existing properties in this district.

INTENT

A. Promote the implementation of the Los Altos Downtown Design Plan.

B. Support and enhance the downtown Los Altos village atmosphere.

D. Respect the scale and character of the area immediately surrounding the existing downtown pedestrian district.

Specific relevant design guidelines include the following:

5.2 ARCHITECTURE

Building uses and sizes will vary more in the First Street District than elsewhere in the downtown. The goal of these guidelines is to accommodate this wide diversity of size and use while maintaining a village scale and character that is complementary to the downtown core.

5.2.1 Design to a village scale and character

- a) Avoid large box-like structures.*
- b) Break larger buildings into smaller scale elements.*
- c) Provide special design articulation and detail for building facades located adjacent to street frontages.*
- d) Keep focal point elements small in scale.*
- e) Utilize materials that are common in the downtown core.*
- f) Avoid designs that appear to seek to be prominently seen from Foothill Expressway and/or San Antonio Road in favor of designs that focus on First Street, and are a part of the village environment.*
- g) Provide substantial small scale details.*
- h) Integrate landscaping into building facades in a manner similar to the Downtown Core District.*

The following narrative text and guidelines on the next two pages from the Downtown Design Guidelines would seem to be relevant to this proposed project:

DOWNTOWN VILLAGE CHARACTER

Today, it is a closely knit series of subdistricts with slightly differing use emphases and design characteristics, held together by an overall village scale and character. That unique scale and character has been nurtured over the years, and has become even more of a community asset as many other downtowns in the Bay Area have grown ever larger and lost much of their earlier charm.

ARCHITECTURAL STYLE

These guidelines are not intended to establish or dictate a specific style beyond the desire to maintain Downtown Los Altos' small town character and attention to human scale and detail. In general, diverse and traditional architectural styles that have stood the test of time are preferred.

Designs merely repeated from other cities or without thought to the special qualities of Los Altos are strongly discouraged, and unlikely to be accepted.

The following design guidelines are intended to reinforce that existing framework, scale and character.

3.2.1 Continue the pattern and scale established by existing buildings

a) Maintain and reinforce the underlying downtown 25-foot module along all street frontages. Some techniques for this emphasis include the following:

- Changing roof parapet height and/or shape.*
- Utilizing different building heights, architectural styles, and forms.*
- Utilizing different awning forms and/or materials ... matching the predominant building module.*
- Changing storefront type and details.*
- Defining storefronts with projecting piers and emphasizing tenants' unique store personalities.*
- Reinforcing the module with second floor projections and details.*

b) Break larger buildings up into smaller components.

- Divide longer facades into individual smaller segments with individual design forms and architectural styles.*

d) Utilize awnings and canopies at windows and entries.

e) Provide cornices and building tops consistent with the architectural style.

- Avoid unfinished wall tops in favor of projecting cornice features or roof overhangs.*

h) Utilize natural materials. Wood, stone, and brick can provide warmth at storefronts, and enhance the feeling of village scale and character.

- Wood doors and window frames are strongly encouraged.*

i) Enhance the pedestrian experience with interesting architectural details.

- Individual trim elements should be scaled to be or resemble proportions that could be handled and installed by hand. Elements on any portion of the structure should not be inflated in size to respond strictly to building scale, but should also have a relationship with human scale.*

j) Provide special storefront and facade lighting.

3.2.4 Design second floor facades to complement the streetscape and Village Character

a) Provide second floor entries that are equal in quality and detail to storefront entries. Some techniques to accomplish this emphasis include:

- Special awning or roof element.
- Wrought iron gate.
- Decorative tile stair treads and risers.
- Special lights.

b) Relate second floor uses to the pedestrian environment on the street level.

Some methods of achieving this include the following:

- Second floor overhangs
- Bay windows
- Decks
- Balconies
- Planters.

c) Utilize operable windows in traditional styles.

3.2.7 Design larger structures to be sensitive to the unique scale and character of Downtown Los Altos

b) Avoid architectural styles and monumental building elements that do not relate to the small human scale of Downtown Los Altos.

c) Provide special design treatment for visible sidewalls of structures that are taller than their immediate neighbors.

- Sidewall windows are encouraged where codes allow and adequate fire protection can be provided.
- Employ design techniques to relate the visible sidewalls to front facades. Some common techniques include the following:
 - * Repeating front facade finished materials, decorative details and mouldings.
 - * Carrying front facade cornices and wall top projections around all sides of the upper floor.
 - * Providing varied parapet heights to avoid a box-like appearance.
 - * Utilizing gable and hip roofs to vary the height and appearance of side walls.
 - * Treating side walls with inset panels.
 - * Integrating interesting architectural details.
 - * Stepping back the front facade of upper floors to vary the side wall profile.

ISSUES AND CONCERNS

The project is designed with a recognizable traditional architectural style, and the facades are articulated with both horizontal and vertical off-sets to break up the mass of the building. The facades also benefit from multiple balconies and a broad trellis at the first floor - see front and rear facade illustrations in the context of adjacent buildings below.

The proposed design represents a good start. However, it falls short in many details that would assist in addressing the desired Village Scale and Character envisioned in the Downtown Design Guidelines.

RECOMMENDATIONS

The recommendations below focus on refining the proposed design to better address the Downtown Design Guidelines that focus on Village Scale and Character, and to provide more design unity to the project elevations. No changes to the project plans are suggested.

PROPOSED AND RECOMMENDED ELEVATIONS IN CONTEXT



FRONT ELEVATION: CURRENTLY PROPOSED



FRONT ELEVATION: RECOMMENDED

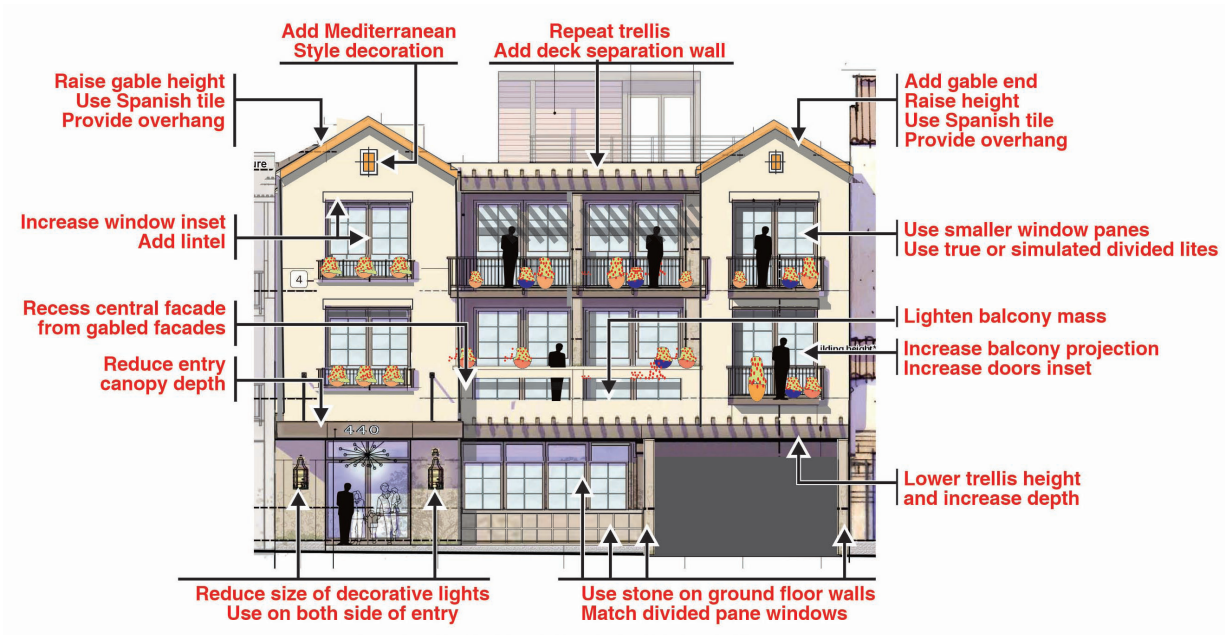


REAR ELEVATION: CURRENTLY PROPOSED



REAR ELEVATION: RECOMMENDED

RECOMMENDED ELEVATION DETAILS



FRONT ELEVATION: RECOMMENDED

1. Add gables with overhangs to both side bays, raise gable tops, and use Spanish tile.
2. Increase the depth of the trellis at the first floor, and lower the trellis height to better relate to the pedestrian scale,
3. Reduce the entry canopy depth for better pedestrian scale.
4. Increase French door inserts and increase balcony projections.
5. Add pot shelves to match balconies, and increase other window recesses to at least 6 inches, but not as much as at the balconies.
6. Divide windows into smaller panes, and use either true or simulated divided lites.
7. Lighten the mass of the balcony on the center of the facade.
8. Repeat first floor trellis at the upper central balcony, and provide dividing walls for the long central balconies.
9. Recess the central facade from the front of the gable bays.
10. Extend the ground floor stone facing across all of the first floor facade.
11. Replace the metal panels under the windows on the left bay with stucco.
12. Match the first floor gym windows to the other divided pane windows.
13. Reduce the scale of the decorative light fixtures at the entry, and use on both sides of the entry.
14. Add decorative Mediterranean Style details under the gable eaves.
15. Select a metal railing detail that is more suitable to the proposed Mediterranean Style of the building.
16. If security gate is required at the garage entry, recess it as far as possible from the front facade.

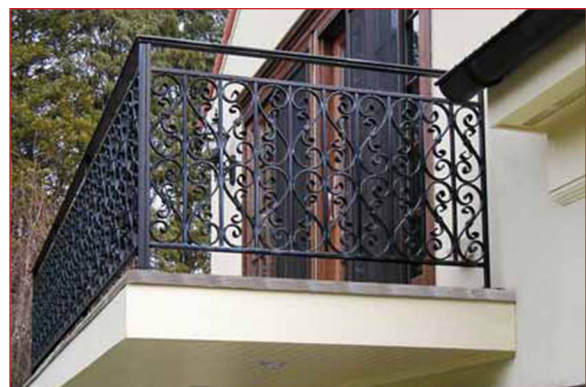
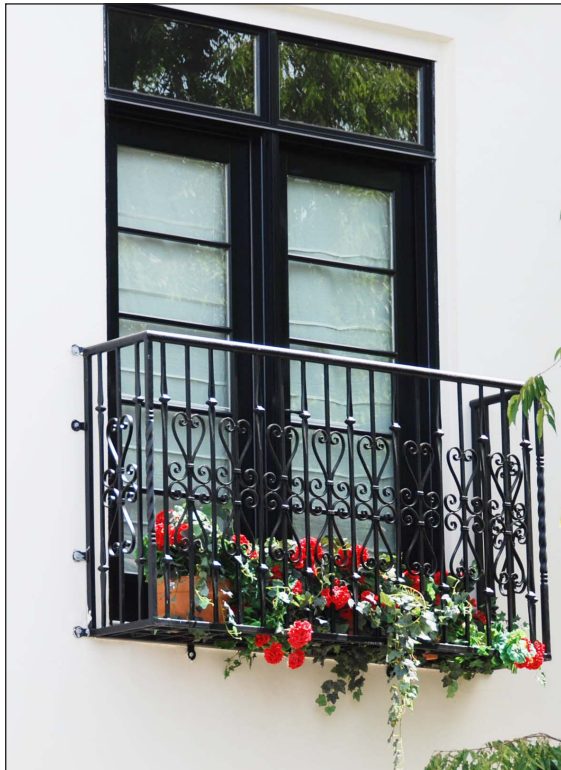
Match the rear facade changes to the front facade recommendations.



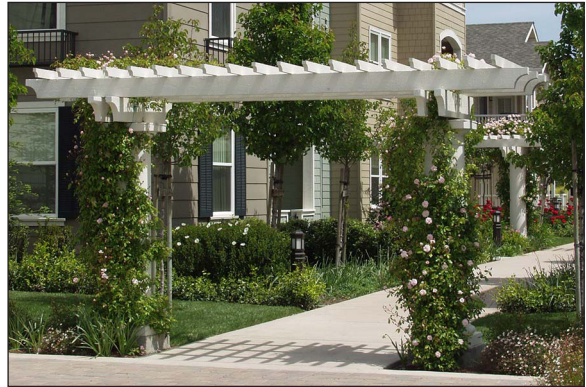
REAR ELEVATION: RECOMMENDED
Match front elevation details

A few detail examples are shown below.

BALCONY RAILINGS



TRELLISES



DIVIDED LITE WINDOWS



*True
Divided Lites*



*Simulated
Divided Lites*

Steve, please let me know if you need anything further.

Sincerely,

CANNON DESIGN GROUP

A handwritten signature in black ink that reads "Larry L. Cannon".

Larry L. Cannon

CANNON DESIGN GROUP

700 LARKSPUR LANDING CIRCLE . SUITE 199 . LARKSPUR . CA . 94939



SANTA CLARA COUNTY FIRE DEPARTMENT

14700 Winchester Blvd., Los Gatos, CA 95032 | (408) 378-4010 | www.sccfd.org

PLAN REVIEW No. **21 4737**

BLDG PERMIT No.

DEVELOPMENTAL REVIEW COMMENTS

Plans and Scope of Review:

This project shall comply with the following:

The California Fire (CFC) & Building (CBC) Code, 2019 edition, as adopted by the City of Los Altos Municipal Code (LAMC), California Code of Regulations (CCR) and Health & Safety Code.

The scope of this project includes the following:

Proposed new 16,682 SF three-story four-unit condominium complex with one level of underground parking and an occupied, covered roof deck.

Plan Status:

Plans are **NOT APPROVED**. Revise and resubmit drawings and provide a response letter addressing comments on this plan review. All comments having BOLD Font require correction prior to approval. (**Specifically Comment #10, #11 & #14 & #15**)

Plan Review Comments:

1. Review of this Developmental proposal is limited to acceptability of site access, water supply and may include specific additional requirements as they pertain to fire department operations, and shall not be construed as a substitute for formal plan review to determine compliance with adopted model codes. Prior to performing any work, the applicant shall make application to, and receive from, the Building Department all applicable construction permits.

2. Fire Sprinklers Required: (As Noted on Sheet G-0) Approved automatic sprinkler systems in new and existing buildings and structures shall be provided in the locations described in this Section or in Sections 903.2.1 through 903.2.19.1.2 whichever is the more restrictive. For the purposes of this section, firewalls and fire barriers used to separate building areas shall be constructed in accordance with the California Building Code and shall be without openings or penetrations. (This chapter shall not apply to existing non-habitable residential accessory structures under three (3000) thousand square feet). 1) An automatic sprinkler system shall be provided throughout all new buildings and structures exceeding one thousand square feet.

City	PLANS	SPECS	NEW	RMDL	AS	OCCUPANCY	CONST. TYPE	ApplicantName	DATE	PAGE
LOS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	R-2/U	III	Smp Engineers	11/09/2021	1 of 4
SEC/FLOOR	AREA	LOAD	PROJECT DESCRIPTION				PROJECT TYPE OR SYSTEM			
4+1UG	16,682		Residential Development				Design Review			
NAME OF PROJECT						LOCATION				
CONDOMINIUMS						440 First St Los Altos				
TABULAR FIRE FLOW			REDUCTION FOR FIRE SPRINKLERS			REQUIRED FIRE FLOW @ 20 PSI		BY		
2250			75%			1500		Ip, Kenny		



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3. Fire Department Connection: (As noted on Sheet G-0) The fire department connection (FDC) for the structure in support of the sprinkler system shall be installed at the street on the street address side of the building. It shall be located within 100 feet of a public fire hydrant and within ten (10) feet of the main PIV (unless otherwise approved by the Chief due to practical difficulties). FDC's shall be equipped with a minimum of two (2), two-and-one-half (2- 1/2") inch national standard threaded inlet couplings. Orientation of the FDC shall be such that hose lines may be readily and conveniently attached to the inlets without interference. FDC's shall be painted safety yellow. [SCCFD, SP-2 Standard].

4. Water Supply Requirements: (As noted on Sheet G-0) Potable water supplies shall be protected from contamination caused by fire protection water supplies. It is the responsibility of the applicant and any contractors and subcontractors to contact the water purveyor supplying the site of such project, and to comply with the requirements of that purveyor. Such requirements shall be incorporated into the design of any water-based fire protection systems, and/or fire suppression water supply systems or storage containers that may be physically connected in any manner to an appliance capable of causing contamination of the potable water supply of the purveyor of record. Final approval of the system(s) under consideration will not be granted by this office until compliance with the requirements of the water purveyor of record are documented by that purveyor as having been met by the applicant(s). 2019 CFC Sec. 903.3.5 and Health and Safety Code 13114.7.

5. Standpipes Required: (As noted on Sheet G-0) Standpipe systems shall be provided in new buildings and structures in accordance with this section. Fire hose threads used in connection with standpipe systems shall be approved and shall be compatible with fire department hose threads. The location of fire department hose connections shall be approved. Standpipes shall be manual wet type. In buildings used for high-piled combustible storage, fire hose protection shall be in accordance with Chapter 32. Installation standard. Indicate on sheet G-0 that standpipe systems shall be installed in accordance with this section and NFPA 14 as amended in Chapter 47. CFC Sec. 905.

6. Public/Private Fire Hydrant(s) Required: (As noted on Sheet G-4) Provide public fire hydrant (s) at location(s) to be determined jointly by the Fire Department and Cal Water Company. Maximum hydrant spacing shall be 500 feet, with a minimum single hydrant flow of 1500 GPM at 20 psi, residual. Fire hydrants shall be provided along required fire apparatus access roads and adjacent public streets. CFC Sec. 507, and Appendix B and associated Tables, and Appendix C.

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2250			75%			1500		Ip, Kenny		

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7. Fire Alarm System Requirement: *(As noted on Sheet G-0)* The building shall be provided with a fire alarm system in accordance with CFC #907.2.9.

8. Two-way communication system: *(As noted on Sheet G-0)* Two-way communication systems shall be designed and installed in accordance with NFPA 72 (2016 edition), the California Electrical Code (2013 edition), the California Fire Code (2016 edition), the California Building Code (2016 edition), and the city ordinances where two way system is being installed, policies, and standards. Other standards also contain design/installation criteria for specific life safety related equipment. These other standards are referred to in NFPA 72.

9. Required Aerial Access: *(As noted on Sheet A-11)* Where required: Buildings or portions of buildings or facilities exceeding 30 feet (9144 mm) in height above the lowest level of fire department vehicle access shall be provided with approved fire apparatus access roads capable of accommodating fire department aerial apparatus. Overhead utility and power lines shall not be located within the aerial fire apparatus access roadway. 2. Width: Fire apparatus access roads shall have a minimum unobstructed width of 26 feet (7925) in the immediate vicinity of any building or portion of building more than 30 feet (9144 mm) in height. 3. Proximity to building: At least one of the required access routes meeting this condition shall be located *within a minimum of 15 feet (4572) and a maximum of 30 feet (9144mm)* from the building, and shall be positioned parallel to one entire side of the building, as approved by the fire code official. CFC Chp. 5 and SCCFD SD&S A-1. *Tree shall be maintain to not obstruct aerial access.*

10. Buildings and Facilities Access: *(Letters of Intent provided on sheet G-4)* Approved fire apparatus access roads shall be provided for every facility, building or portion of a building hereafter constructed or moved into or with the jurisdiction. The fire apparatus access road shall comply with the requirements of this section and shall extend to within 150 feet of all portions of the facility and all portions of the exterior walls of the first story of the building as measured by an approved route around the exterior of the building or facility. [CFC, Section 503.1.1]. *Proposed access provided around the building and to the Foothill side is noted by way of easements through the 450 First St property. Letters of Intent are provided. Please copy these onto a sheet within the plan set. While access is provided, the distance is in excess of 300-feet. Please indicate your intended mitigation method using our SCCFD Alternate Means/Methods application form.*

11. Ground Ladder Access: Ground-ladder rescue from second and third floor rooms shall be made possible for fire department operations. With the climbing angle of seventy-five degrees maintained, an approximate walkway width along either side of the building shall be no less than

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DEVELOPMENTAL REVIEW COMMENTS

seven feet clear. Landscaping shall not be allowed to interfere with the required access. [CFC Sec. 503 and 1030]. **Indicate on the coversheet if Type IIIA or IIIB will be constructed. Note CFC 1030.1 Exception 1 Construction type in lieu of egress window/access.**

12. Address identification: New and existing buildings shall have approved address numbers, building numbers or approved building identification placed in a position that is plainly legible and visible from the street or road fronting the property. These numbers shall contrast with their background. Address numbers shall be Arabic numbers or alphabetical letters. Numbers shall be a minimum of 4 inches (101.6 mm) high with a minimum stroke width of 0.5 inch (12.7 mm). Where access is by means of a private road and the building cannot be viewed from the public way, a monument, pole or other sign or means shall be used to identify the structure. CFC Sec. 505.1.

13. Construction Site Fire Safety: All construction sites must comply with applicable provisions of the CFC Chapter 33 and our Standard Detail and Specification SI-7. Provide appropriate notations on subsequent plan submittals, as appropriate to the project. CFC Chp. 33.

14. Required Fire Flow: The minimum required fireflow for this project will be determined with the confirmation of construction type.

Provide a fire flow letter from a local water purveyor confirming the required fire flow at 20 psi residual from a fire hydrant located within 400' of the farthest exterior corner of the structure is required. Contact your local water purveyor (California Water) for details on how to obtain the fire flow letter.

15. Zero lot line party walls are proposed for the north & south facing exterior walls. During Building Permit application, fire resistance rating requirements of neighboring buildings 450 & 396 First Street shall be shown in addition to exterior wall ratings of 440 First Street.

This review shall not be construed to be an approval of a violation of the provisions of the California Fire Code or of other laws or regulations of the jurisdiction. A permit presuming to give authority to violate or cancel the provisions of the Fire Code or other such laws or regulations shall not be valid. Any addition to or alteration of approved construction documents shall be approved in advance. [CFC, Ch.1, 105.3.6]

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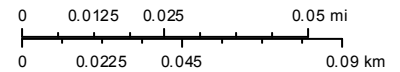
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Vicinity Map



Print Date: September 16, 2020

12,132



-  Schools
-  Park and Recreation Areas
-  City Limit
- Road Names
-  Waterways
-  Situs Label
-  TaxParcel

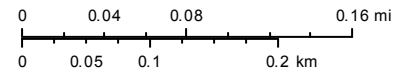
The information on this map was derived from the City of Los Altos' GIS. The City of Los Altos does not guarantee data provided is free of errors, omissions, or the positional accuracy, and it should be verified.






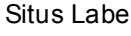

Notification Map



Print Date: September 16, 2020

15,910



-  Schools
-  Park and Recreation Areas
-  City Limit
-  Road Names
-  Waterways
-  Situs Label
-  TaxParcel

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Applicant's Response to Planning Commission Comments

440 1st Street

PC Hearing Date: 12/2/2021

The Planning Commission recommendations were implemented as follows:

1. Make the elevator overrun less visible

The gable element in the front elevation was raised in order to hide the elevator overrun. The roof surface height remains the same.

2. Make the solar-panel array less visible and better incorporate them into the building

The following changes were made:

- The orientation of the panels was changed from south facing to the same orientation as the building. This made the array more compact and orthogonal to the building.
- The aspect ratio of the PV array was changed to be wider and further away from the front and rear edges of the building.
- A decorative perimeter skirt was added to the array in order to hide the sides of the panels from view.
- The support structure is now more integrated with the stair element.

3. Add more landscaping elements

Given the narrow width of the property, every available space has been landscaped. A second street tree was added, and a few additional shrubs now hide the gas meter.

4. Articulate the right roof edge in the front elevation

The parapet element on the right roof edge has been articulated by raised corners and inclusion of stucco reveal channels.



6. First St frontage to the North



7. 396 Side Elevation facing project



2. 440 First St and Lennar Project to the North



1. First St looking north on sidewalk



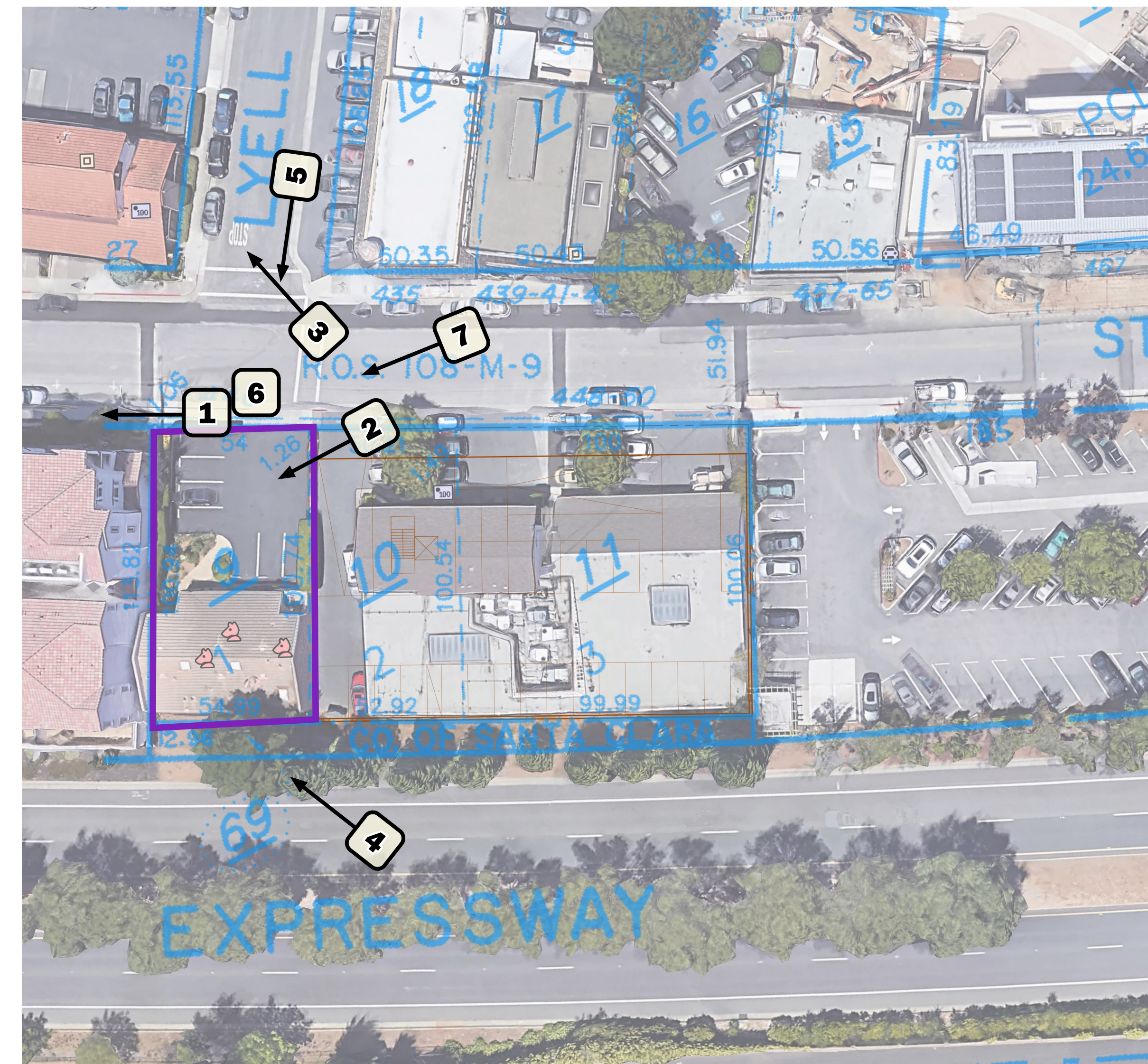
5. Facing the Project on First St



4. Looking at site from Foothill Expy



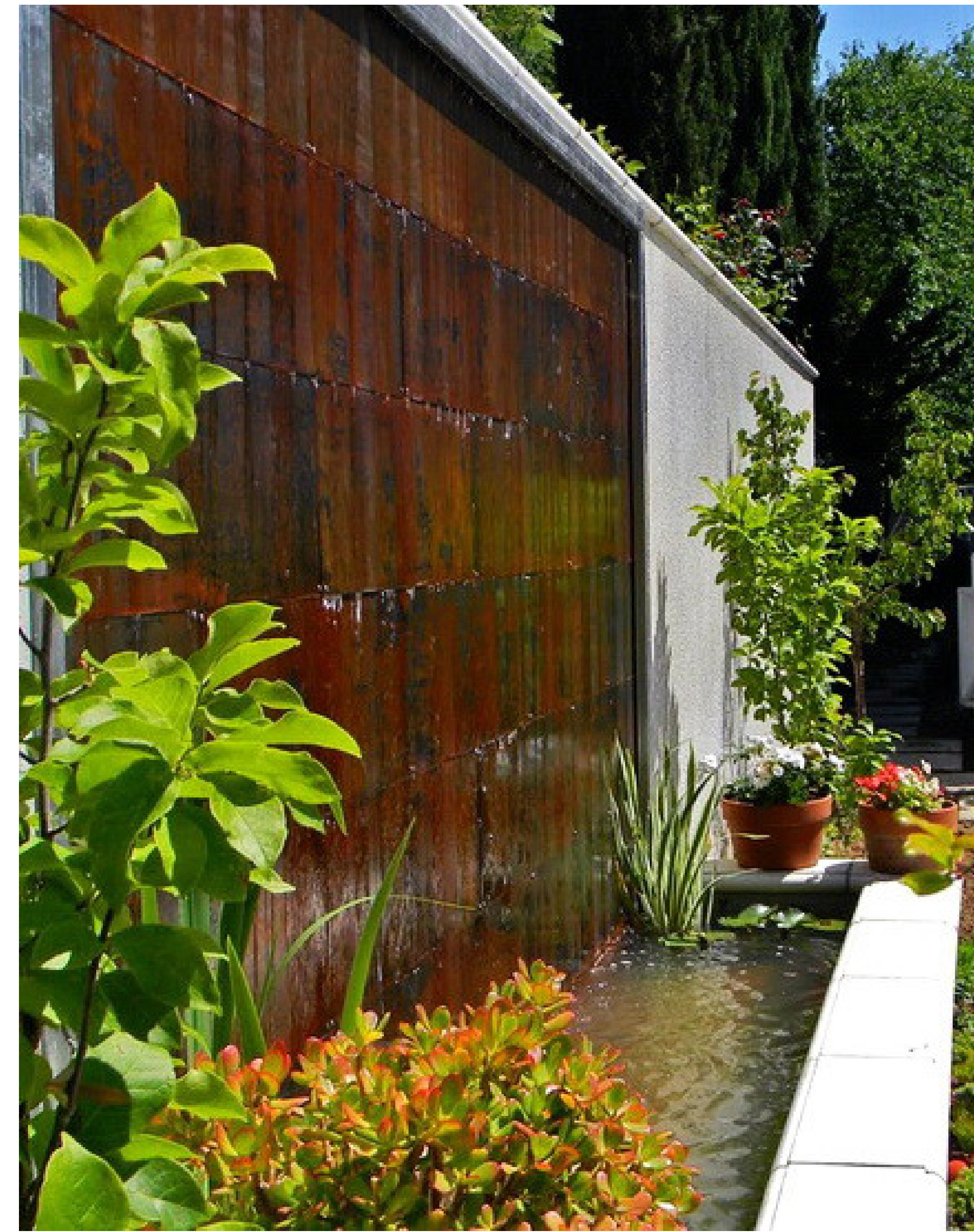
3. Existing Bldg across First St at corner of Lyell



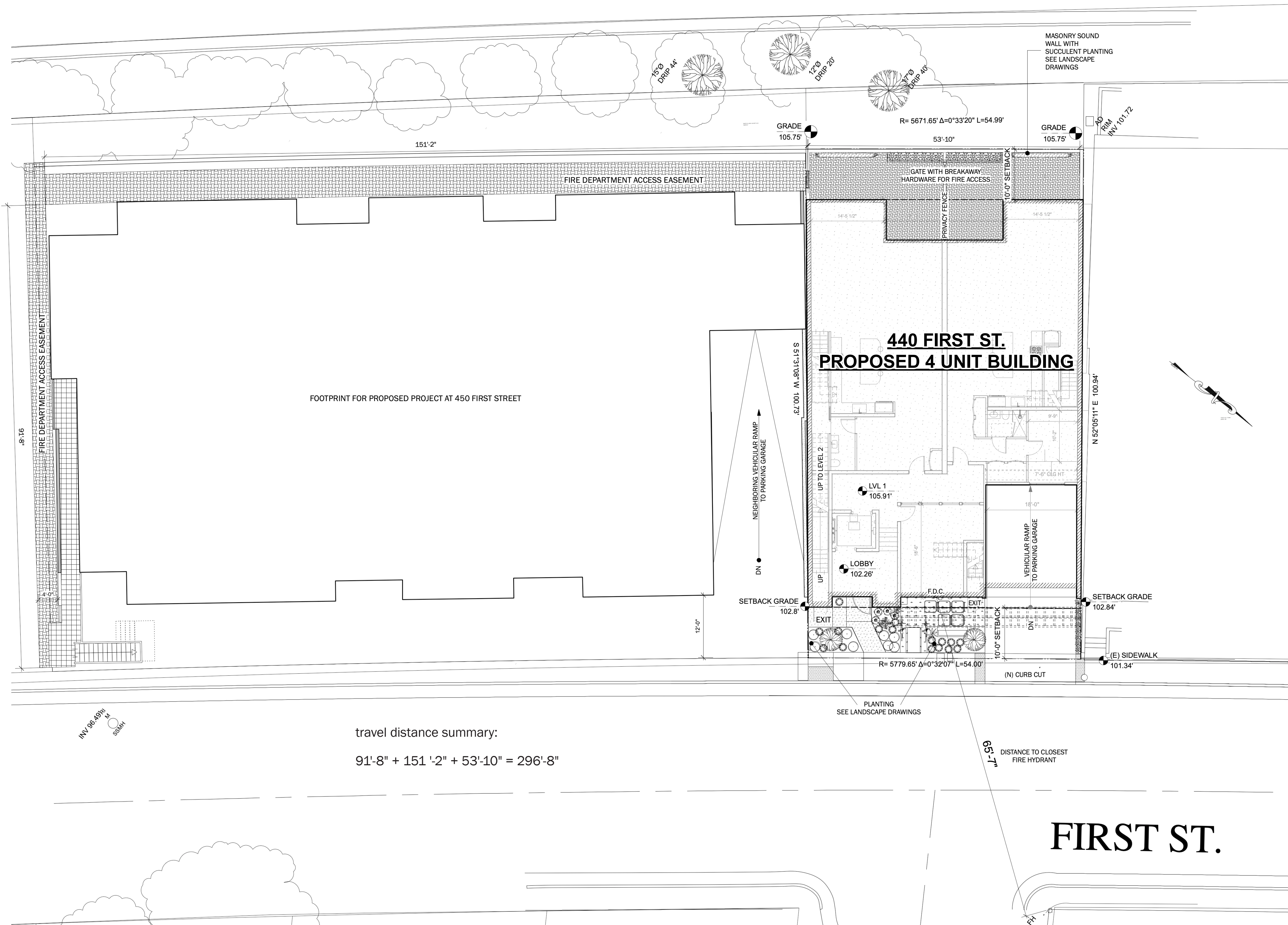


'Crisp' Mediterranean style architecture:
Whites, tans, black and bronze metals,
terra cotta, Integrated landscape
elements with trellises, water features etc'





FOOTHIL EXPRESSWAY



travel distance summary:
 $91'-8" + 151'-2" + 53'-10" = 296'-8"$

LETTER OF INTENT
FIRE SERVICE ACCESS EASEMENT

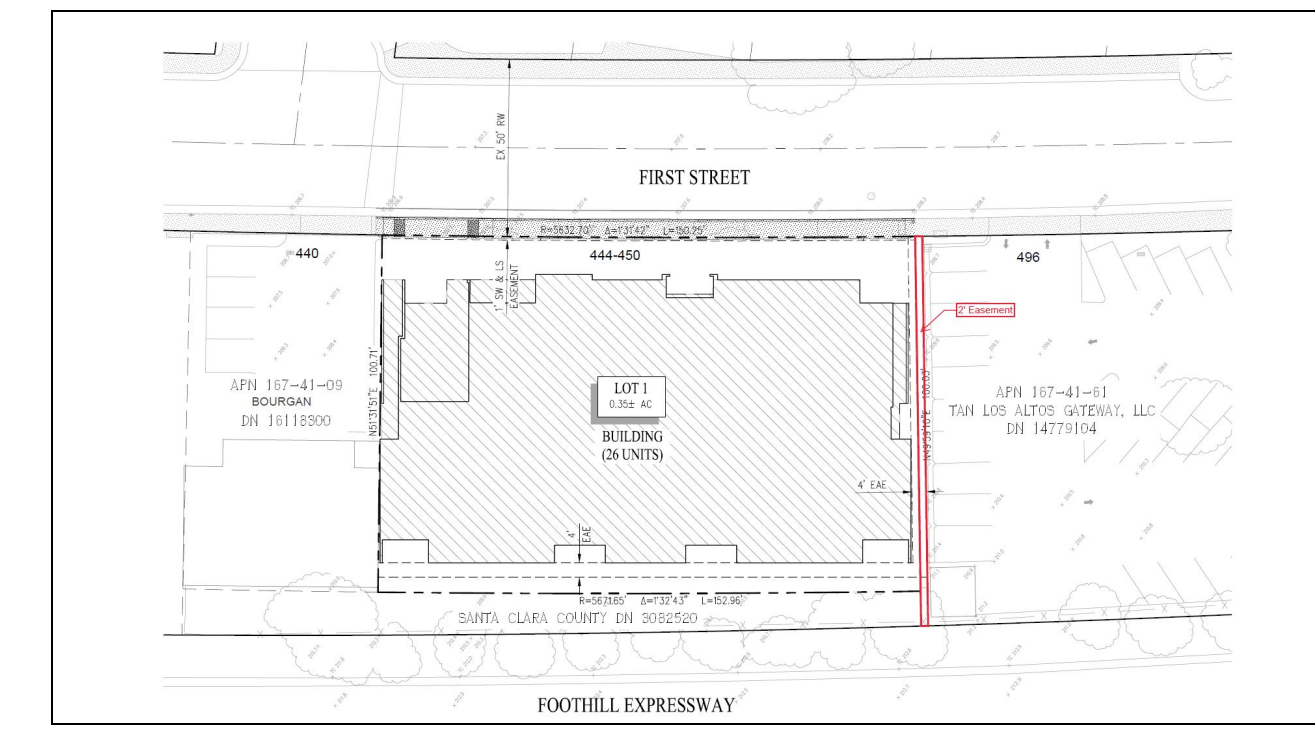
Subject to a definitive and recordable Grant of Fire Service Access Easement acceptable by the Santa Clara Fire Department (SCFD), Tan Los Altos Gateway, LLC (GRANTOR) owner of 496 1st Street, Los Altos, agrees to grant a perpetual two-foot wide, nonexclusive access easement to SCFD, for the benefit of property located at 440 1st Street, Los Altos, CA 94022, owned by Bourgan Family Trust (GRANTEE).

Prior to the grant of easement, GRANTEE shall deposit \$15,000 (Fifteen Thousand Dollars) in an escrow account with First American Title Company, which shall be transferred to GRANTOR upon recordation of the easement document at the County of Santa Clara Recorder's Office.

Grantee shall pay all Escrow, title and closing costs.

It is expressly understood by both parties that this proposal is not a binding agreement between Grantor and Grantee, but is intended only to outline the basic business terms and conditions under which the parties would consider entering into an agreement.

The areas outline below depicts the access corridor along the northwest line of GRANTOR's property.



GRANTOR:
 Tan Los Altos Gateway, LLC
 Represented by:
 Joseph T. Bourgan, President
 Real Estate
 Date: 2/22/21

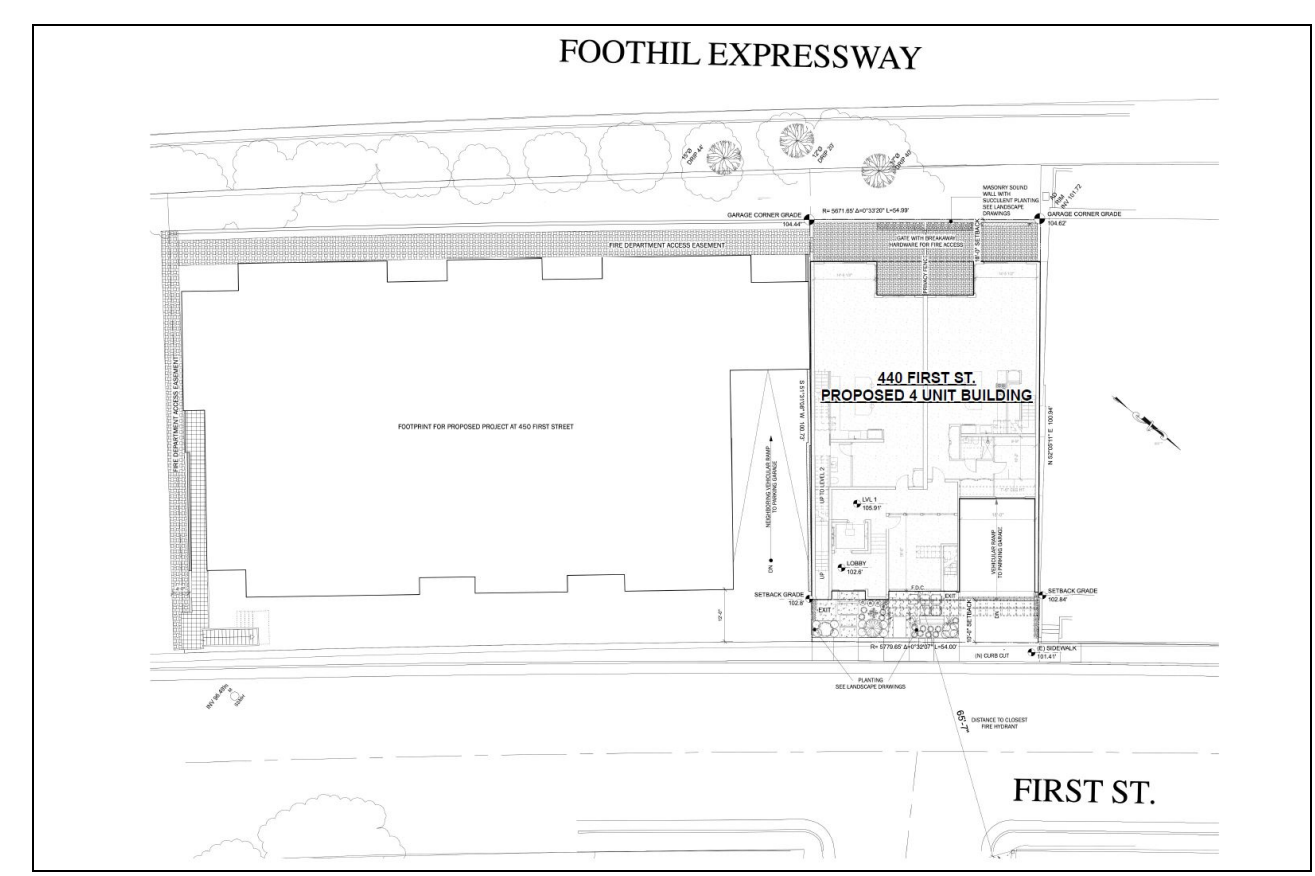
GRANTEE:
 Bourgan Family Trust
 Represented by:
 Abbie Bourgan, Trustee
 Date: 2-2-2021

LETTER OF INTENT
FIRE SERVICE ACCESS EASEMENT

Subject to a definitive and recordable Grant of Fire Service Access Easement acceptable by the Santa Clara Fire Department (SCFD), DD 1st Street Group LLC (GRANTOR) owner of 444-450 1st Street, Los Altos, agrees to grant an access easement to SCFD, for the benefit of the adjacent property at 440 1st Street, Los Altos, CA 94022, owned by Bourgan Family Trust (GRANTEE).

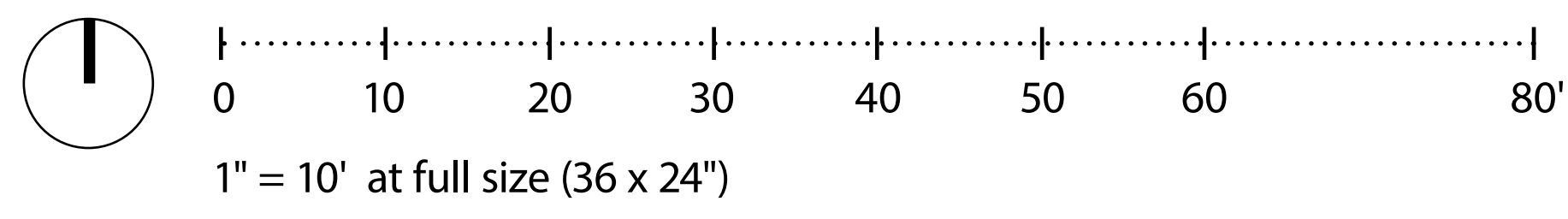
Prior to the grant of easement, GRANTEE shall deposit \$35,000 (Thirty Five Thousand Dollars) in an escrow account (escrow holder TBD), which shall be transferred to GRANTOR upon recordation of the easement document at the County of Santa Clara Recorder's Office.

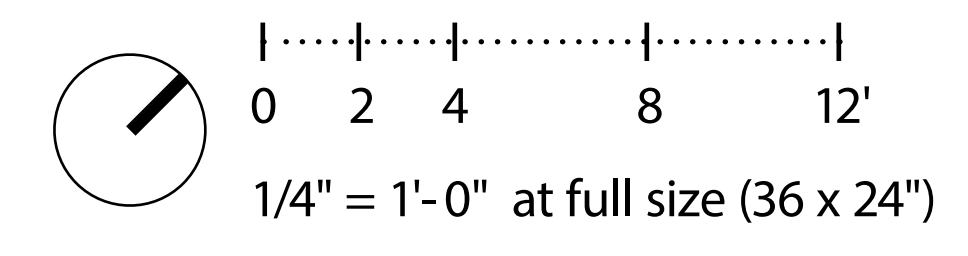
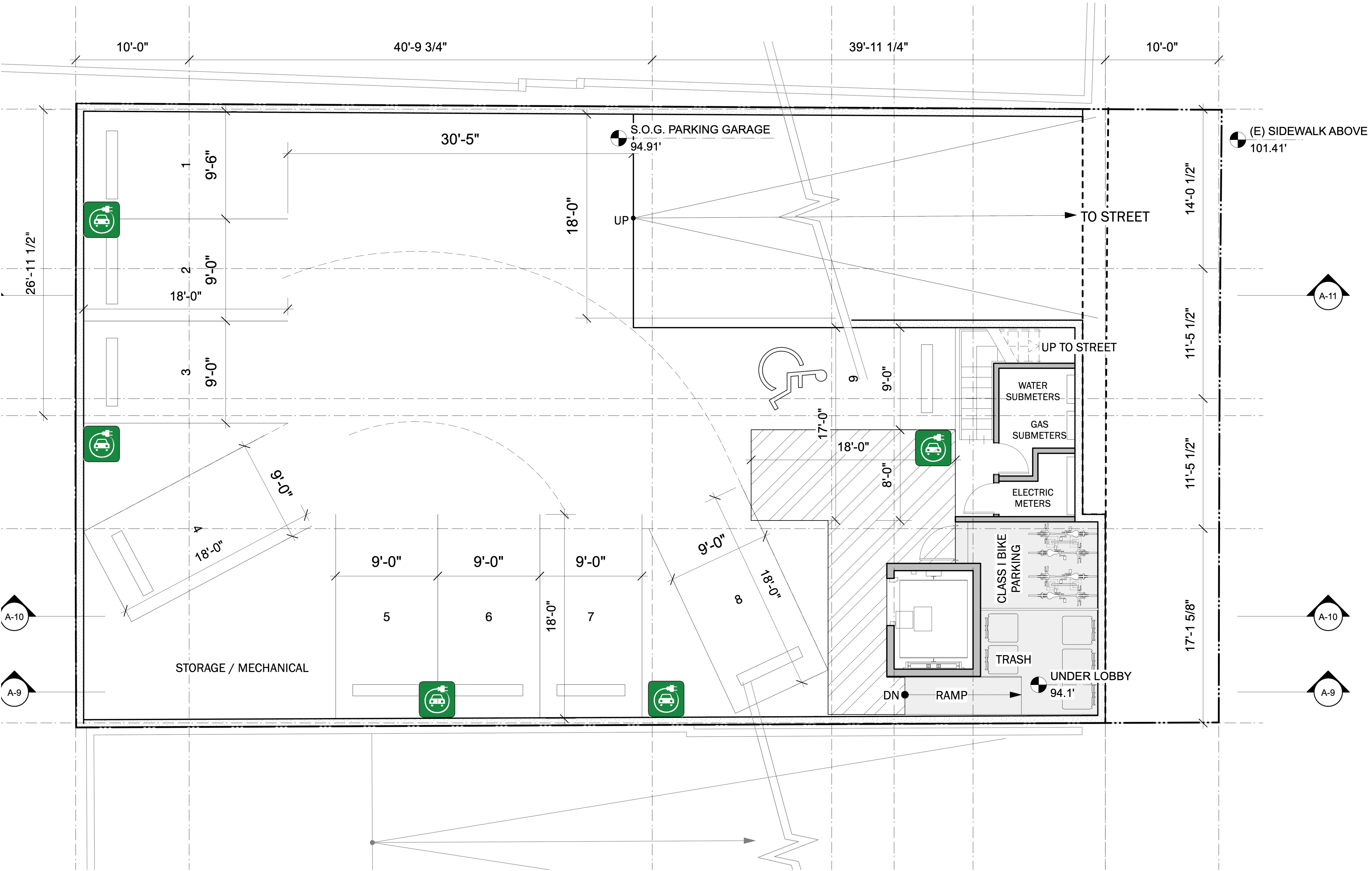
The hatched areas on the plan below depict the access corridor along the southeast and the rear of the GRANTOR's property, connecting to the rear of Grantee's property through an SCFD accessible gate.

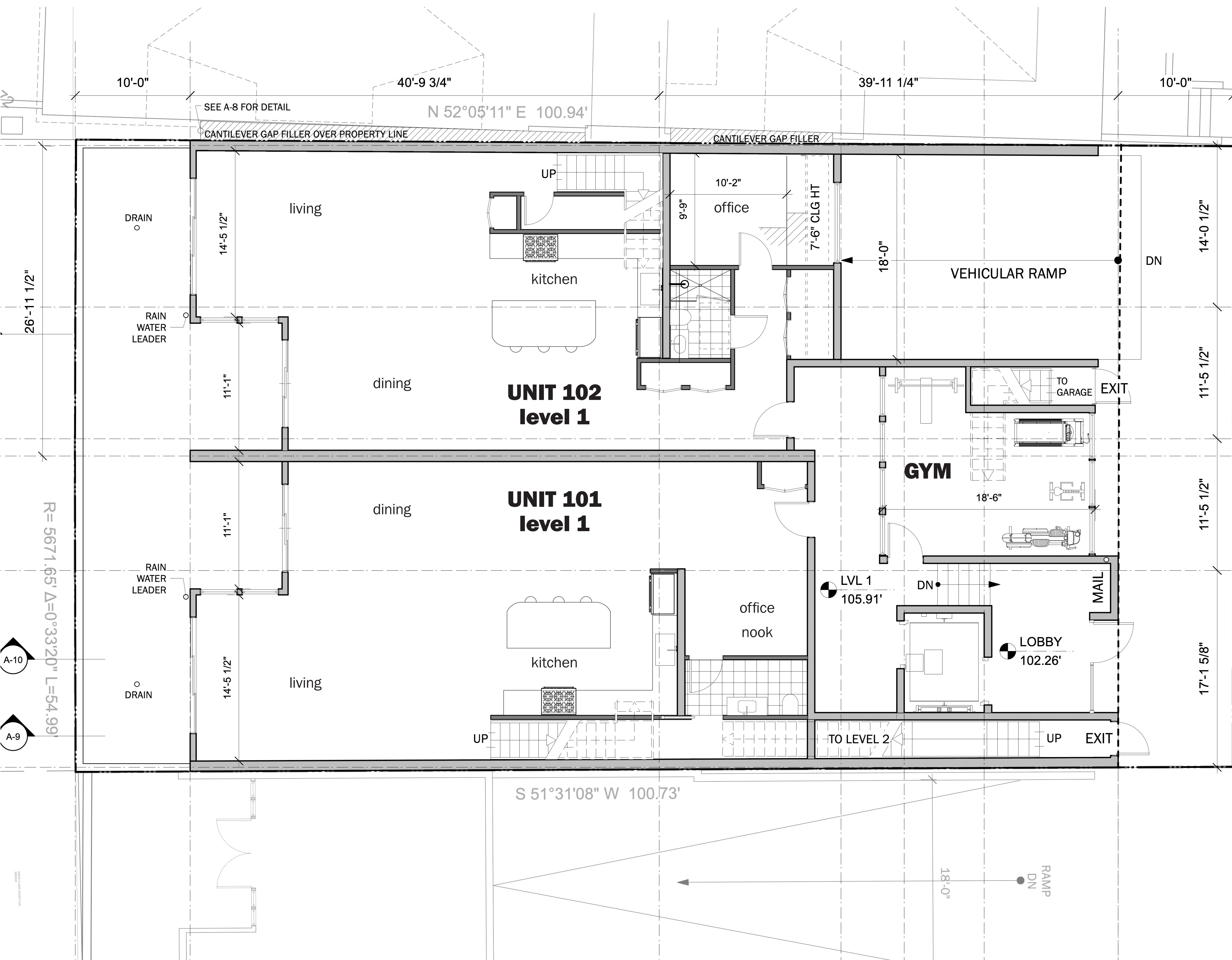


GRANTOR:
 DD 1st Street Group LLC
 Represented by:
 Mark Yazdani, Manager
 Date: 1/13/2021

GRANTEE:
 Bourgan Family Trust
 Represented by:
 Abbie Bourgan, Trustee
 Date: 1/8/2021

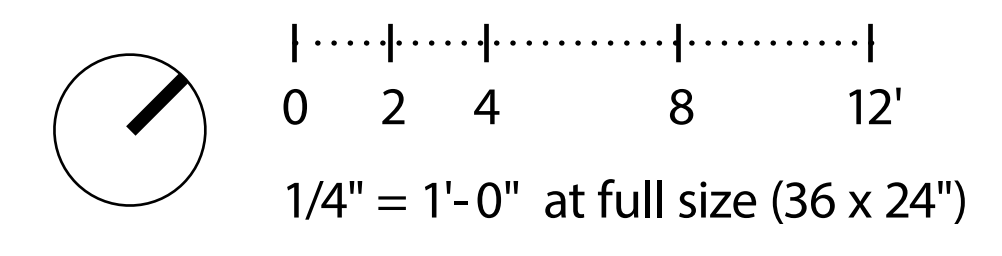


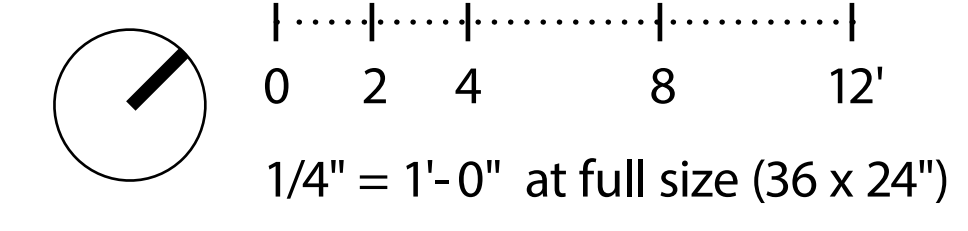
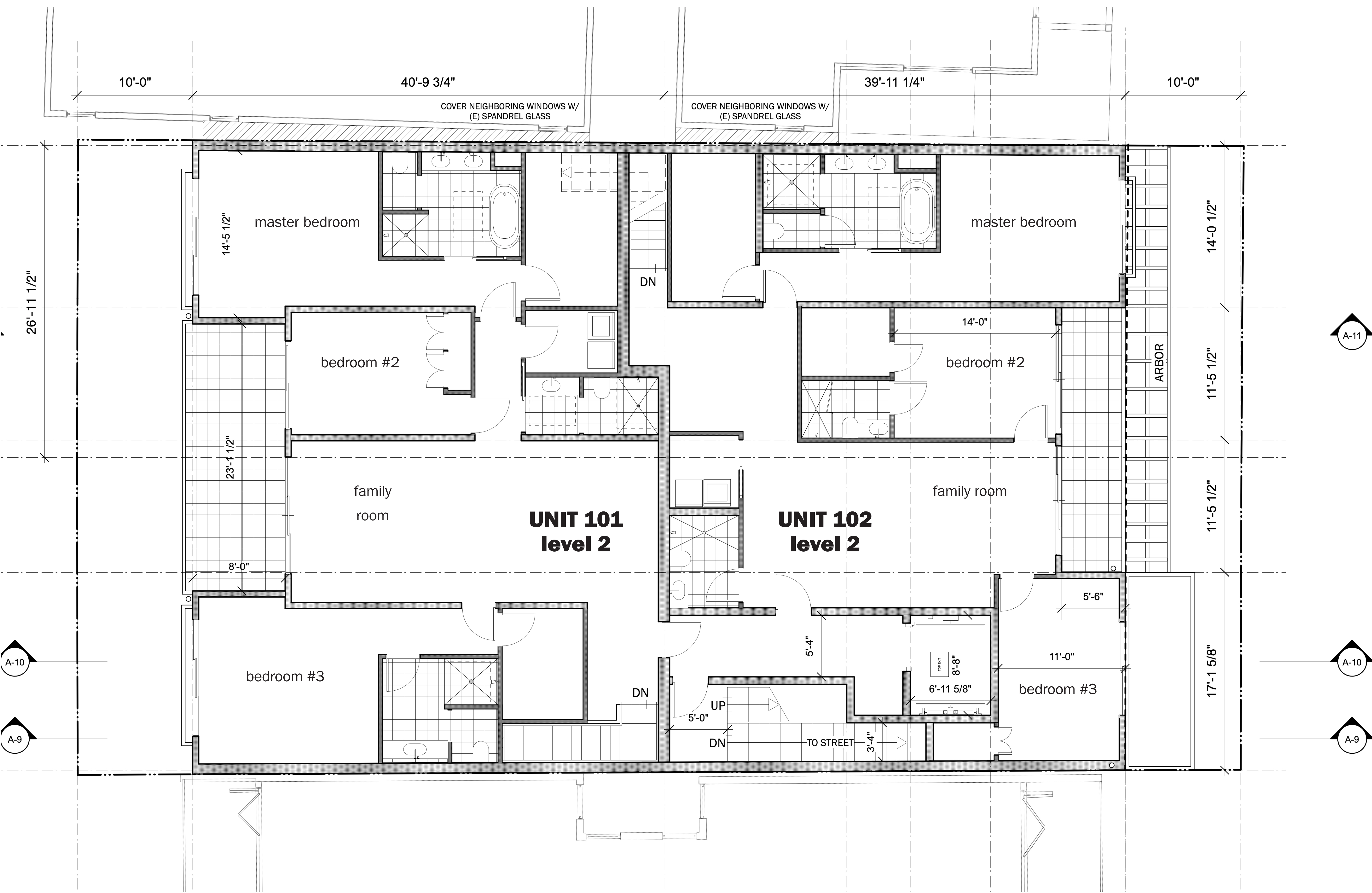


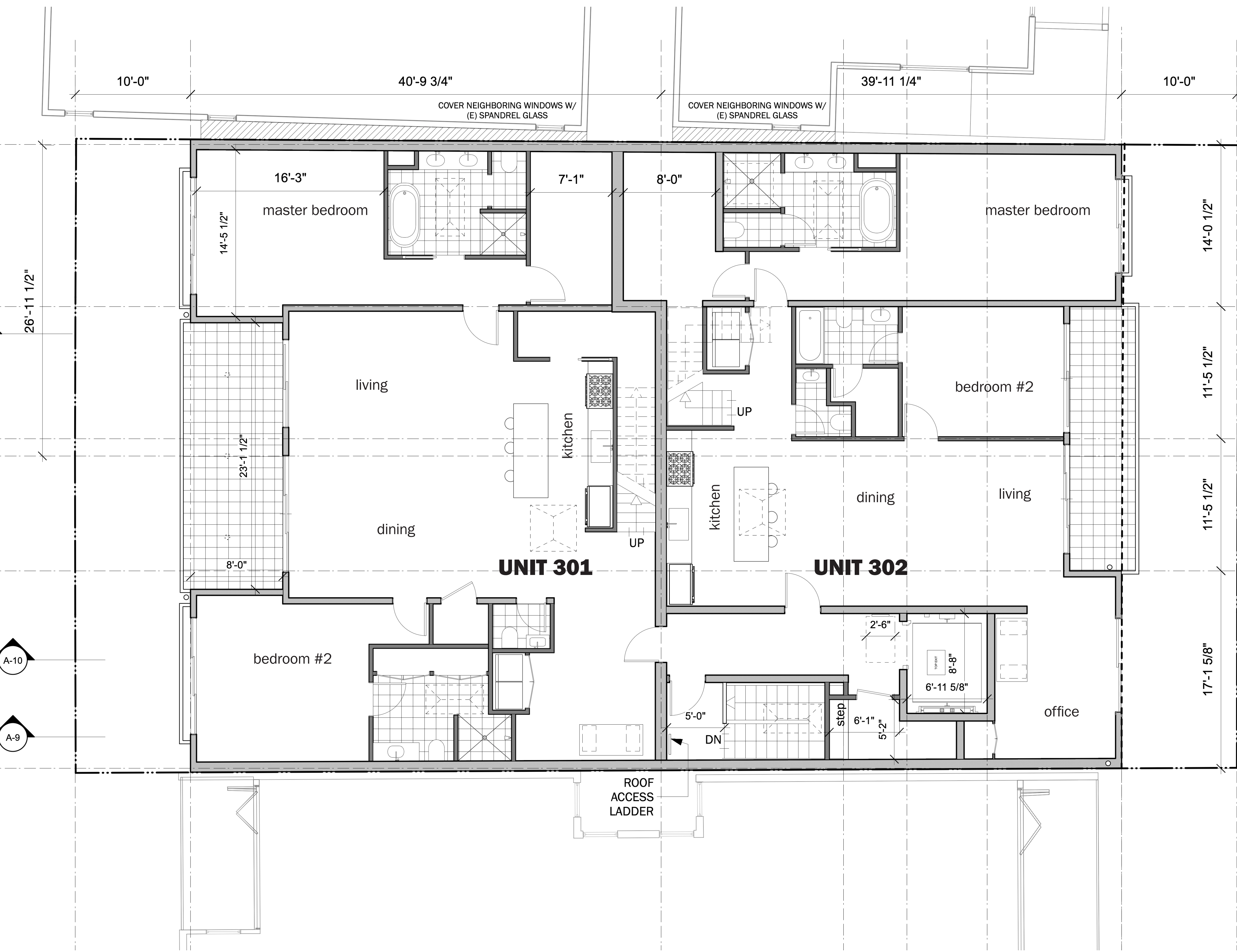


GROSS FLOOR AREAS UNIT 101			
Zone	Level 1	Level 2	Total
Interior	1,384 sf	1,905	3,289 sf*
Covered Deck	89 sf	200 sf	289 sf
Open Deck (rear yard setback)	270 sf		270 sf
TOTAL GROSS RESIDENTIAL AREA			3,848 sf

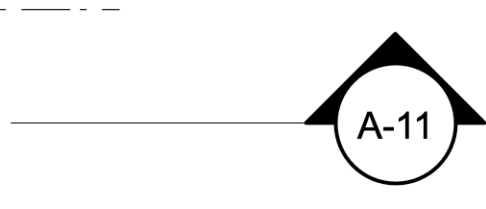
GROSS FLOOR AREAS UNIT 102			
Zone	Level 1	Level 2	Total
Interior	1,394 sf	1,695	3,089 sf*
Covered Deck	89 sf	130 sf	219 sf
Open Deck (rear yard setback)	270 sf		270 sf
TOTAL GROSS RESIDENTIAL AREA			3,578 sf



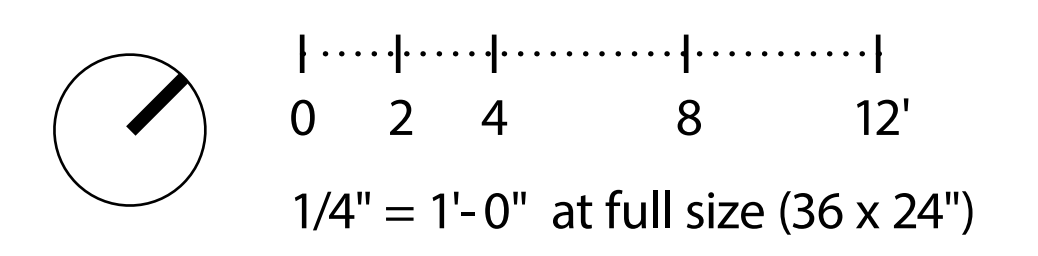
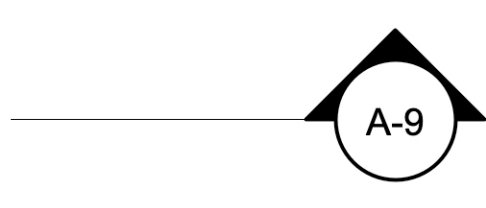
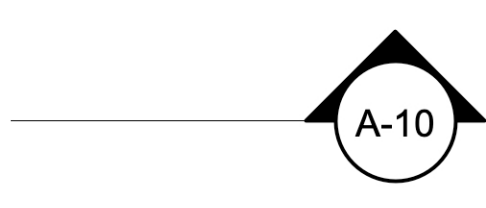


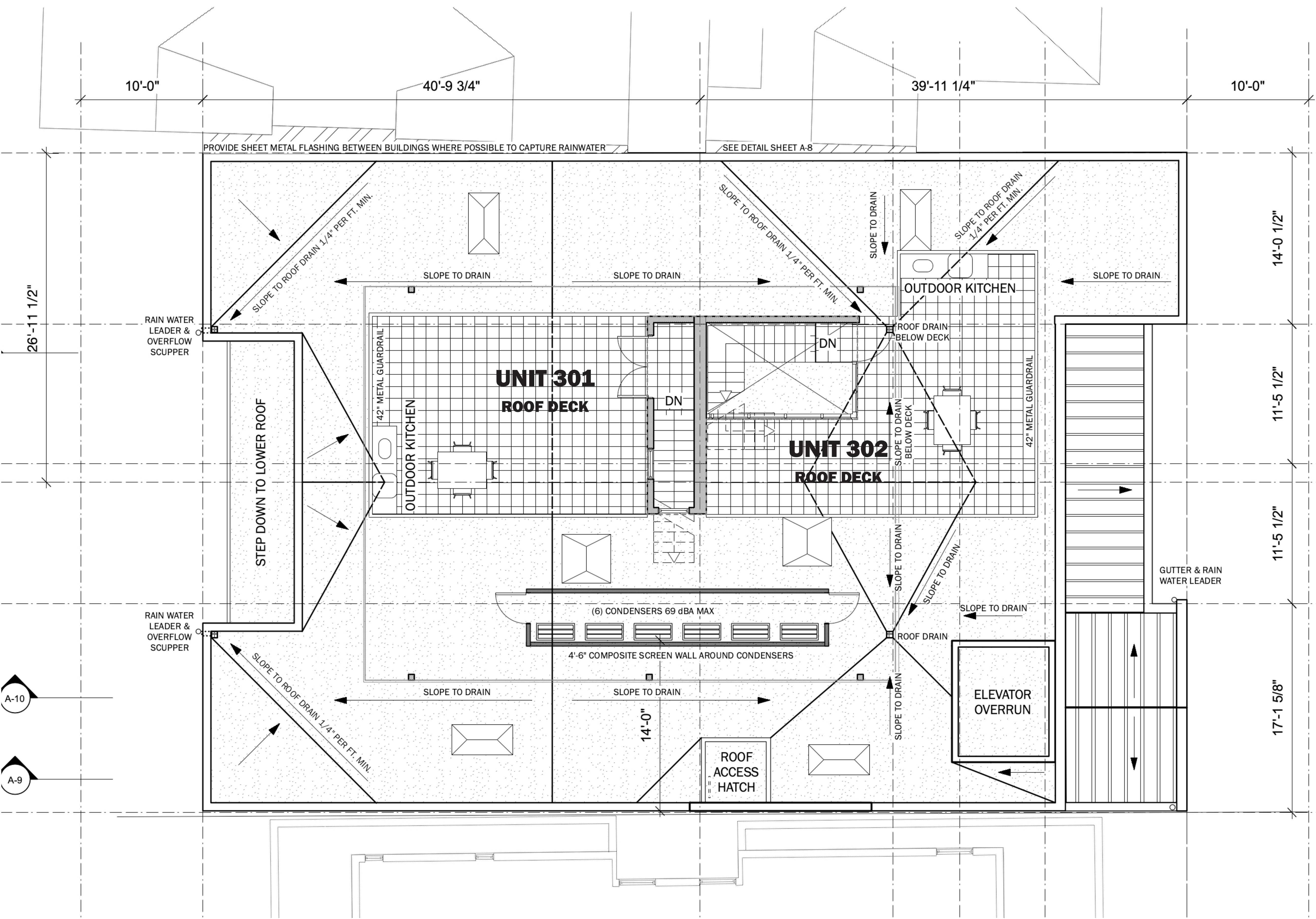


GROSS FLOOR AREAS UNIT 301			
Zone	Level 3	Roof	Total
Interior	2,048 sf		1,985 sf
Deck w/ trellis Lvl 3	200 sf		200 sf
Deck		366 sf	366 sf
TOTAL GROSS RESIDENTIAL AREA			2,551 sf

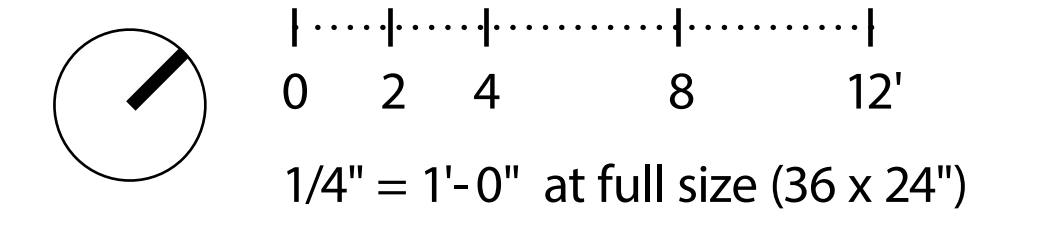


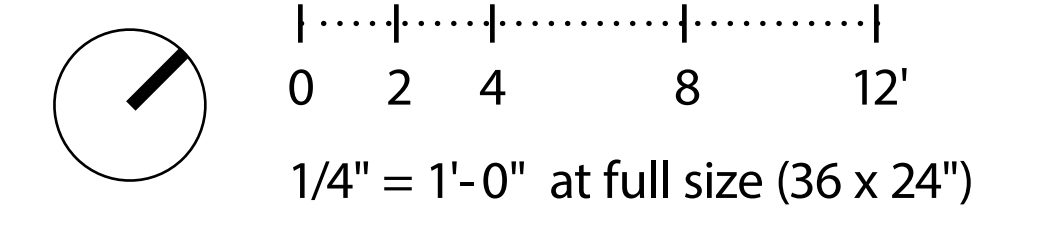
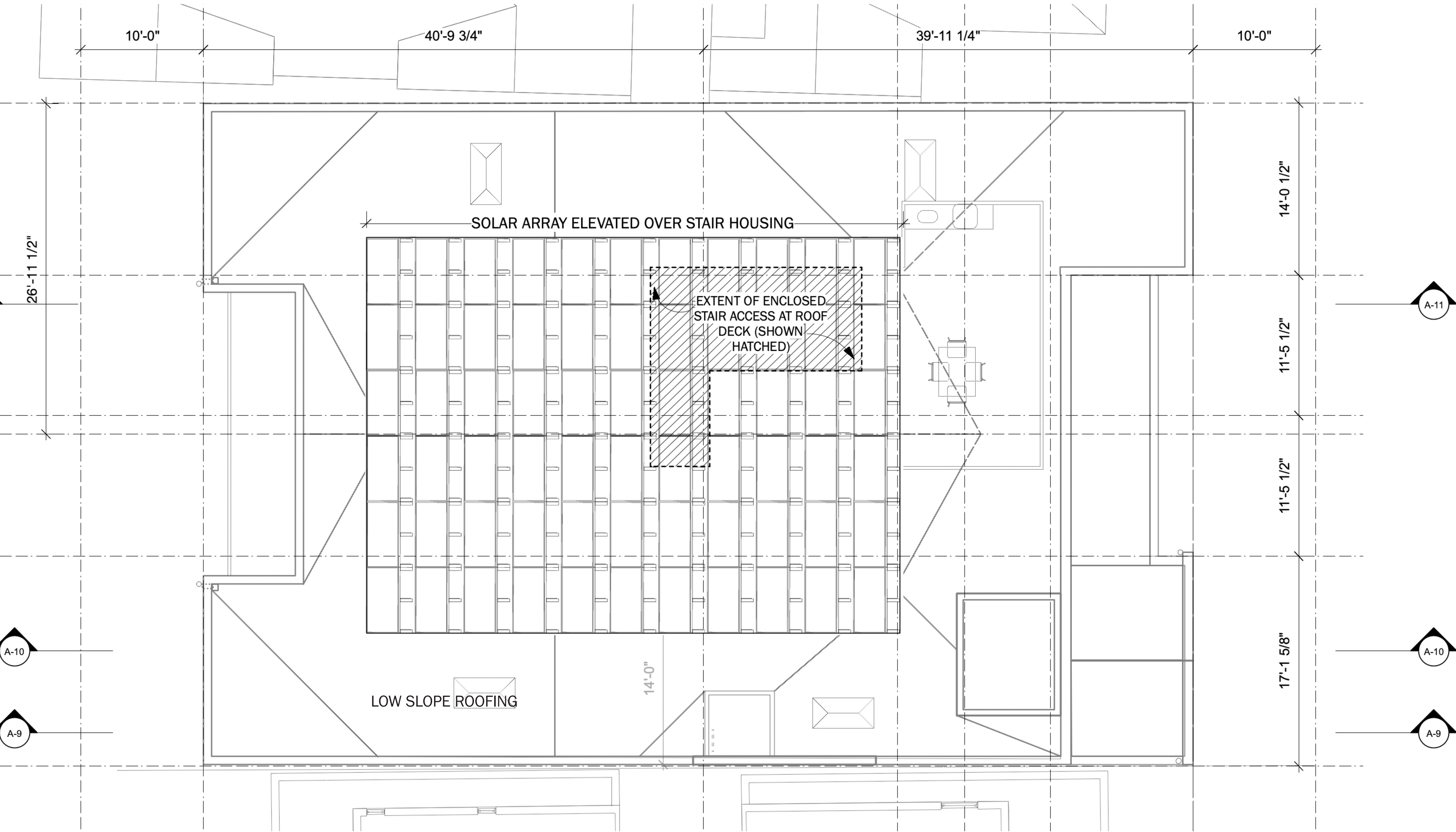
GROSS FLOOR AREAS UNIT 302			
Zone	Level 3	Roof	Total
Interior	1,681 sf		1,743 sf
Deck w/ trellis Lvl 3	133 sf		133 sf
Deck		389 sf	389 sf
TOTAL GROSS RESIDENTIAL AREA			2,236 sf





ROOF AREAS		
	Area	% OF TOTAL
Total Roof Area	4,246 sf	-
Stairwell and Elevator	263 sf	7%
Elevated Solar Panels	613 sf	14%

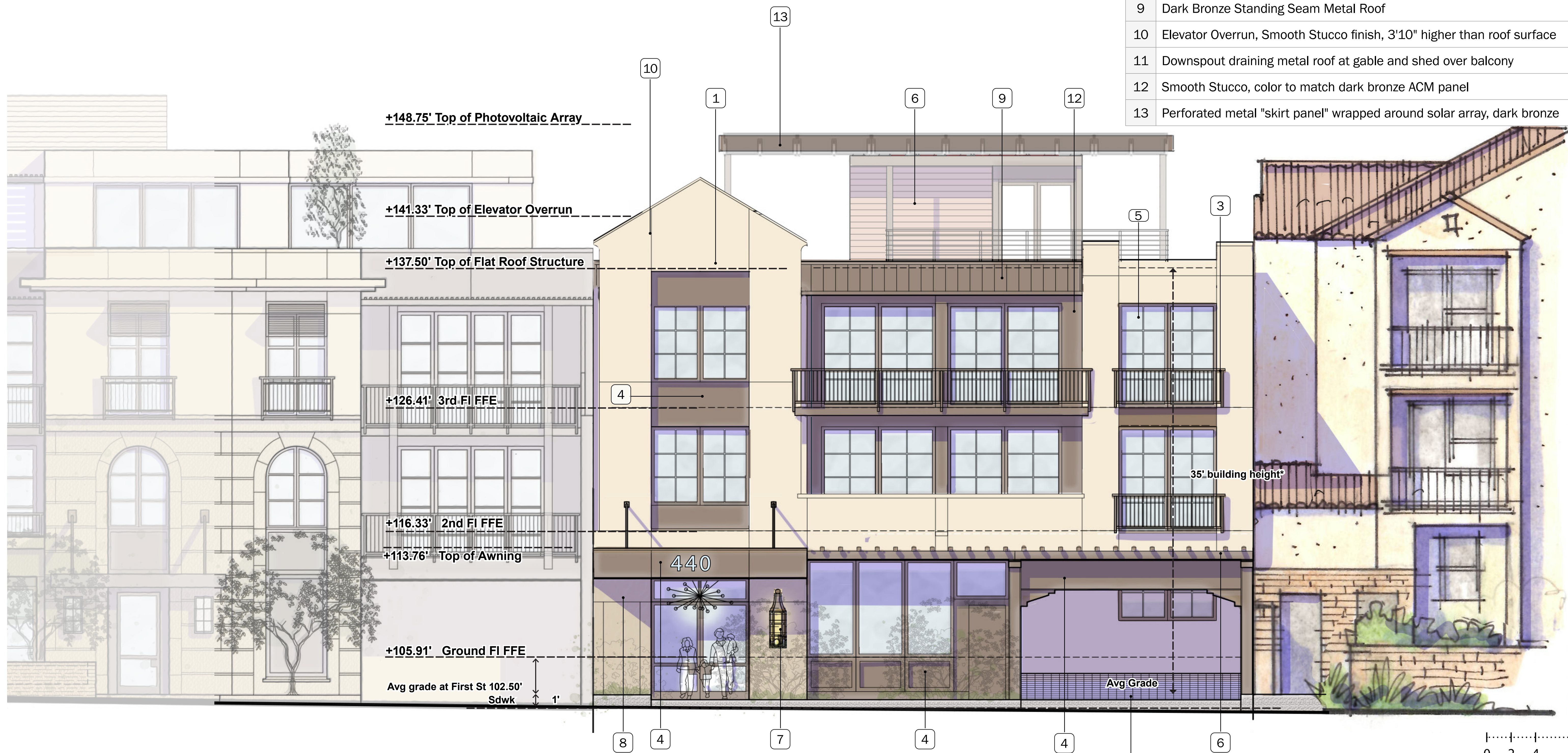




* Building height measured from average grade along all four property lines to top of roof structure

MATERIALS LEGEND

#	Material/Color
1	Smooth Stucco - BM Evening White' Color (or TBD)
2	Steel roll up security gate at bottom of ramp - See Bldg Section A11
3	Dark Bronze Metal Finish Metal Railing
4	Dark Bronze 'Aluminum Composite Material' (ACM) panels
5	Aluminum Windows and Doors
6	Composite Wood Stair Enclosure at Roof
7	Exterior Decorative Light Fixture
8	Quartz Stone Veneer
9	Dark Bronze Standing Seam Metal Roof
10	Elevator Overrun, Smooth Stucco finish, 3'10" higher than roof surface
11	Downspout draining metal roof at gable and shed over balcony
12	Smooth Stucco, color to match dark bronze ACM panel
13	Perforated metal "skirt panel" wrapped around solar array, dark bronze



Elevation Facing First St - East

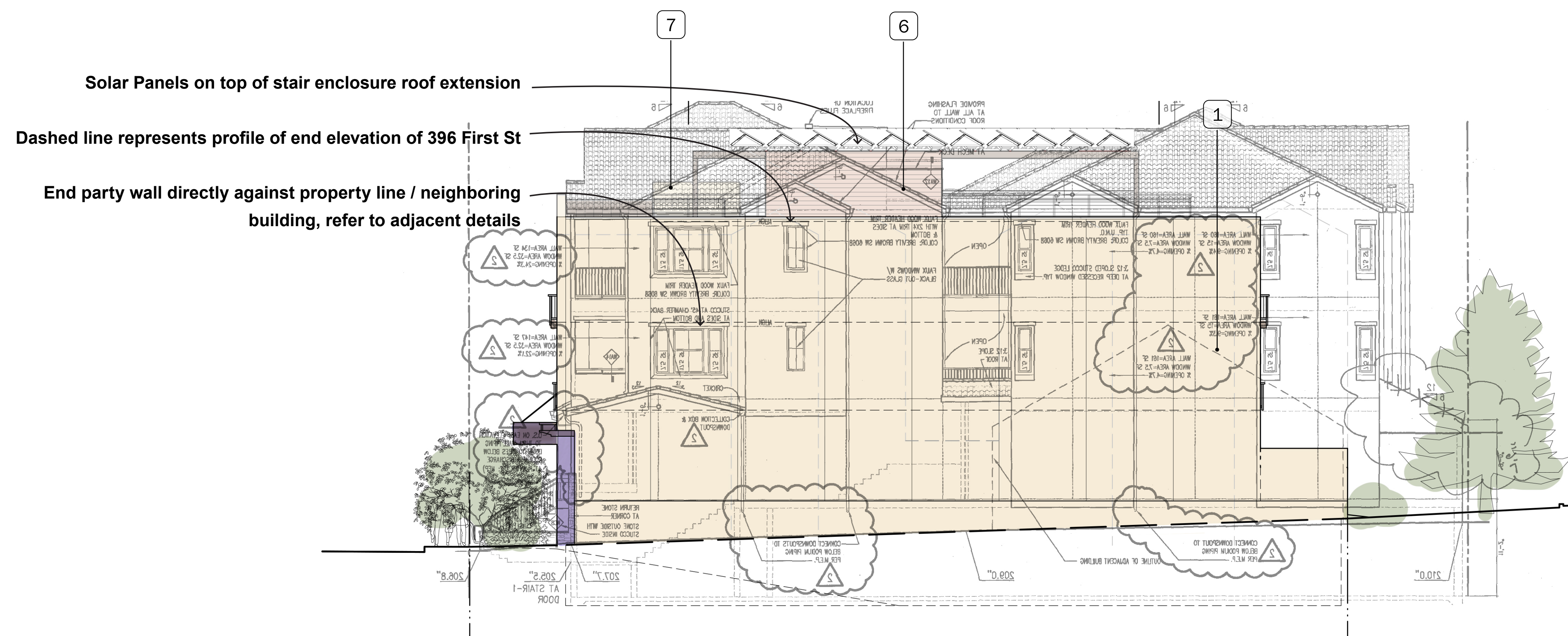
440 FIRST ST
Los Altos, California

MATERIALS LEGEND

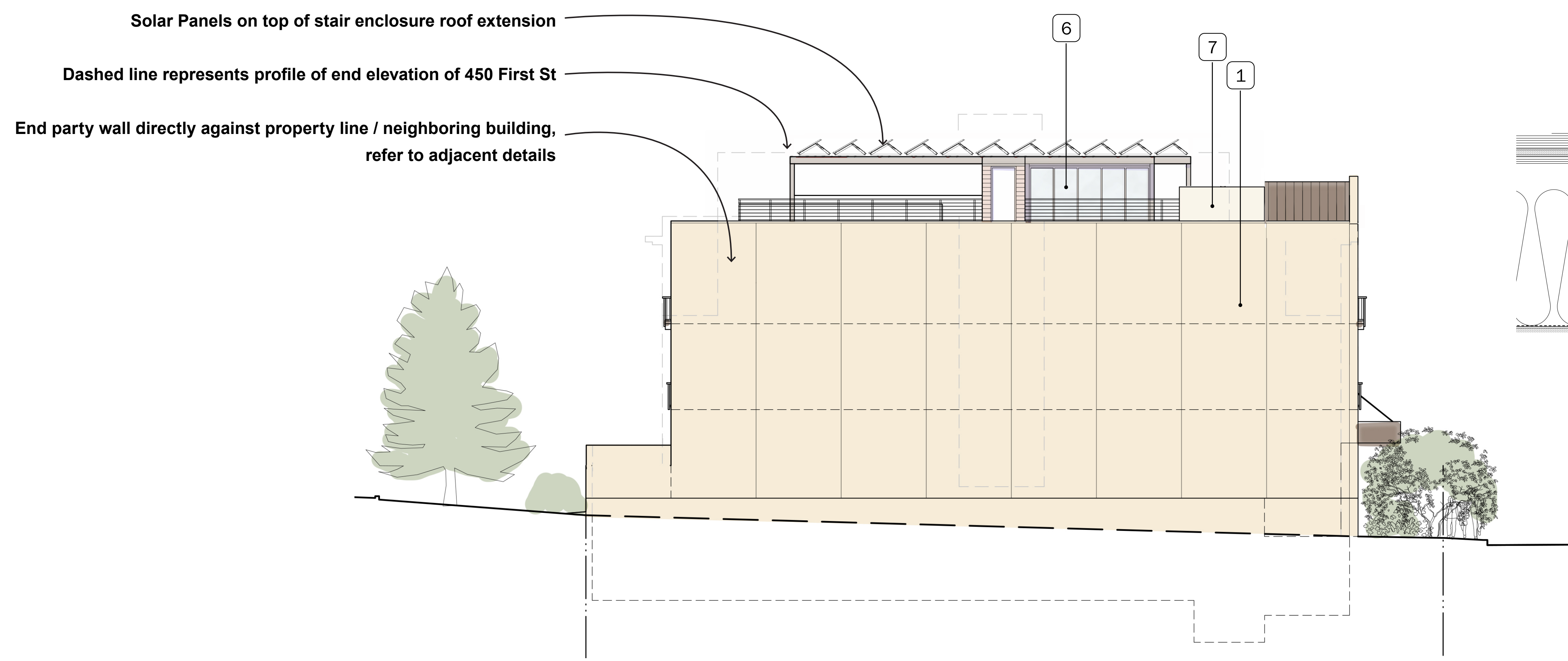
#	Material/Color
1	Smooth Stucco - BM Evening White' Color w/ 3/4" wide expansion joints as seen on elevation
2	Dark Bronze Metal Finish Awning and Trellis
3	Dark Bronze Metal Finish Metal Railing
4	Lower roof with painted finish on fascia to match dark bronze ACM panel
5	Aluminum Windows and Doors
6	Composite Wood Stair Enclosure at Roof
7	Elevator Overrun, Smooth Stucco finish, 3'10" higher than roof surface
8	3" recessed panels in stucco 'Sound Wall' with decorative wood lattice - wall bays to match building behind
9	Smooth Stucco, color to match dark bronze ACM panel
10	Perforated metal "skirt panel" wrapped around solar array, dark bronze



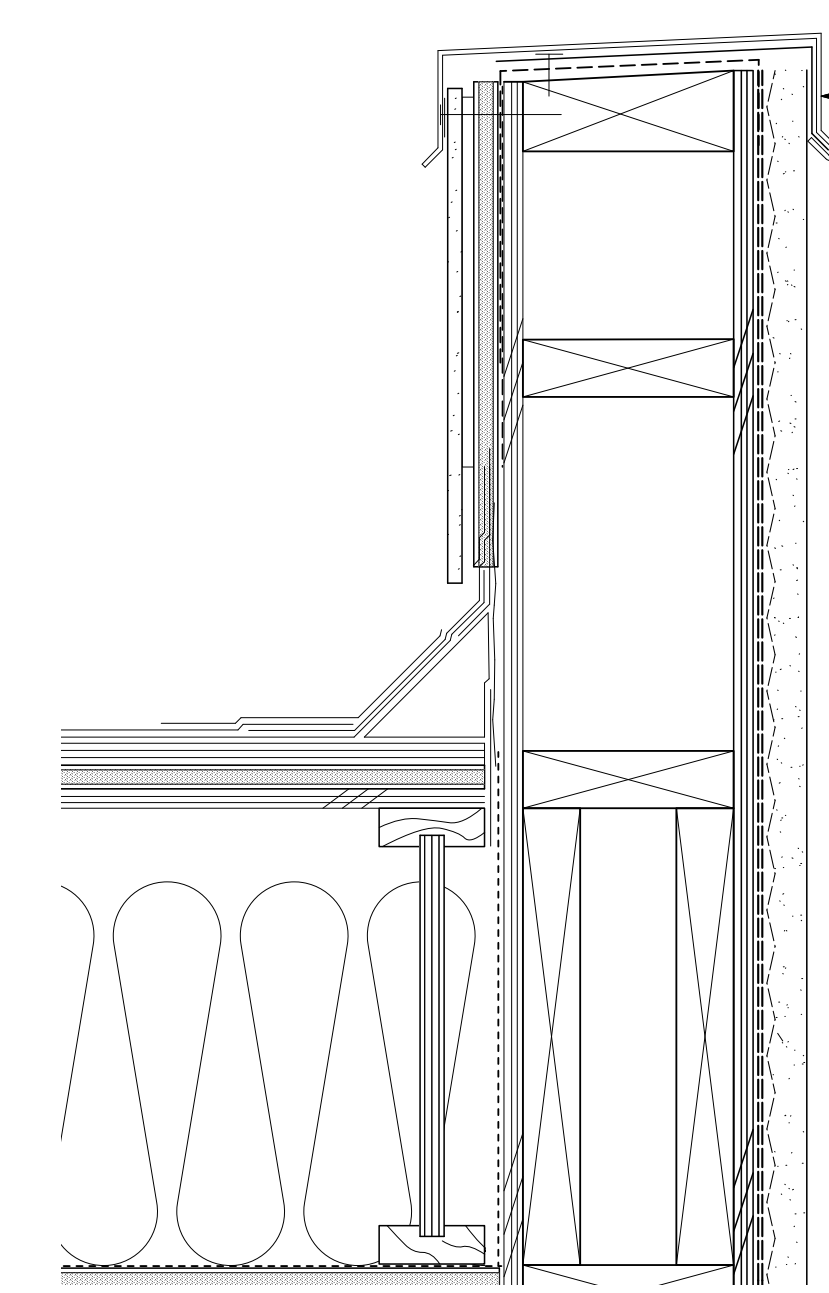
MATERIALS LEGEND	
#	Material/Color
1	Smooth Stucco - BM Evening White' Color w/ 3/4" wide expansion joints as seen on elevation
2	Dark Bronze Metal Finish Awning and Trellis
3	Dark Bronze Metal Finish Metal Railing
4	Dark Bronze 'Aluminum Composite Material' (ACM) panels
5	Aluminum Windows and Doors
6	Tongue and Groove Composite Wood Stair Enclosure at Roof
7	Elevator Overrun, Smooth Stucco finish, 3'10" higher than roof surface



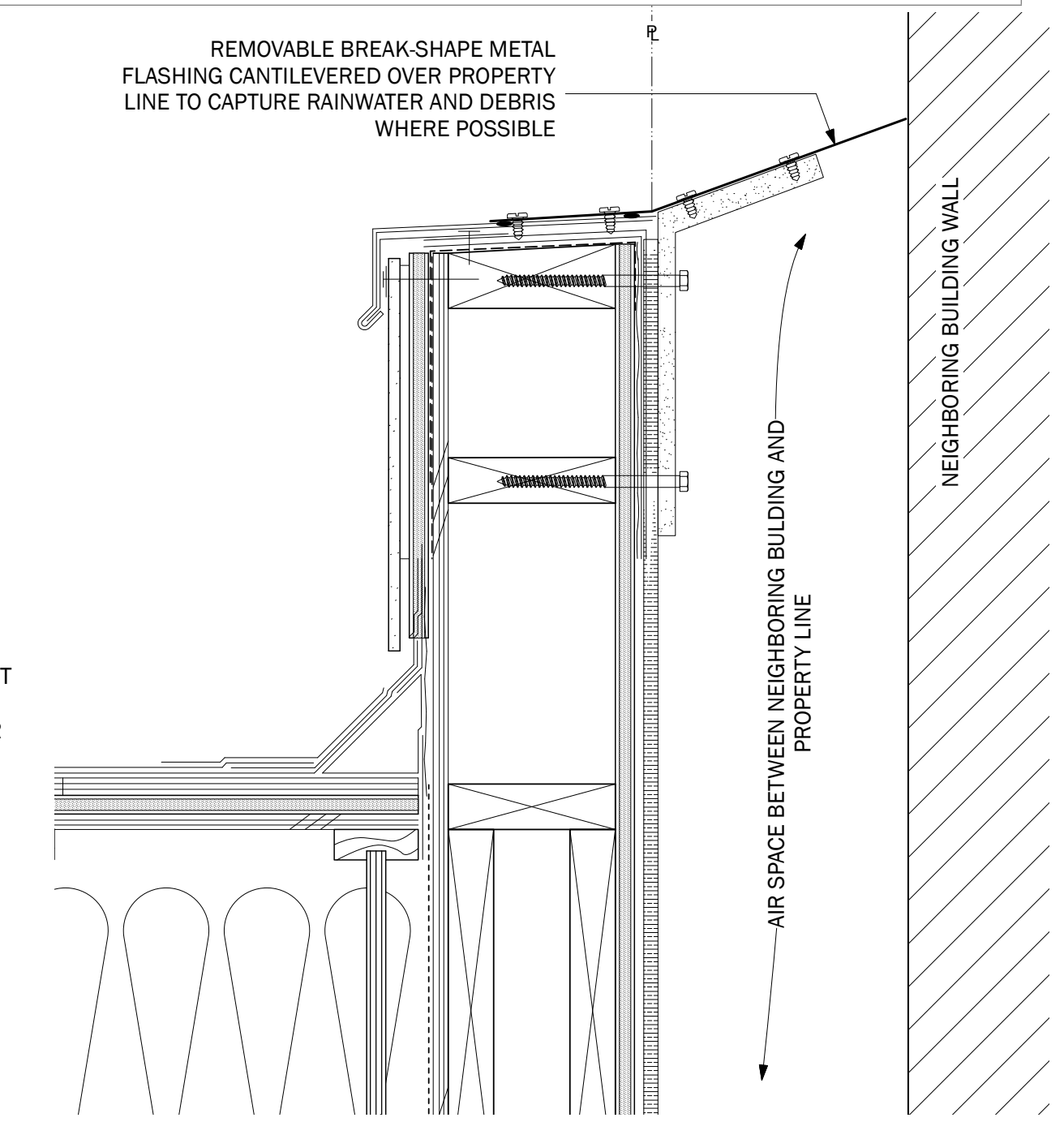
Elevation Facing North (396 party wall)



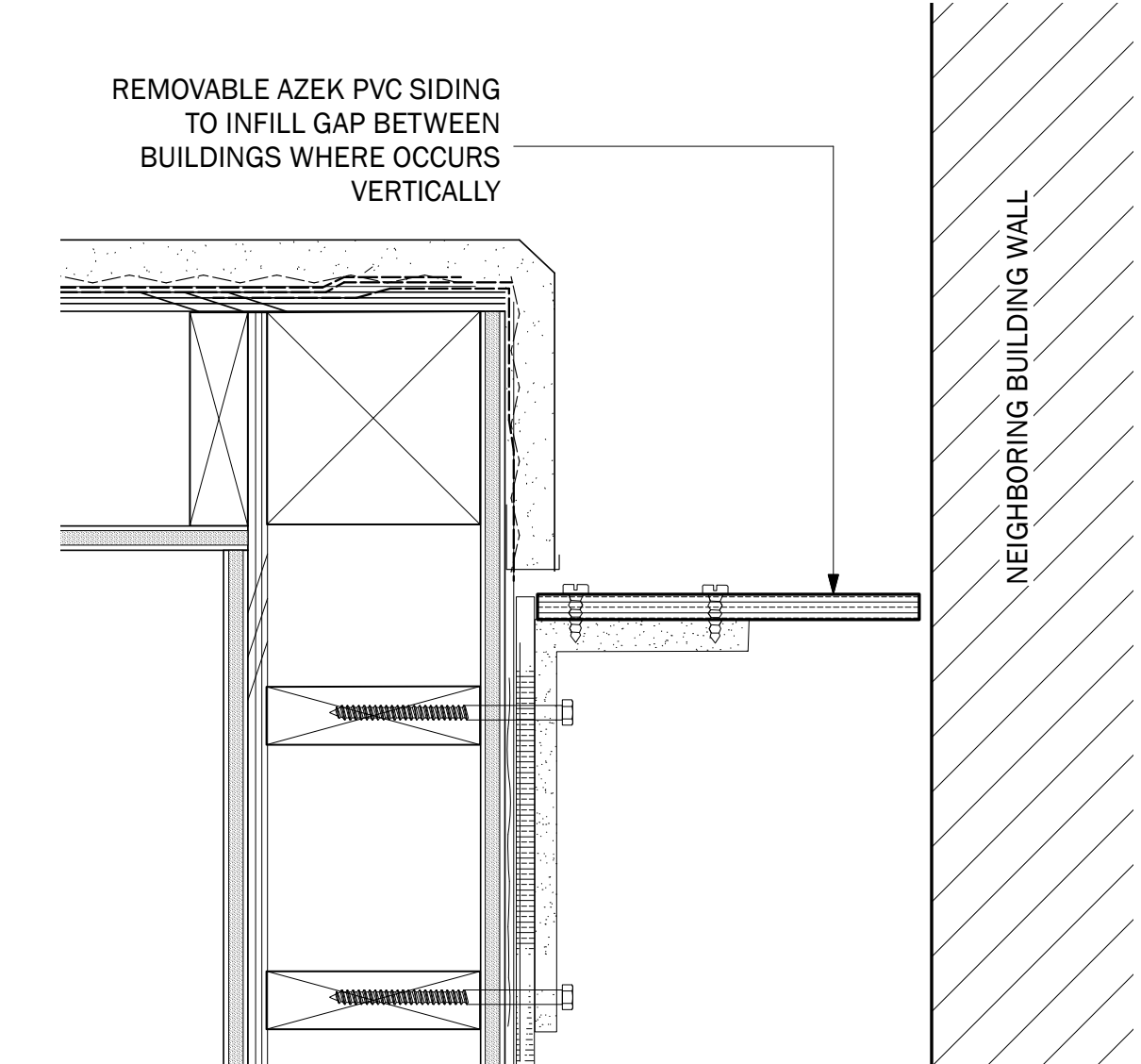
Elevation Facing South (450 Party Wall)



PARAPET CAP

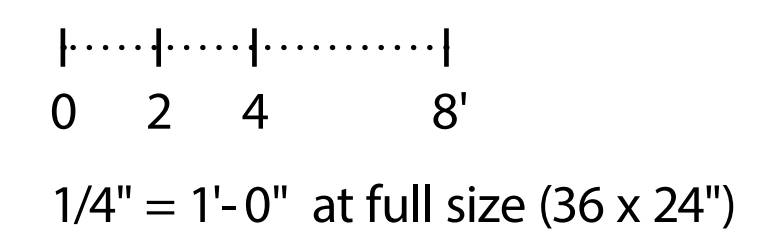
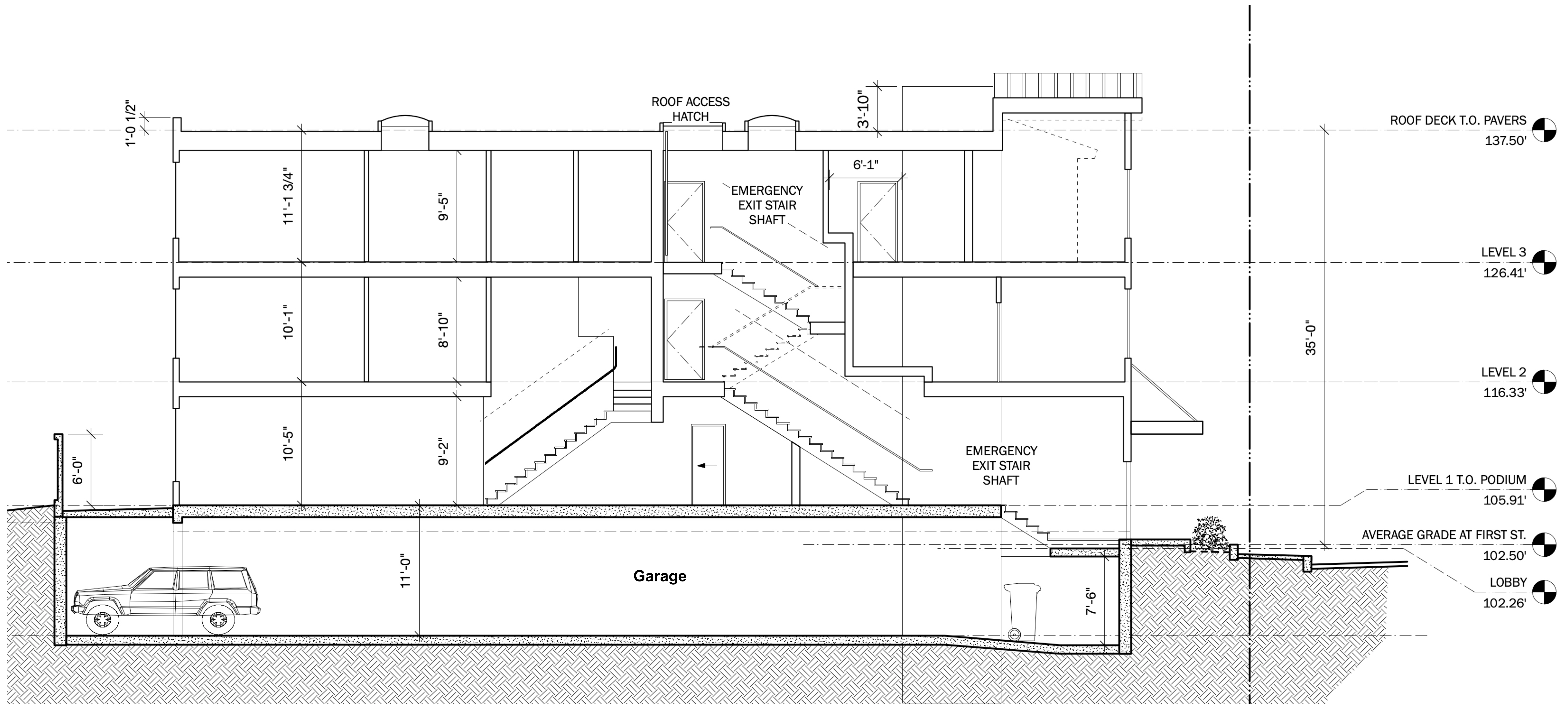


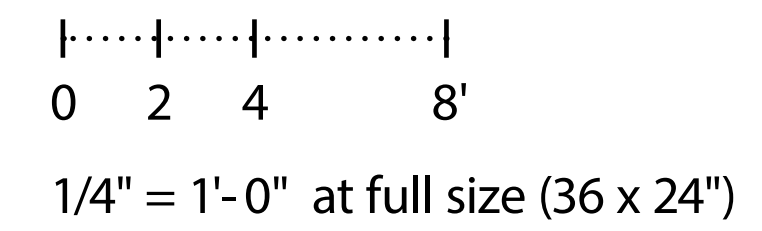
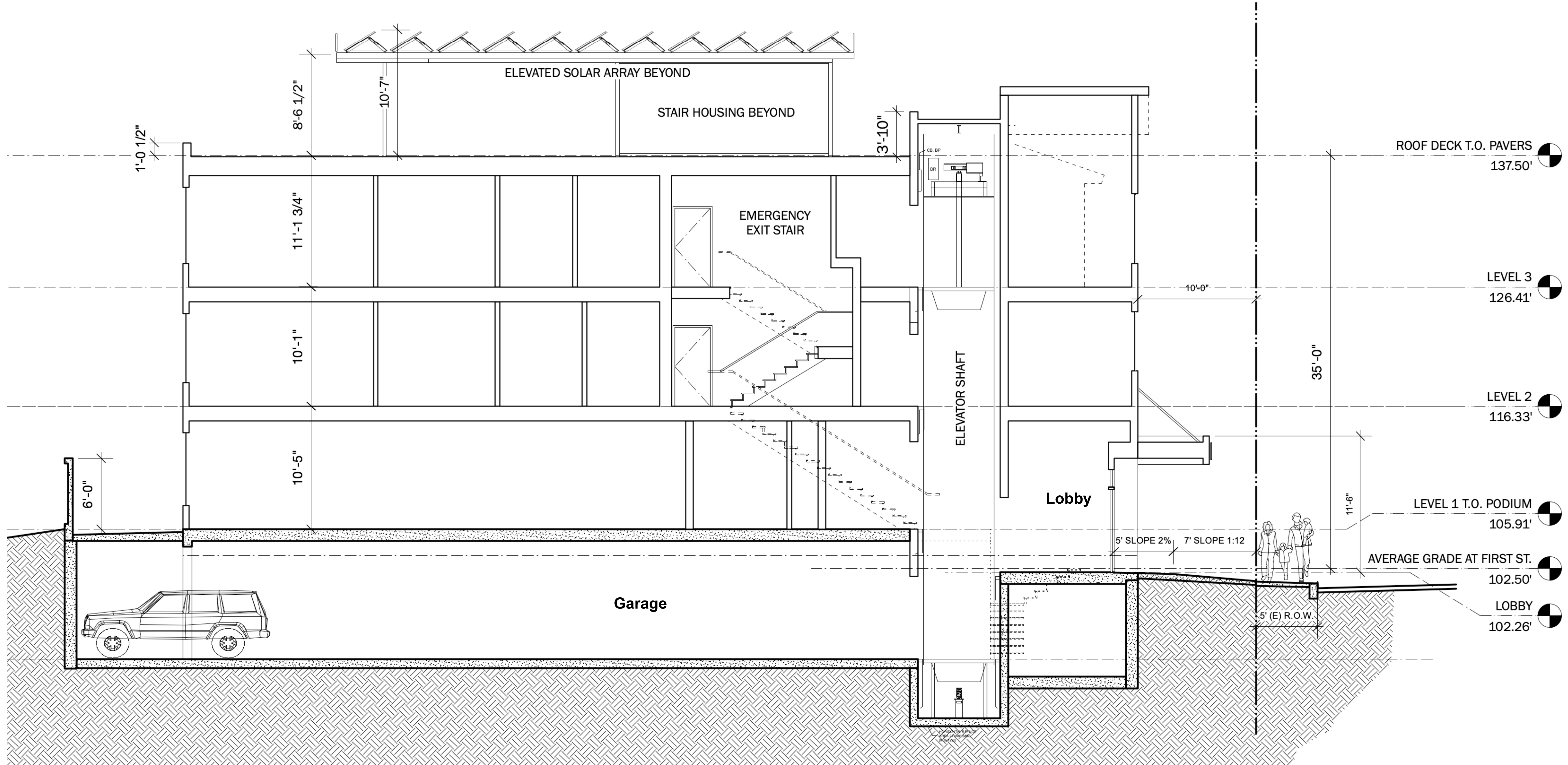
PARAPET SECTION AT BLIND WALL

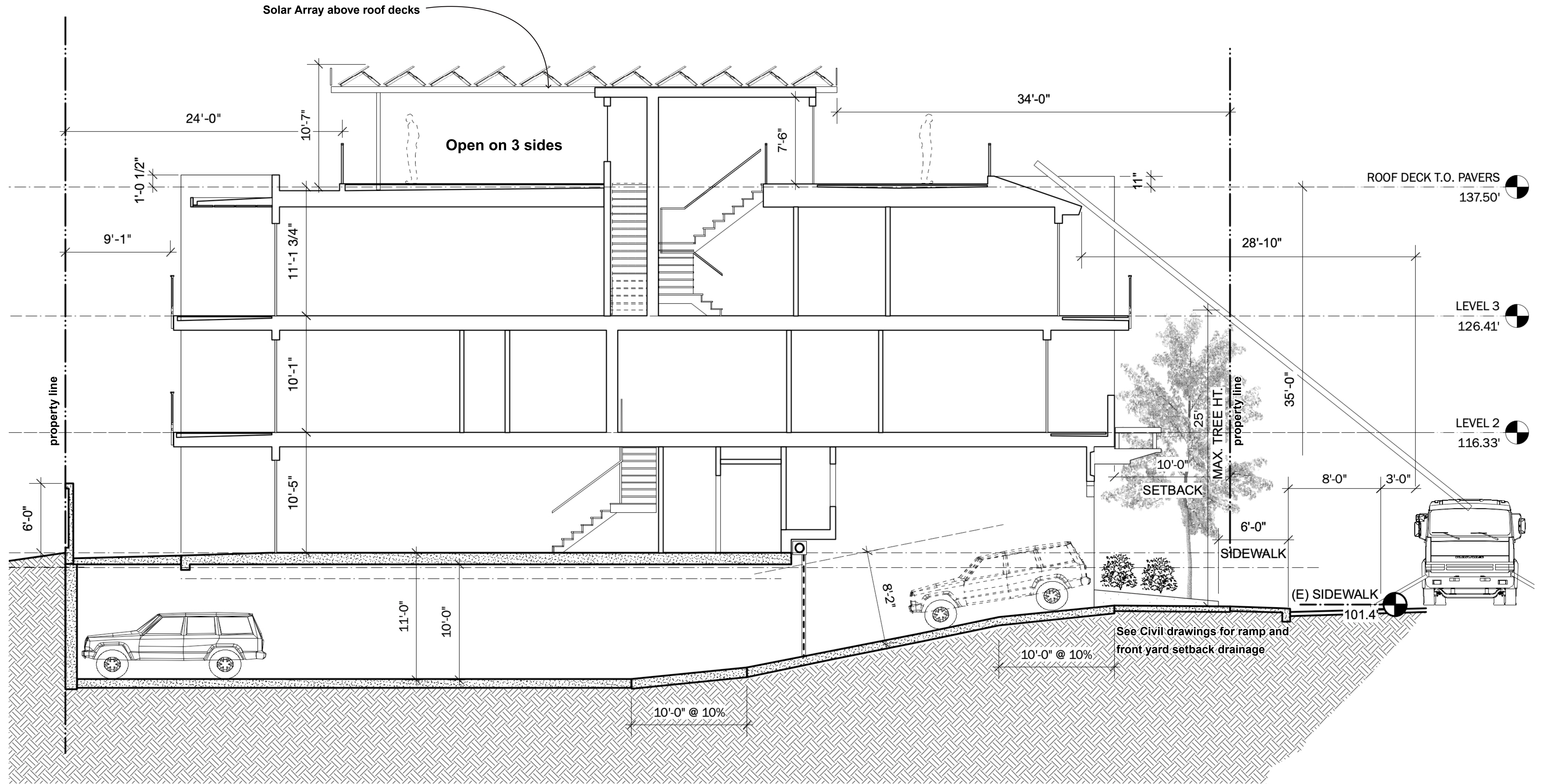


PLAN/SECTION AT BLIND WALL

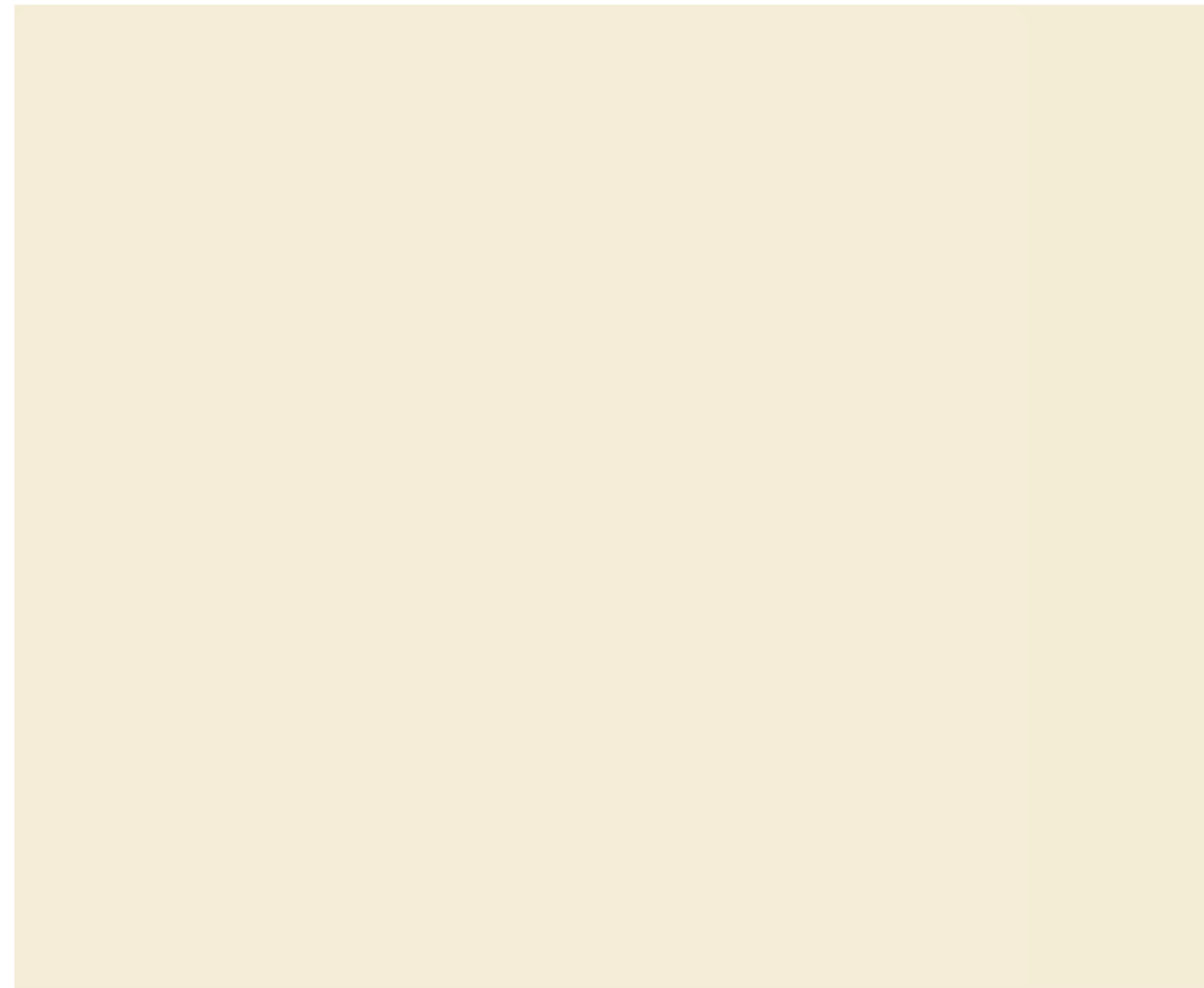
0 4 8 16'
1/8" = 1'-0" at full size (36 x 24")







0 2 4 8'
 1/4" = 1'-0" at full size (36 x 24")



Stucco Color BM 'Evening White' or similar



Composite Wood Siding - Rooftop stair enclosure



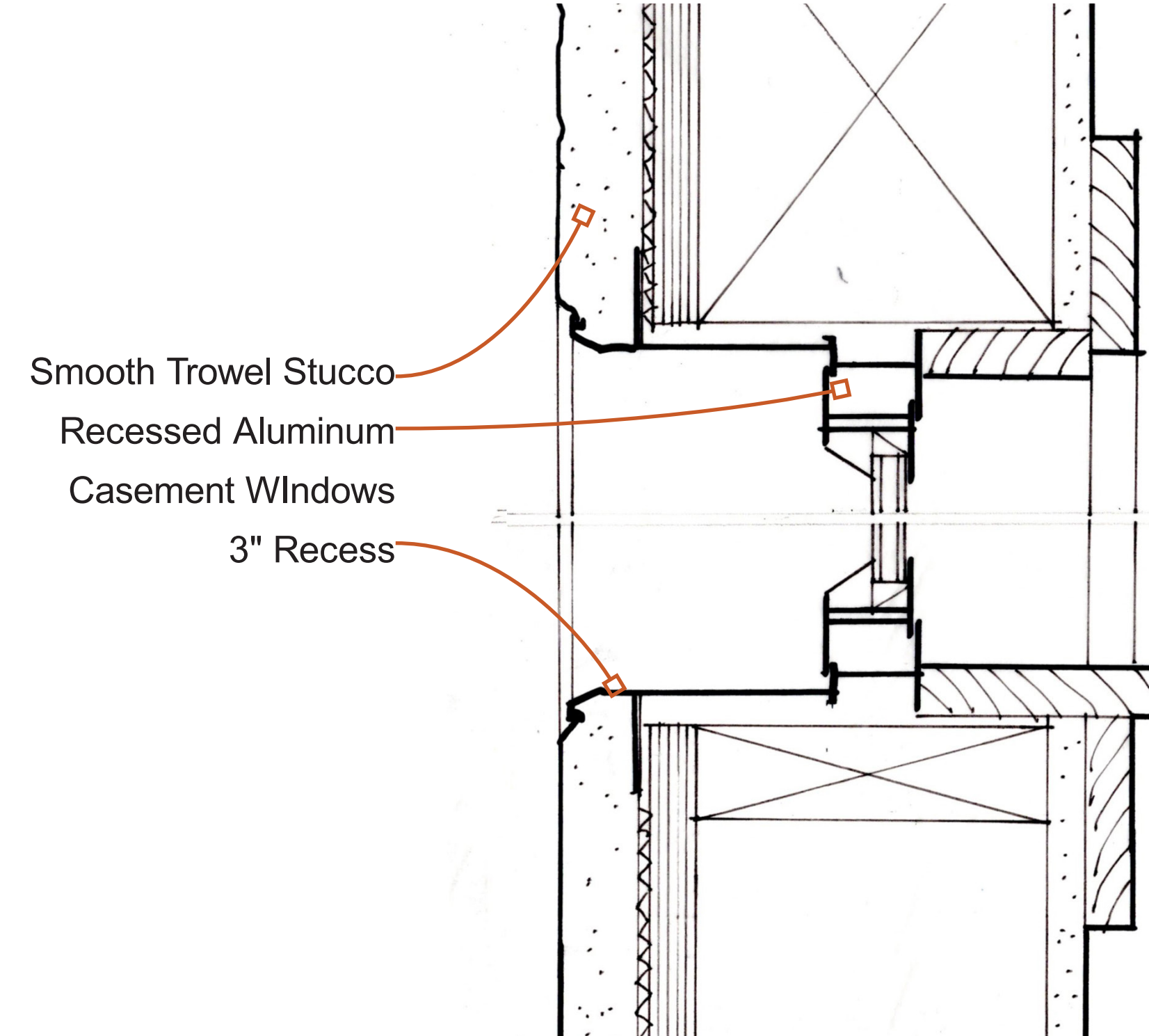
Quartz Stone Veneer at Entry



ACM panel (awning, spandrel, etc) 'Black Iron' or similar



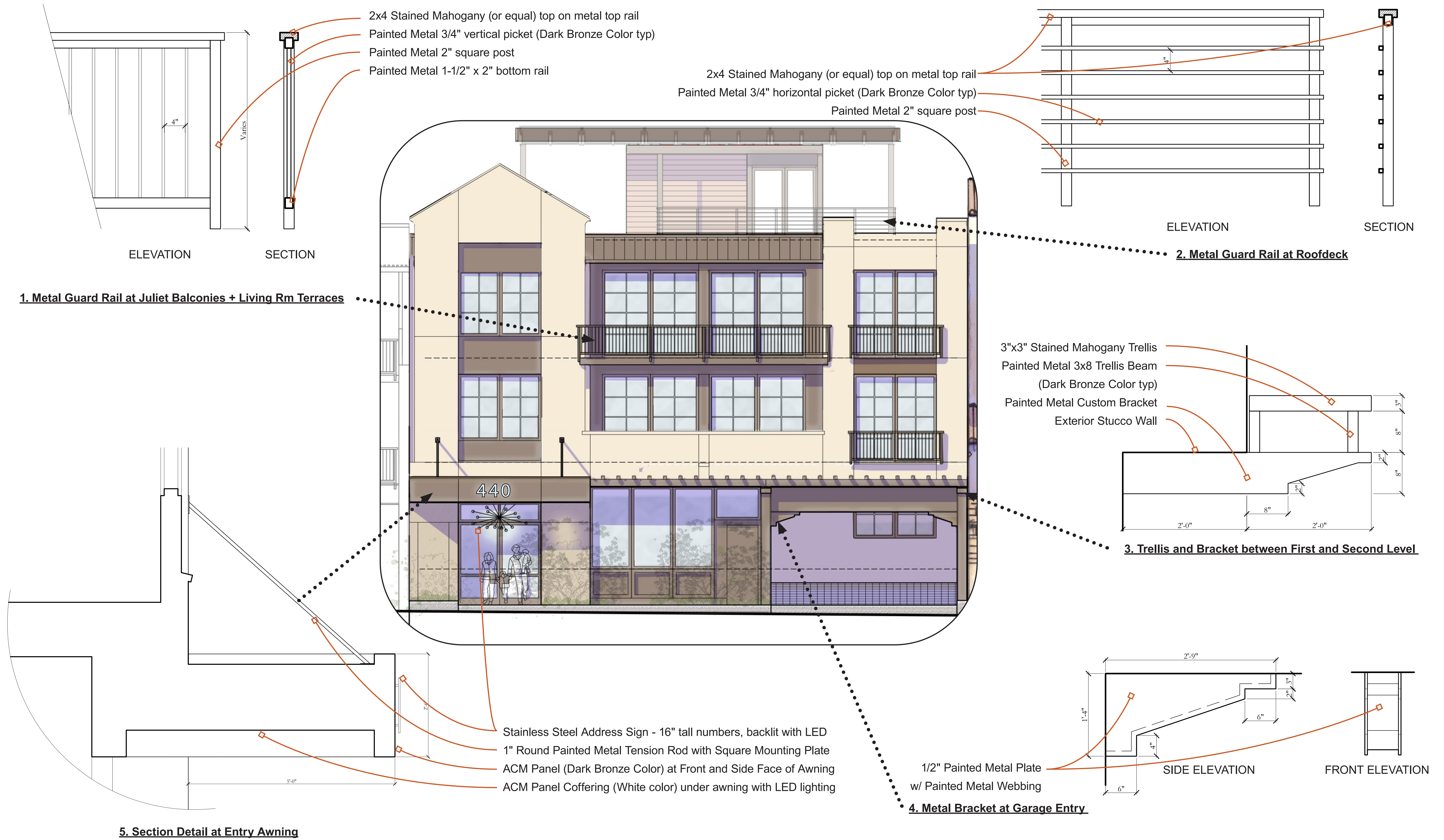
Aluminum 'ACM' Panel - Dark Bronze, Black Iron or Similar Finish



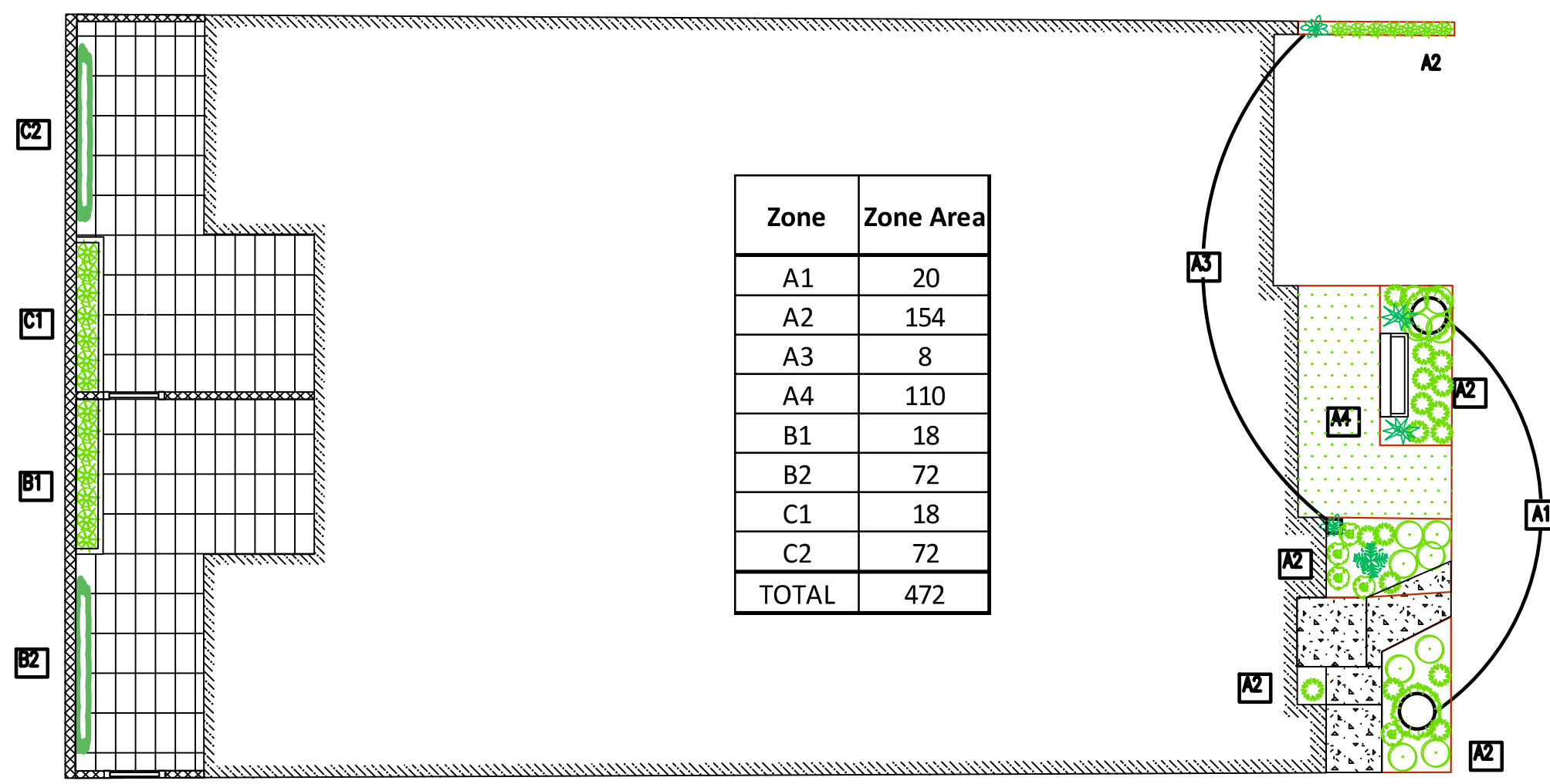
Typical Window Section Detail - 'All Weather' or equivalent aluminum window system



Metal Standing Seam Roof - Dark Bronze Finish

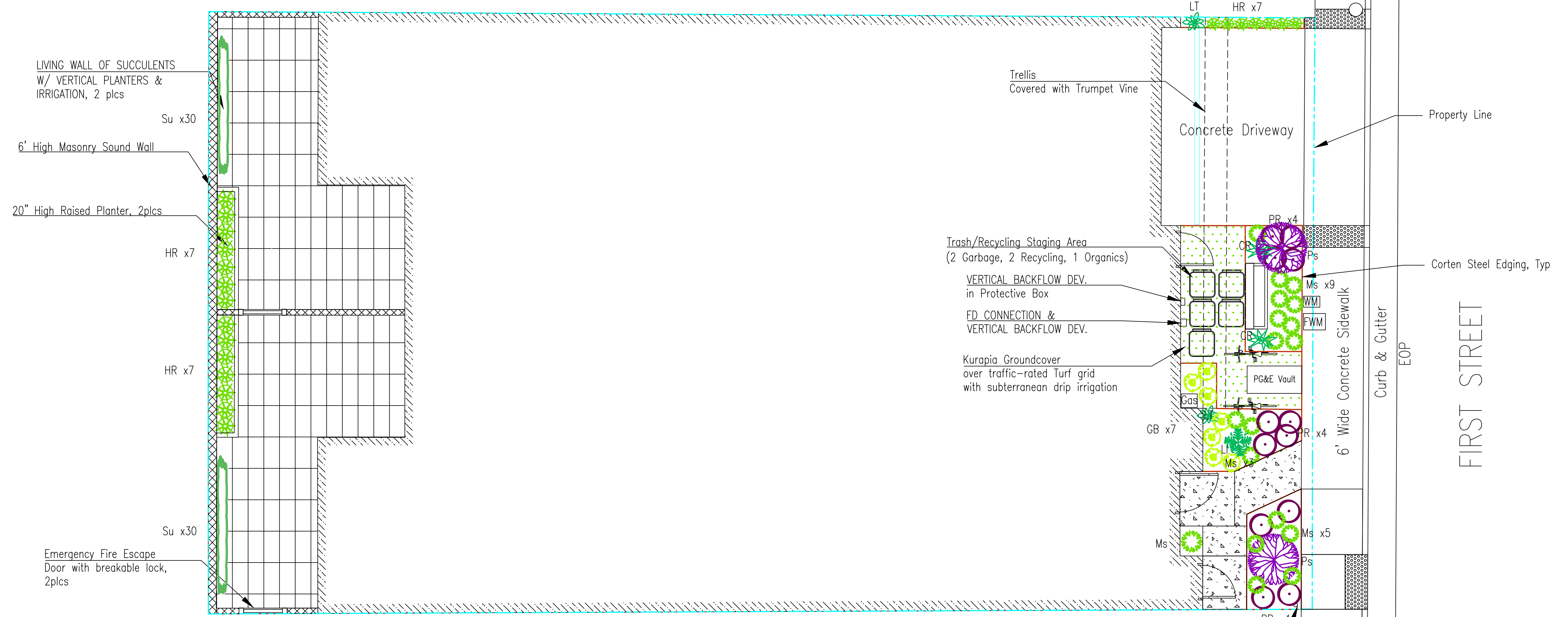


1 2 3 4 5



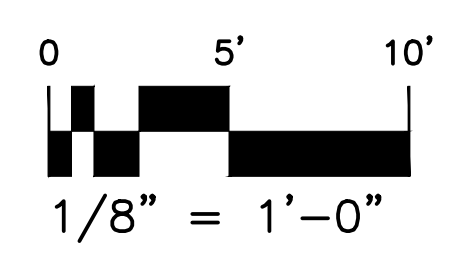
HYDROZONE MAP

Symbol	Qty	Botanical Name	Common Name	Size	Mature HxW	WUCOLS Water Needs	Irrigation Type	Zone #
Ps	2	Prunus serrulata 'Kwanzan'	Kwanzan Cherry	24"	25'x15'	Moderate	Drip	A1
HR	21	Equisetum hyemale	Horsetail Reed	2 gal	4'x4'	Low-Moderate	Drip	B1, C1
PR	12	Phormium 'Amazing Red'	Phormium	5 gal	3'x3'	Low	Drip	A2
Ms	18	Miscanthus sienensis 'Morning Light'	Varigated Maiden Grass	2 gal	3'x3'	Low	Drip	A2
GB	7	Coleonema pulchellum 'Sunset Gold'	Golden Breath of Heaven	5 gal	4'x3'	Low	Drip	A2
PY	4	Phormium 'YelloW Wave'	Yellow Wave Flax	5 gal	3'x3'	Low	Drip	A2
LI	5	Leonotis leonurus	Lion's Tail	5 gal	4'x3'	Low	Drip	A2
CR	2	Chondropetalum tectorum	Cape Rush	5 gal	4'x3'	Low	Drip	A2
LT	2	Clytostoma callistegioides	Lavender Trumpet Vine	5 gal	15'x2'	Low-Moderate	Drip	A3
Su	60	Various	Succulents	4"	2'x2'	Low	Drip	B2, C2
Kr	72	Lippia nodiflora L. 'Kurapia'	Kurapia	2" plugs	2" x 3"	Low	Drip	A4



Required Rear Yard Area: 501 sf
 Rear Softscape Area: 154 sf incl. Living Walls
 % Softscape Area: 31%

Required Front Yard Area: 486 sf
 Front Softscape Area: 289.5 sf
 % Softscape Area: 59.6%



440 1st Street
 Los Altos, CA 04022

OWNER

MARK	DATE	DESCRIPTION
12/29/21	PC Hearing Comments	

PROJECT NO: -----
 CAD DWG FILE: L1 440 1ST LANDSCAPE PLAN.DWG
 DRAWN BY: AB
 CHK'D BY: -
 COPYRIGHT: GreenTek Homes, Inc.

SHEET TITLE
 440 1ST LANDSCAPE PLAN

1 2 3 4 5



Living Wall of Succulents



Equisetum hyemale



Prunus serrulata 'Kwanzan'



Kurapia



Waterfall



Phormium 'Amazing Red'



Miscanthus sinensis



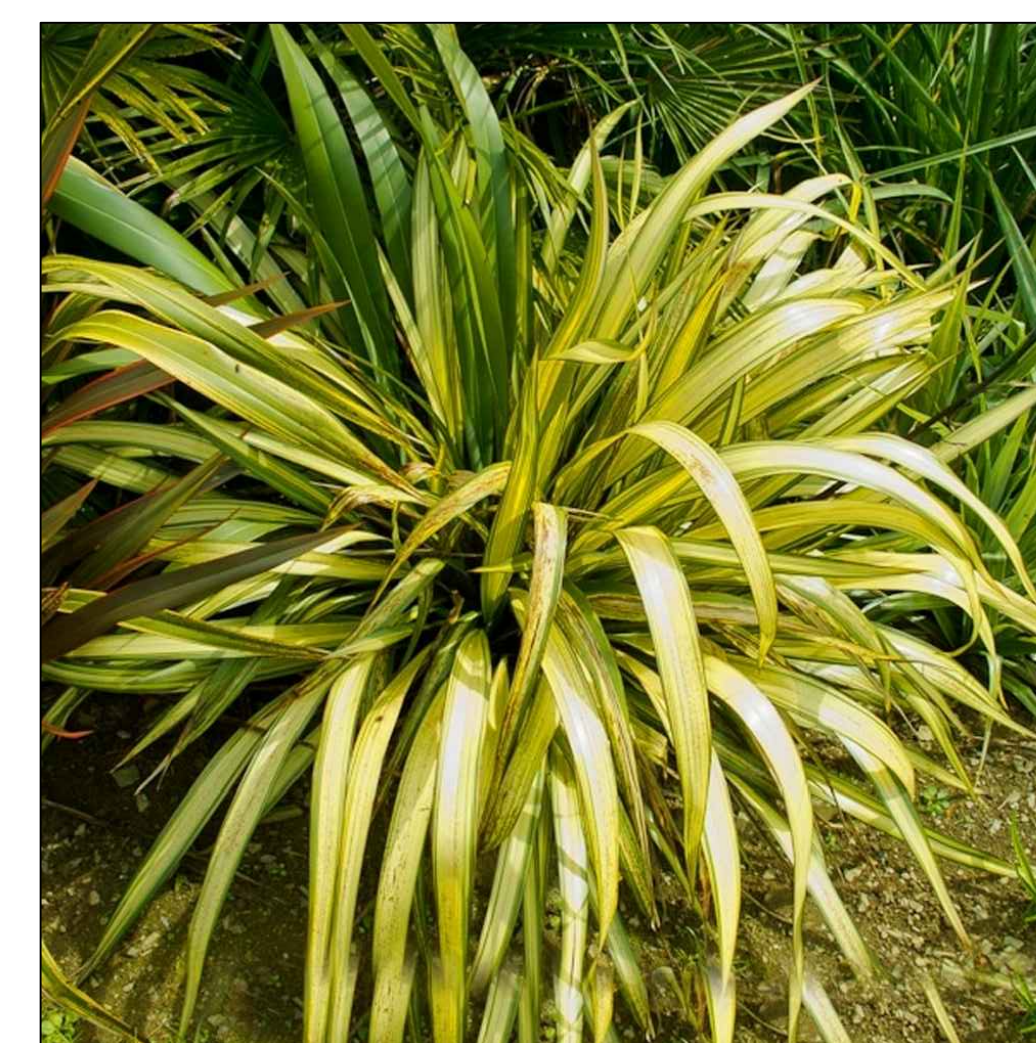
Clytostoma callistegioides



Leonotis leonurus



Coleonema pulchellum



Phormium 'Yellow Wave'



Chondropetalum techorum

650-492-4087
www.GreenTekCo.com
Lic. 936918

440 1st Street
Los Altos, CA 94022

OWNER

MARK	DATE	DESCRIPTION

PROJECT NO: ----
CAD DWG FILE: L2 440 1ST LANDSCAPE PLAN.DWG
DRAWN BY: AB
CHK'D BY: -
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SHEET TITLE
440 1ST LANDSCAPE PLAN

ABBREVIATIONS	
DESCRIPTION	DESCRIPTION
AB	AGGREGATE BASE
AC	ASPHALT CONCRETE
AD	AREA DRAIN
BC	BACK OF CURB
BFL	BACKFLOW PREVENTOR
BW	BOTTOM OF WALL
C&G	CURB AND GUTTER
C/L	CENTERLINE
CLS	CENTERLINE SWALE
CO	CLEANOUT
CP	CONTROL POINT
DWY	DRIVEWAY
DCDA	DOUBLE CHECK DETECTOR ASSEMBLY
DTL	DETAIL
ELCT	ELECTRIC
EP	EDGE OF PAVEMENT ELEVATION
EUC	EUCALYPTUS TREE
(E)EX	EXISTING
FDC	FIRE DEPARTMENT CONNECTION
FF	FINISH FLOOR
FG	FINISH GRADE
FH	FIRE HYDRANT
FL	FLOWLINE
FNC	FENCE
FOC	FACE OF CURB
FS	FIRE SERVICE
GB	GRADE BREAK
GUY	GUY WIRE
HP	HIGH POINT
DIP	DUCTILE IRON PIPE
INV	INVERT
JP	JOINT POLE
JB	JUNCTION BOX (UTILITY)
LIP	LIP OF GUTTER
LND'G	LANDING
LP	LOW POINT
MON	MONUMENT
(N)	NEW
OG	ORIGINAL GROUND
PAE	PUBLIC ACCESS EASEMENT
PB	PULL BOX
PIE	PRIVATE INGRESS EGRESS EASEMENT
P/L	PROPERTY LINE
PP	POWER POLE
PSDE	PRIVATE STORM DRAIN EASEMENT
PSSE	PRIVATE SANITARY SEWER EASEMENT
PUE	PUBLIC UTILITY EASEMENT
PVC	POLYVINYL CHLORIDE
PWE	PRIVATE WATER EASEMENT
R/W	RIGHT OF WAY
RCP	REINFORCED CONCRETE PIPE
SB	SETBACK
SD	STORM DRAIN
SDMH	STORM DRAIN MANHOLE
STD	STANDARD
SS	SANITARY SEWER
SSMH	SANITARY SEWER MANHOLE
SW	SIDEWALK
TC	TOP OF CURB
TF	TOP OF FOUNDATION
TC	TOP OF GRATE
TS	TOP OF SLAB
TP	TOP OF PAVEMENT
TW	TOP OF WALL
(TYP)	TYPICAL
VCP	VITRIFIED CLAY PIPE
WLK	WALKWAY
WM	WATER METER
WV	WATER VALVE

LEGEND		DESCRIPTION
EXISTING	PROPOSED	
---	---	STREET CENTER LINE
---	---	SUBDIVISION BOUNDARY LINE (PROPERTY LINE)
---	---	OTHER LOT LINES
---	---	PROPOSED CONDOMINIUM UNIT LINES
---	---	PROPOSED EASEMENT LINES
---	---	DIMENSION LINES AS NOTED
F	F	FILL AREA LIMIT
C	C	CUT AREA LIMIT
102	102	CONTOUR
W	W	WATER LINE
SD	SD	STORM DRAIN PIPE (SOLID)
SS	SS	SANITARY SEWER PIPE
SUB	SUB	SUBDRAIN PIPE (PERFORATED)
OH e,T,V	OH e,T,V	OVERHEAD UTILITIES WITH POLE
G	G	GAS LINE
E	E	ELECTRIC LINE (UNDERGROUND)
JT	JT	JOINT TRENCH
SLV	SLV	STREET LIGHT VAULT
SSCO	SSCO	SANITARY SEWER CLEANOUT
●	●	SANITARY SEWER MANHOLE
⊙	⊙	STORM DRAIN MANHOLE
⊛	⊛	ELECTROLIER
WM	WM	WATER METER
⊙	⊙	TREE WITH TRUNK
x	x	6" WOODEN FENCE
102.23	102.23	SPOT ELEVATION
○	○	TREE PROTECTION FENCE
---	---	EARTH SWALE
⊗	⊗	AREA DRAIN/ INLET
→	→	OVERLAND RELEASE PATH
→	→	GRADING DIRECTION
⊗	⊗	(E) TREE TO BE REMOVE
⊗	⊗	DOWN-SPOUT WITH SPLASH BLOCK

VESTING TENTATIVE MAP

FOUR (4) RESIDENTIAL CONDOMINIUM UNITS

440 1ST STREET, LOS ALTOS, CA 94022

APN: 167-41-009

ALL THAT CERTAIN REAL PROPERTY IN THE CITY OF LOS ALTOS, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:
 ALL OF LOT 1, AS SHOWN UPON THE MAP OF THE RECORD OF SURVEY OF LAND OF COLLINSON, ET AL, WHICH MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON JUNE 29, 1959, IN BOOK 108 OF MAPS, PAGE(S) 9.

CITY OF LOS ALTOS
 COUNTY OF SANTA CLARA

SMP ENGINEERS
 CIVIL ENGINEERS

1534 CAROB LANE
 LOS ALTOS, CA 94024

CALIFORNIA
 SEPTEMBER 2021

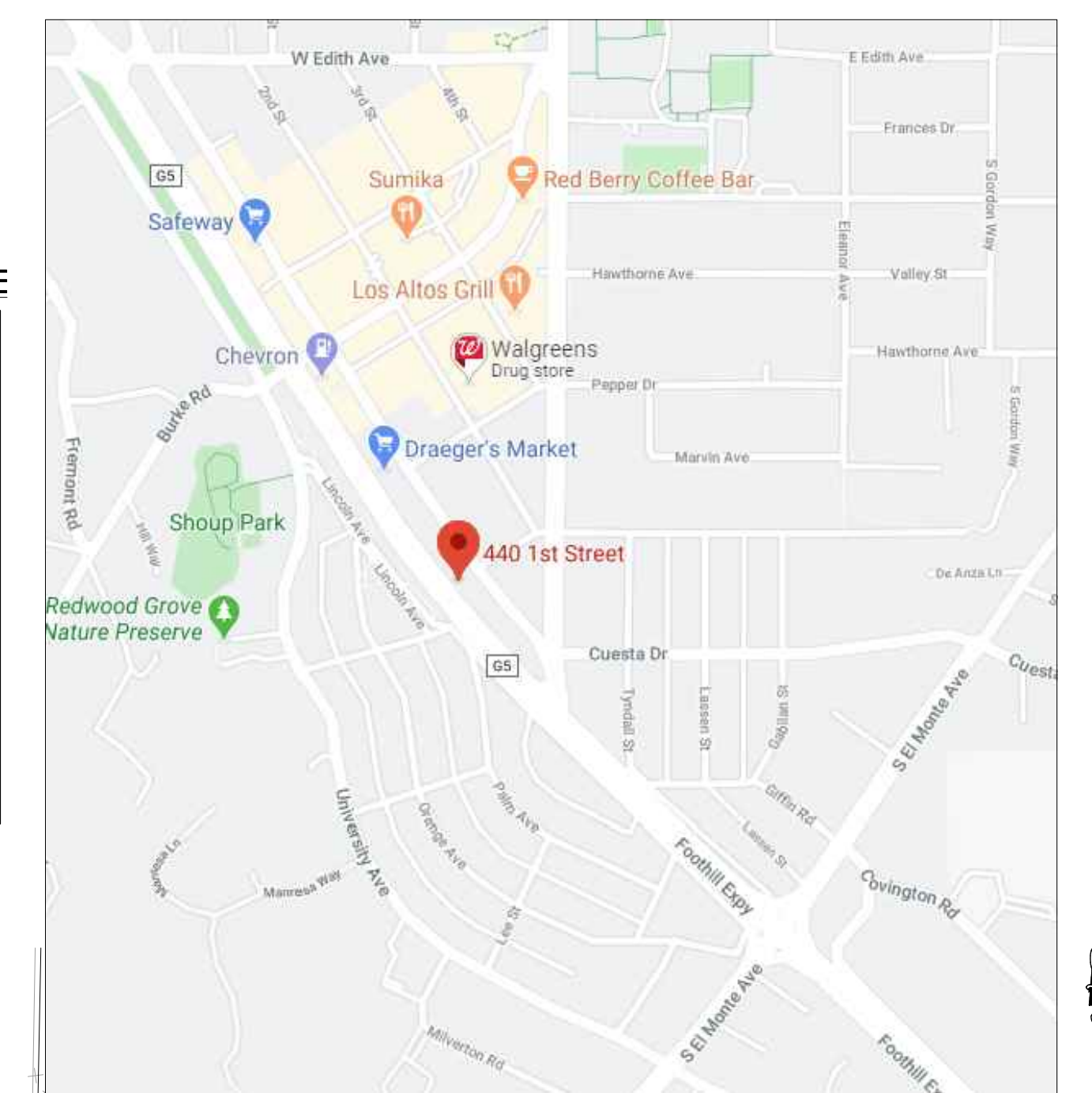
Subdivision Description:
 DEMOLISH EXISTING BUILDING AND RECORD A TRACT MAP, ONE LOT SUBDIVISION FOR CONDOMINIUM PURPOSES, IN CONJUNCTION WITH A CONDOMINIUM MAP CONTAINING FOUR RESIDENTIAL CONDOMINIUM UNITS.

Referenced Assumed B.m.
 TOP OF SANITARY SEWER MANHOLE, LOCATED AT FIRST ST., DISTANCE THEREON 119± FEET NORTHERLY FROM THE MOST NORTHERLY CORNER OF THE PROPERTY EL: 100.00

Basis Of Bearings:
 THE BEARING S. 53°37'46" W. OF THE SOUTHEASTERLY LINE OF LOT 2 AS SHOWN UPON CORNER RECORD # 2029 WAS TAKEN AS BASIS OF BEARINGS FOR THIS SURVEY.

GROUND LEVEL AREA SUMMARY TABLE

GROSS LAND AREA	(SQFT)	(ACRES)
UNITS 101 BUILDING FIRST FLOOR (EXTERIOR LINE)	1,420	0.033
UNITS 101 PRIVATE OPEN SPACE	367	0.008
UNITS 102 BUILDING FIRST FLOOR (EXTERIOR LINE)	1,392	0.032
UNITS 102 PRIVATE OPEN SPACE	367	0.008
COMMON AREAS	1,949	0.008
LOT 1 (COMMON LOT) TOTAL SUBDIVISION BOUNDARY LINE	5,495	0.126



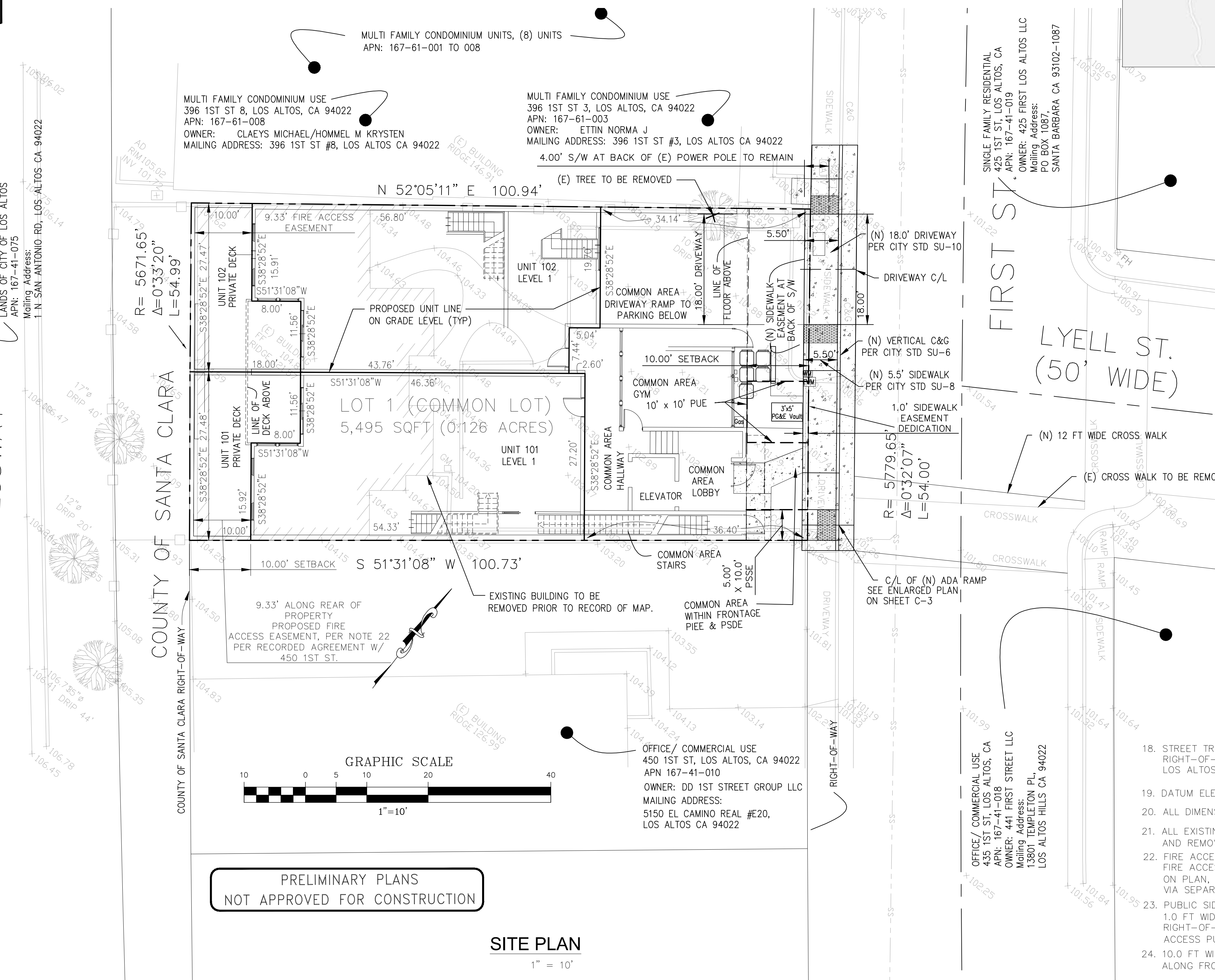
VICINITY MAP

SHEET INDEX:

- C-1 COVER SHEET/ VESTING TENTATIVE MAP
- C-2 PRELIMINARY GRADING AND DRAINAGE PLAN
- C-3 FRONTAGE GRADING PLAN ENLARGED
- C-4 PRELIMINARY UTILITY PLAN
- C-5 STORMWATER CONTROL PLAN
- C-6 BLUEPRINT FOR A CLEAN BAY

GENERAL NOTES

1. OWNERS: Bourgan Family Trust, 25875 Estacada Way, Los Altos Hills, CA 94022
2. SUBDIVIDERS/ DEVELOPERS: Abbie Bourgan / Bourgan Family Trust, 25875 Estacada Way, Los Altos Hills, CA 94022. Contact: Abbie Bourgan, abbie@bourgan.net, 650-492-1369
3. APPLICANT: SAME AS ABOVE.
4. EXISTING USE: COMMERCIAL USE
5. EXISTING APN: 167-41-009
6. EXISTING ZONING: CD/R3
7. PROPOSED USE: 4 RESIDENTIAL CONDOMINIUM UNITS
8. GENERAL PLAN: PLANED DEVELOPMENT (PD)
9. EXISTING WELLS: NONE
10. LOT AREA: 5,495 SQFT (0.126 ACRES)
11. STREET IMPROVEMENTS: PROJECT ROADWAY FRONTAGE ALONG 1ST STREET FRONTAGE R-0-W WILL BE IMPROVED TO THE SATISFACTION OF PUBLIC WORKS AND WILL BE UPGRADED TO MEET CURRENT CITY STANDARDS.
12. EXISTING USE OF ADJACENT PROPERTIES: RESIDENTIAL
13. WATER: CALIFORNIA WATER COMPANY
14. FIRE PROTECTION: LOS ALTOS/SANTA CLARA COUNTY FIRE DEP.
15. STORM/ SANITARY SEWER: CITY OF LOS ALTOS
16. POWER AND GAS: PACIFIC GAS AND ELECTRIC
17. TELEPHONE: AT&T
18. STREET TREES: ANY NEW STREET TREES IN PUBLIC RIGHT-OF-WAY TO BE PLANTED IN ACCORDANCE WITH CITY OF LOS ALTOS STANDARDS.
19. DATUM ELEVATION: LOCAL DATUM AND MONUMENTS
20. ALL DIMENSIONS ARE IN FEET AND DECIMALS THERE OF.
21. ALL EXISTING STRUCTURES ON THE SITE WILL BE DEMOLISHED AND REMOVED PRIOR TO RECORDATION OF FINAL MAP (TRACT MAP).
22. FIRE ACCESS EASEMENT DEDICATION: FIRE ACCESS EASEMENT DEDICATION AT REAR OF PROPERTY AS SHOWN ON PLAN, TO THE SATISFACTION OF FIRE DEPARTMENT WILL BE DEDICATED VIA SEPARATE PLAT AND LEGAL INSTRUMENT.
23. PUBLIC SIDEWALK EASEMENT DEDICATION: 1.0 FT WIDE PUBLIC SIDEWALK EASEMENT (SE) ALONG 1ST STREET FRONTAGE RIGHT-OF-WAY TO BE DEDICATED TO THE CITY OF LOS ALTOS FOR PUBLIC ACCESS PURPOSES.
24. 10.0 FT WIDE PUBLIC UTILITY SERVICE EASEMENT (PSE) TO BE DEDICATED ALONG FRONTAGE, OR AS REQUIRED PER UTILITY COMPANIES.



PRELIMINARY PLANS
 NOT APPROVED FOR CONSTRUCTION

SITE PLAN
 1" = 10'

SMP ENGINEERS
 CIVIL ENGINEERS

1534 CAROB LANE
 LOS ALTOS, CA 94024
 TEL: (650) 941-8055
 FAX: (650) 941-8755
 E-MAIL: SRAZAVI@SMPENGINEERS.COM

Applicant / Owner:
 Abbie Bourgan / Bourgan Family Trust
 25875 Estacada Way
 Los Altos Hills, CA 94022
 Contact: Abbie Bourgan
 abbie@bourgan.net
 650-492-1369

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 SMP ENGINEERS
 CIVIL ENGINEERS

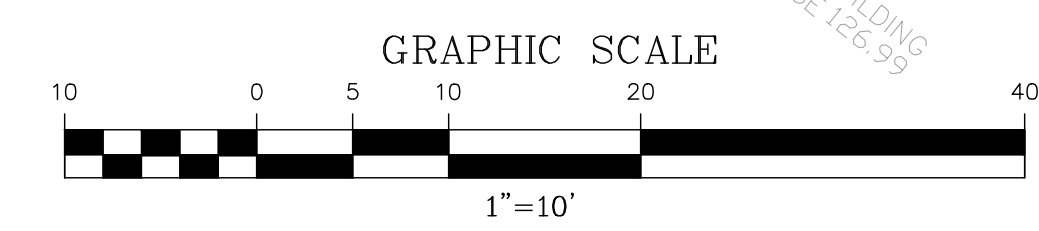
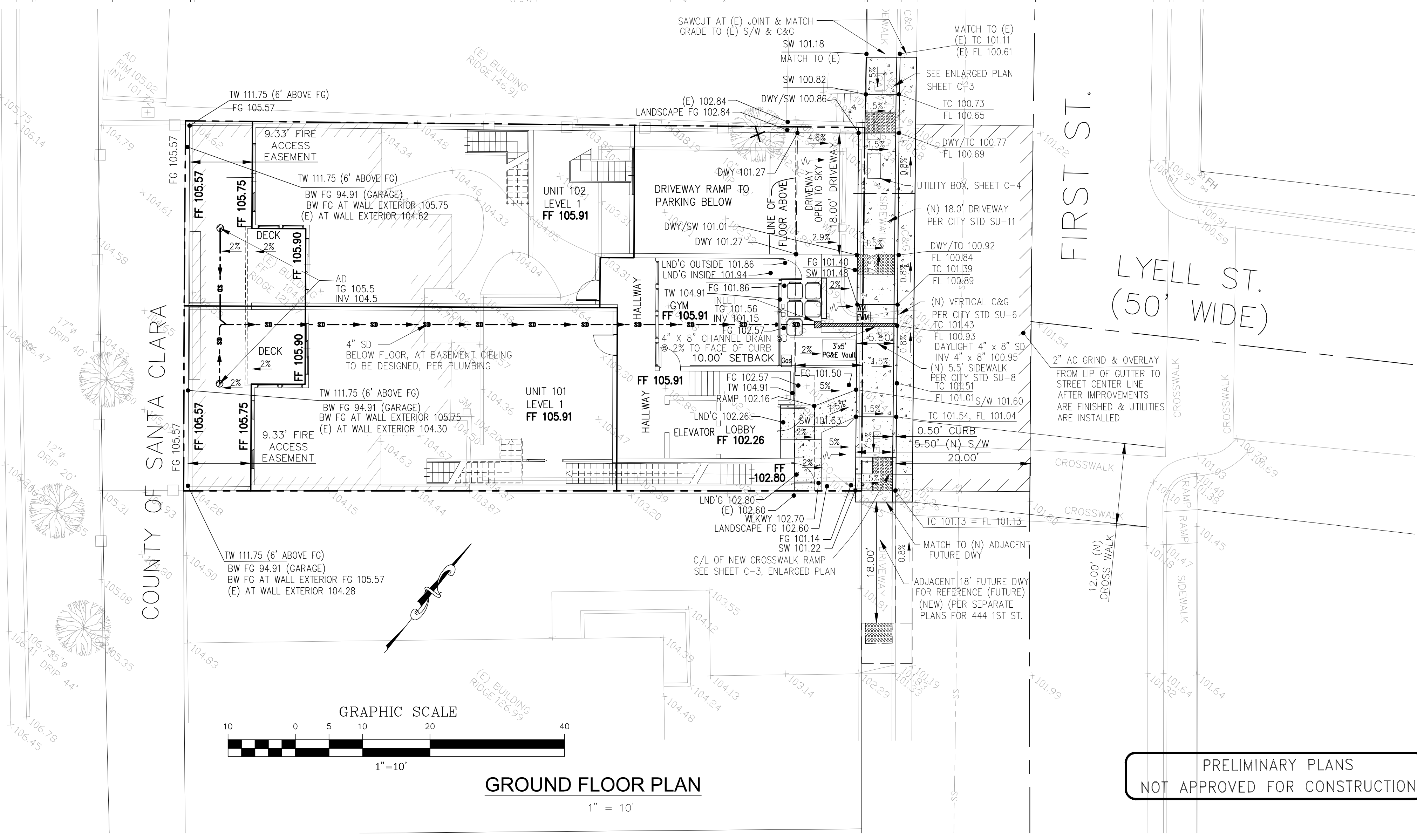
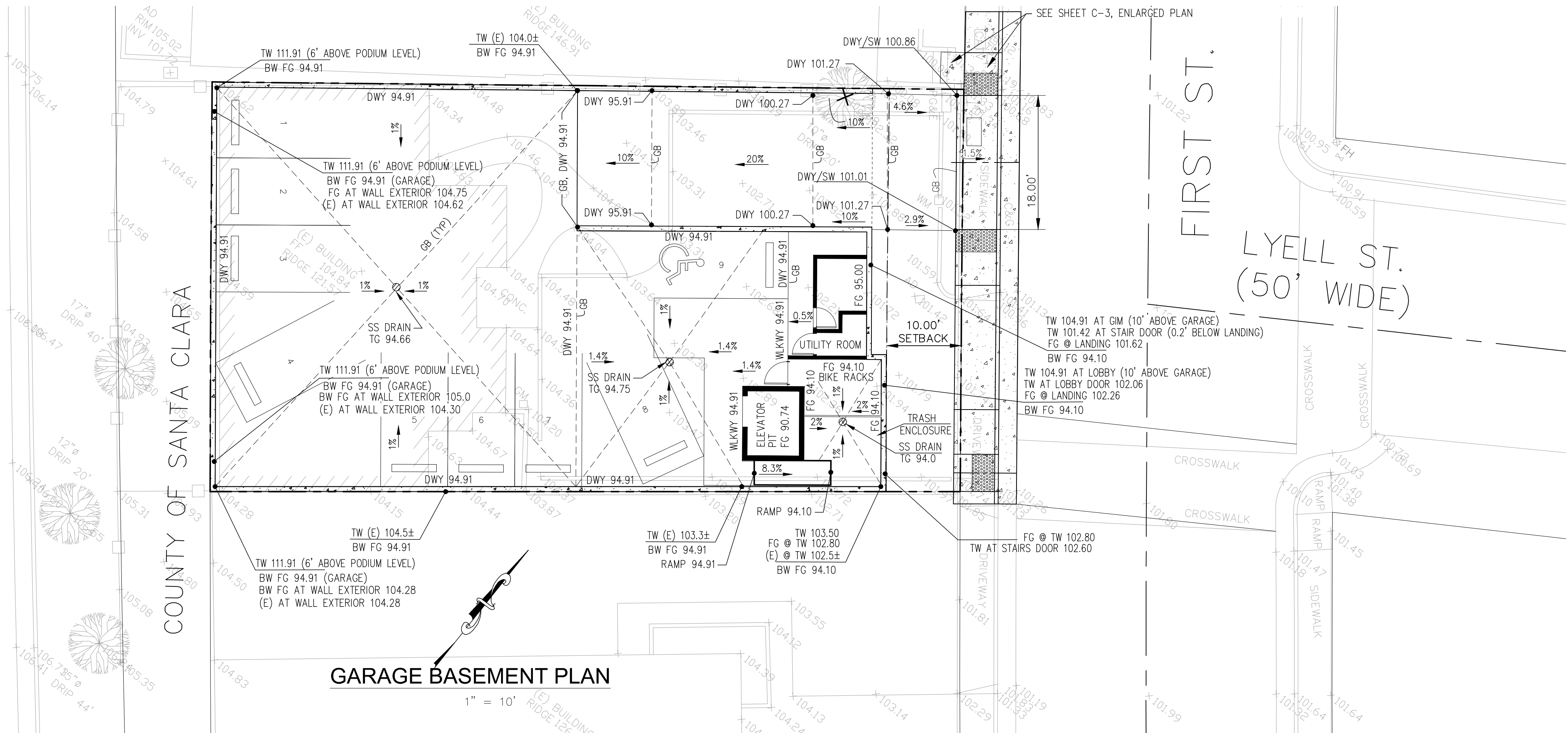
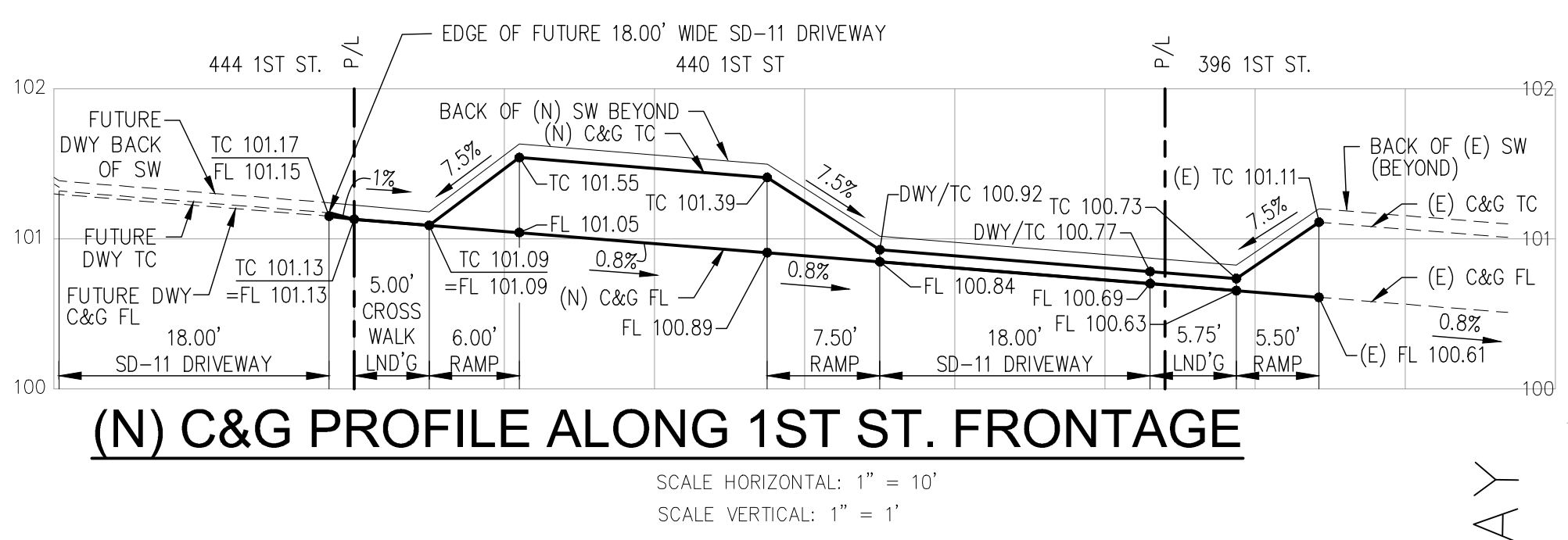
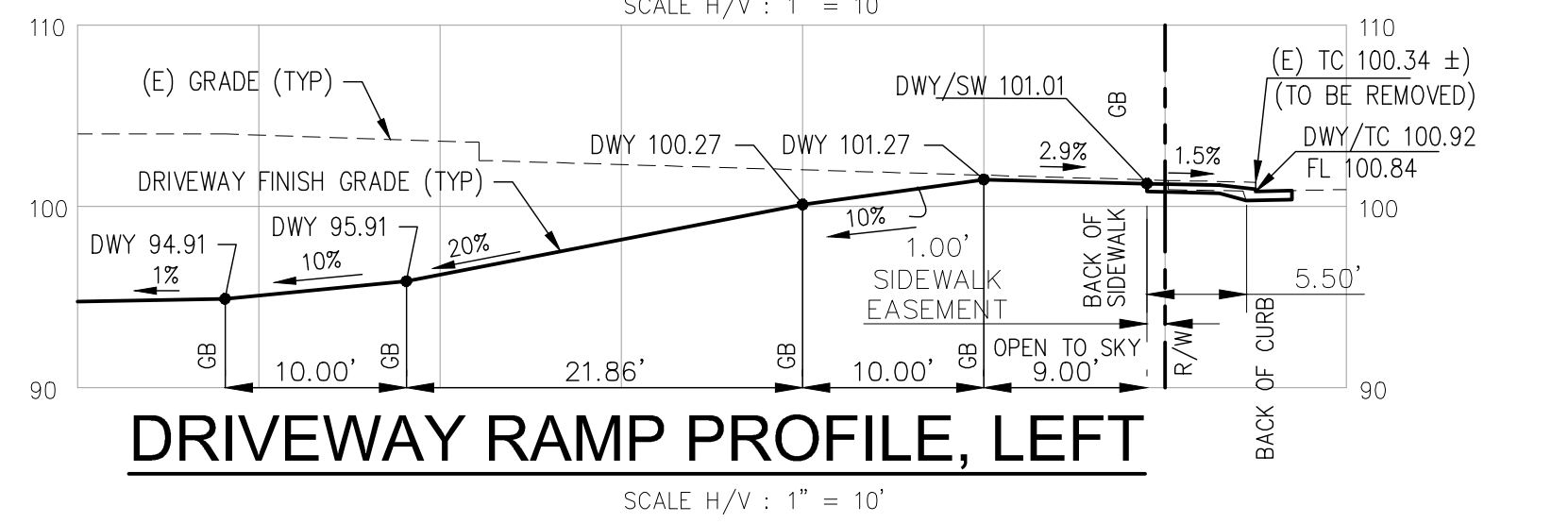
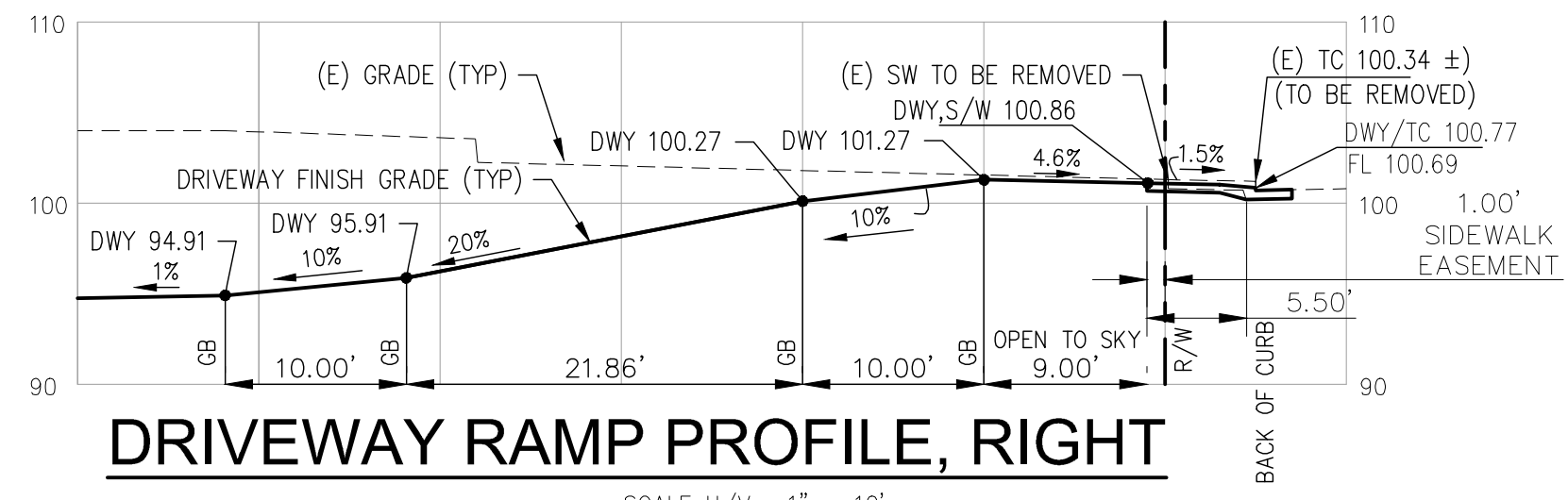
VESTING TENTATIVE MAP
FOUR (4) RESIDENTIAL CONDOMINIUM UNITS
440 1ST STREET, LOS ALTOS, CA 94022
COVER SHEET/ VESTING TENTATIVE MAP

Revisions:

Date: 9/20/2021
 Scale: 1" = 10'
 Prepared by: V.G.
 Checked by: S.R.
 Job #: 218162
 Sheet: 1 OF 6
C-1

EARTHWORK ESTIMATE TABLE:							
a. Notation	b	c	d	e = c - (d/12)	f	i = f - e (CUT)	j = (i.b) / 27
DESCRIPTION/ LOCATION	2D AREA OF GRADING (SQ.FT.)	AVERAGE FINISH GRADE ELEVATION (FT.)	ESTIMATED STRUCTURAL THICKNESS (INCH)	PAD GRADE ELEVATION (FT.)	AVERAGE (E) GRADE ELEVATION (FT.)	AVERAGE CUT DEPTH (FT.)	CUT VOLUME (C.Y.)
GARAGE	3,937	94.91	12	93.91	104.00	10.09	1,471
DRIVEWAY RAMP	771	98.00	12	97.00	103.30	6.30	180
TRASH ENCLOSURE	176	93.72	12	92.72	102.30	9.58	62
ELEVATOR	82	90.74	18	89.24	102.80	13.56	41
TOTAL Building							1,755
DRIVEWAY, OPEN TO SKY	180	101.00	12	100.00	101.70	1.70	11
WALKWAY OPEN TO SKY	349	101.70	6	101.20	101.70	0.50	6
TOTAL Site							18
TOTAL PROJECT EARTHWORK (C.Y.) =							TOTAL CUT = 1,773
TOTAL PROJECT BALANCE (C.Y.)	1,773	EXPORT					

NOTE: EARTHWORK QUANTITIES ON THIS TABLE ARE FOR INFORMATION ONLY. CONTRACTORS ARE TO PERFORM THEIR OWN QUANTITY TAKE OFFS.



PRELIMINARY PLANS
NOT APPROVED FOR CONSTRUCTION

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CIVIL ENGINEERS

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LOS ALTOS, CA 94024
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FAX: (650) 941-8755
E-MAIL: SRAZAVI@SMPENGINEERS.COM

Applicant / Owner:
Abbie Bourgan /
Bourgan Family Trust
25875 Estacada Way
Los Altos Hills, CA 94022
Contact: Abbie Bourgan
abbie@bourgan.net
650-492-1369

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VESTING TENTATIVE MAP
FOUR (4) RESIDENTIAL CONDOMINIUM UNITS
440 1ST STREET, LOS ALTOS, CA 94022
PRELIMINARY GRADING AND DRAINAGE PLAN

Revisions:

Date: 9/20/2021
Scale: 1" = 10'
Prepared by: V.G.
Checked by: S.R.
Job #: 218162
Sheet: 2 OF 6
C-2



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VESTING TENTATIVE MAP
FOUR (4) RESIDENTIAL CONDOMINIUM UNITS
440 1ST STREET, LOS ALTOS, CA 94022
PRELIMINARY UTILITY PLAN

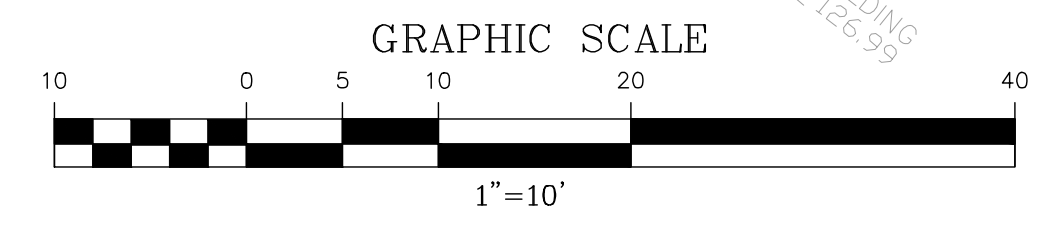
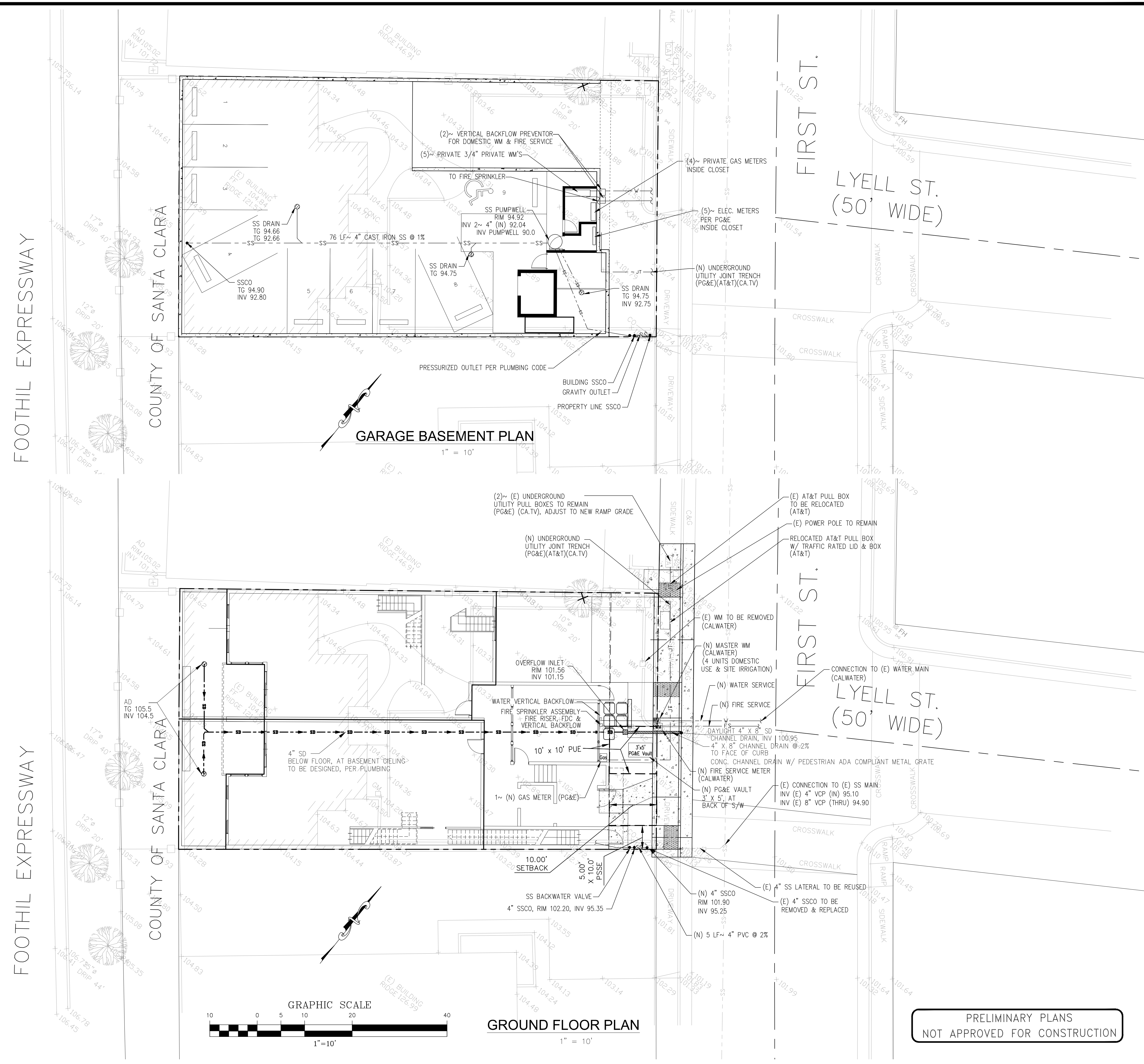
Revisions:



Saeid Razaavi

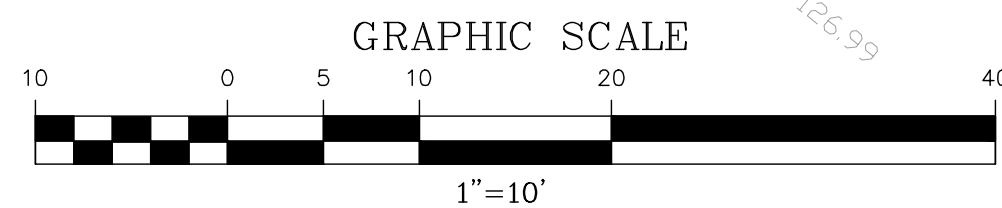
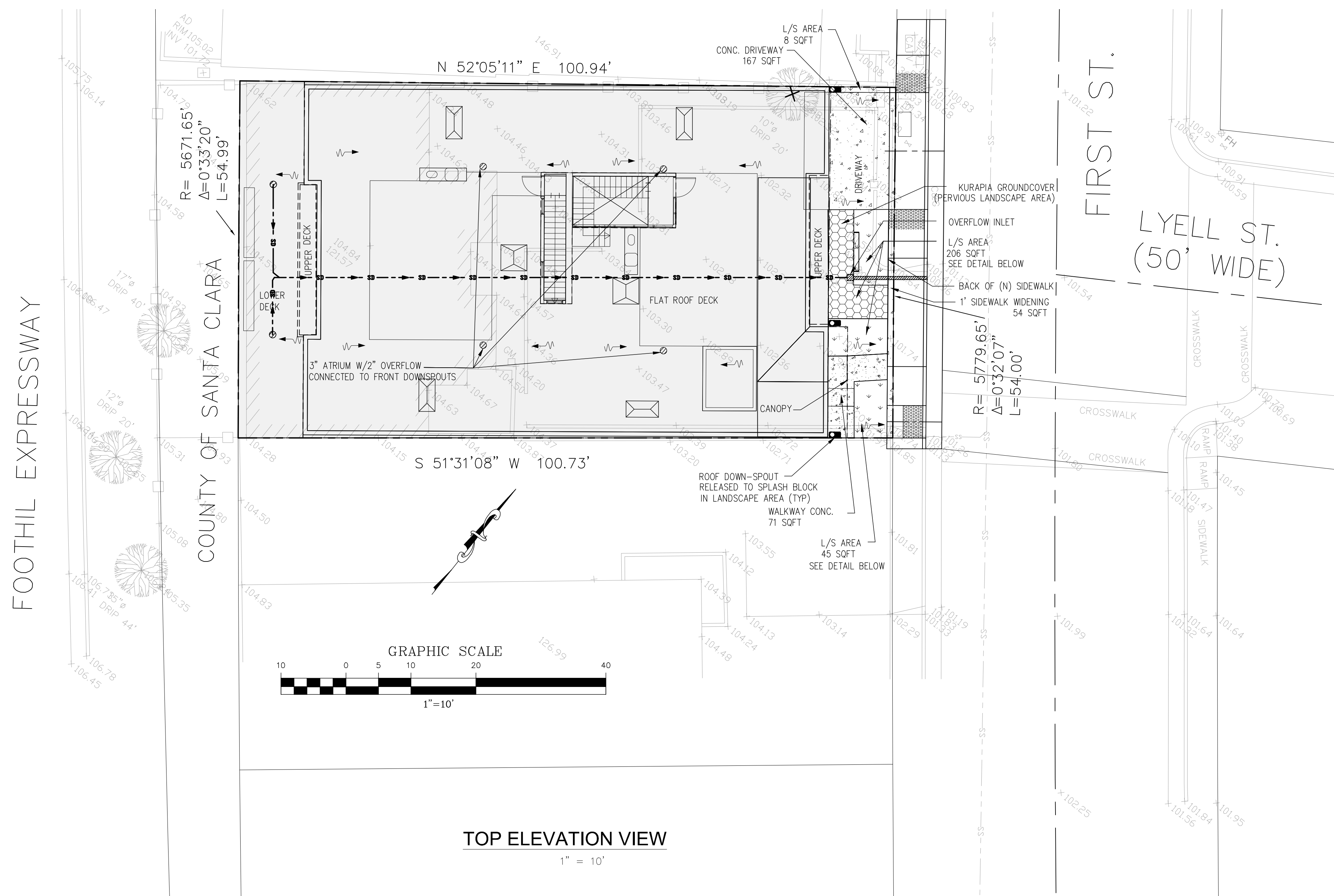
Date: 9/20/2021
Scale: NTS
Prepared by: V.G.
Checked by: S.R.
Job #: 218162

Sheet: 4 OF 6
C-4



GROUND FLOOR PLAN
1" = 10'

PRELIMINARY PLANS
NOT APPROVED FOR CONSTRUCTION



TOP ELEVATION VIEW
1" = 10'

POST-DEVELOPMENT WATERSHED TABLE:

DESCRIPTION:	AREA (SQFT)	AREA (ACRES)	MATERIAL
BUILDING	4,944	0.113	ROOFING
DRIVEWAY	167	0.004	CONCRETE
WALKWAYS, LANDINGS	71	0.002	CONCRETE
SIDEWALK WIDENING	54	0.001	CONCRETE
TOTAL IMPERVIOUS	5,236	0.120	IMPERVIOUS
LANDSCAPE/ KURAPIA GROUNDCOVER	259	0.006	PERVIOUS
TOTAL	5,495	0.126	

HATCH KEY

	BUILDING
	IMPERVIOUS CONCRETE
	PERVIOUS LANDSCAPE AREAS KURAPIA GROUNDCOVER
	PERVIOUS AREAS LANDSCAPE

STORMWATER CONTROL PLAN

Compliance with NPDES Permit Provision C.3:

The San Francisco Bay Regional Water Quality Control Board (SFRWQCB) incorporated updated requirements into Santa Clara County's National Pollution Discharge Elimination System (NPDES) Permit in August 2006. These updated stormwater quality control requirements are predominantly in the category of new development discharge controls. The Permit requires that permanent, post-construction stormwater quality control measures be implemented as part of development projects.

Updated stormwater quality control measures include:
 - Source Control Measures
 - Site Design Measures
 - Treatment Control Measures

Beginning August 15, 2006, all projects creating or replacing 10,000 sq. ft. or more of impervious surface area must design and install a permanent post-construction stormwater treatment facility on the site. The system must be design and installed according to numeric sizing criteria.

All projects, regardless of size that create or replace impervious surface may be required to install stormwater quality controls to the maximum extent practicable.

- SOURCE CONTROL MEASURES:**
1. BENEFICIAL LANDSCAPING.
 2. USE OF WATER EFFICIENT IRRIGATION SYSTEMS.
 3. MAINTENANCE (PAVEMENT SWEEPING, CATCH BASIN CLEANING, GOOD HOUSEKEEPING).
 4. CONNECT TRASH ENCLOSURE FLOOR DRAIN AND PARKING STRUCTURES FLOOR DRAIN INTO SANITARY SEWER.

- SITE DESIGN MEASURES:**
1. DIRECT RUNOFF FROM ROOFS, SIDEWALKS, PATIOS TO LANDSCAPED AREAS.
 2. PRESERVE OPEN SPACE AND NATURAL DRAINAGE PATTERNS.
 3. PARKING:
 - A. NOT PROVIDED IN EXCESS OF CODE.
 - B. UNDER BUILDING.

STORMWATER TREATMENT MEASURES:
 NOT APPLICABLE, PROJECT PROPOSED BELOW 10,000 SQFT OF IMPERVIOUS AREAS.

ADDITIONAL INFORMATION:

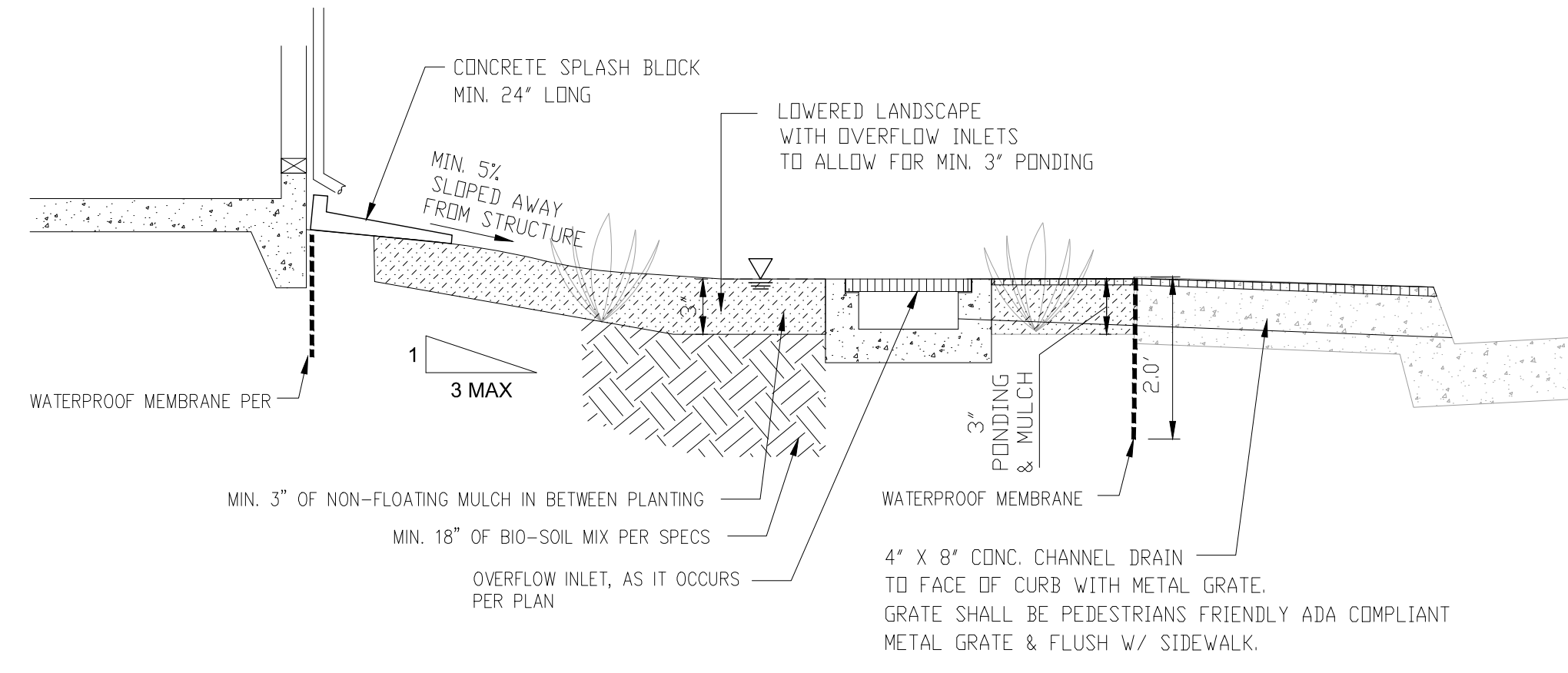
- NAME AND LOCATION OF RECEIVING WATER BODY: LOCAL CREEK/ RESERVOIR, FOLLOWING TO BAY
- POLLUTANT SOURCES: DRIVEWAY, ROOF
- MAINTENANCE RESPONSIBILITY : HOME OWNERS (HOA)

Municipal Regional Stormwater Permit

THE PROJECT SHALL BE IN COMPLIANCE WITH THE CITY OF LOS ALTOS MUNICIPAL REGIONAL STORMWATER (MRP) NPDES PERMIT NO. CA S612008, ORDER NO. R2-2015-0049 DATED NOVEMBER 19, 2015.

STANDARD STORMWATER CONTROL NOTES:

- STANDING WATER SHALL NOT REMAIN IN THE TREATMENT MEASURES FOR MORE THAN FIVE DAYS, TO PREVENT MOSQUITO GENERATION. SHOULD ANY MOSQUITO ISSUES ARISE, CONTACT THE SANTA CLARA VALLEY VECTOR CONTROL DISTRICT (DISTRICT). MOSQUITO LARVICIDES SHALL BE APPLIED ONLY WHEN ABSOLUTELY NECESSARY, AS INDICATED BY THE DISTRICT, AND THEN ONLY BY A LICENSED PROFESSIONAL OR CONTRACTOR. CONTACT INFORMATION FOR THE DISTRICT IS PROVIDED BELOW.
- DO NOT USE PESTICIDES OR OTHER CHEMICAL APPLICATIONS TO TREAT DISEASED PLANTS, CONTROL WEEDS OR REMOVED UNWANTED GROWTH. EMPLOY NON-CHEMICAL CONTROLS (BIOLOGICAL, PHYSICAL AND CULTURAL CONTROLS) TO TREAT A PEST PROBLEM. PRUNE PLANTS PROPERLY AND AT THE APPROPRIATE TIME OF YEAR. PROVIDE ADEQUATE IRRIGATION FOR LANDSCAPE PLANTS. DO NOT OVER WATER.



BENEFICIAL LANDSCAPE AREA DETAIL

ELEVATION VIEW NTS

PRELIMINARY PLANS
NOT APPROVED FOR CONSTRUCTION



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VESTING TENTATIVE MAP
FOUR (4) RESIDENTIAL CONDOMINIUM UNITS
440 1ST STREET, LOS ALTOS, CA 94022
STORMWATER CONTROL PLAN

Revisions:



Enaid Razavi

Date: 9/20/2021
Scale: 1" = 10'
Prepared by: V.G.
Checked by: S.R.
Job #: 218162



AGENDA REPORT SUMMARY

Meeting Date: January 25, 2022

Subject: Council Legislative Subcommittee: Discuss and consider changes to the format of the Standing Council Legislative Subcommittee (Council Member Fligor)



No report – Oral introduction and discussion to take place at the meeting

City Manager

CJ

Reviewed By:

City Attorney

JH

Finance Director

SE



City of Los Altos 2022 Tentative Council Agenda Calendar
January 14, 2022

All items and dates are tentative and subject to change unless a specific date has been noticed for a legally required Public Hearing. Items may be added or removed from the shown date at any time and for any reason prior to the publication of the agenda eight days prior to the next Council meeting.

Date	Agenda Item (Date identified by Council)	Agenda Section (Consent, Discussion Item - note in red if Public Hearing)	Dept/ Date of request to add.
------	---	---	--

February 8, 2022	REGULAR COUNCIL MEETING		
	Dog Park		
	Legislative Subcommittee Update(?)		
	Climate Action and Adaptation Plan?	DI	EA
	Emergency Declaration		
	density bonus ordinance	PH?	LS 1.12.22
February 22, 2022	REGULAR COUNCIL MEETING		
	March to be YOUTH ARTS MONTH - Proclamation	Special Item	
	Investment Report - Quartely		
March 1, 2022	SPECIAL MEETING -- COMMISSION INTERVIEWS		
March 8, 2021	REGULAR COUNCIL MEETING		
	Construction Contract Award: Fremont Avenue Pedestrian Bridge Rehabilitation Project, TS-01055 (1)		



City of Los Altos Tentative Council Agenda Calendar
January 14, 2022

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Date	Agenda Item (Date identified by Council)	Agenda Section (Consent, Discussion Item - note in red if Public Hearing)	Dept.
March 22, 2022	STUDY SESSION - Complete Streets Master Plan		
	REGULAR COUNCIL MEETING		
April 12, 2022	REGULAR COUNCIL MEETING		
April 26, 2022	REGULAR COUNCIL MEETING		
May 3, 2022	Joint Meeting w/Commissions		
May 10, 2022	REGULAR COUNCIL MEETING		
	Resolution Calling for Election (?)		
	3rd Quarter Report		
May 24, 2022	REGULAR COUNCIL MEETING		
	Resolution Calling for Election (?)		
June 14, 2022	REGULAR COUNCIL MEETING		
	Adopt Resolution No. 2022-XX approving the Report of Sewer Service Charges and directing the Filing of Charges for Collection by the Tax Collector	2 Printed Public Hearing -	



City of Los Altos Tentative Council Agenda Calendar
January 14, 2022

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Date	Agenda Item (Date identified by Council)	Agenda Section (Consent, Discussion Item - note in red if Public Hearing)	Dept.
		- not less than 10 days - published once a week for two consecutive weeks 5/11/2022 & 5/18/2022	
June 28, 2022	REGULAR COUNCIL MEETING		
July 12, 2022	REGULAR COUNCIL MEETING		
August 23, 2022	REGULAR COUNCIL MEETING		
August 30, 2022	Commission Interviews		
September 6, 2022	REGULAR COUNCIL MEETING		
September 20, 2022	REGULAR COUNCIL MEETING		
	Year End tentative report – September (if needed)		
October 11, 2022	REGULAR COUNCIL MEETING		
October 25, 2022	REGULAR COUNCIL MEETING		
November 1, 2021	Joint w/Commissions		
November 15, 2022	REGULAR COUNCIL MEETING		
	1st Quarter report FY 2021/2022		



City of Los Altos Tentative Council Agenda Calendar
January 14, 2022

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Date	Agenda Item (Date identified by Council)	Agenda Section (Consent, Discussion Item - note in red if Public Hearing)	Dept.
November 29, 2022	REGULAR COUNCIL MEETING		
December 6, 2022	REGULAR COUNCIL MEETING		
	CAFR and Year End – 1st meeting December		
December 13, 2022	Special meeting REORG.		

Future Agenda Topics To Be Scheduled....

Expansion of Scope of Housing Element Outreach Subcommittee		
Other Dog Park Options- Mtn View Collaborative – Ltr to Mayor of MV		
STUDY SESSION for Community Center Operational Implementation Plan		
Study Session - Community Center post construction review (Tent.)		
STUDY SESSION - Maintenance of Tree Canopy- Tree Protection Ordinance – Landscaping Policy Planting Poliuct Planting list		
Discussion regarding anti-bias training - Diversity and Empathy Training	x	Council Int.
policy on use of City land by non-profits.		
Los Altos EOC Design Review		



City of Los Altos Tentative Council Agenda Calendar
January 14, 2022

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Date	Agenda Item (Date identified by Council)	Agenda Section (Consent, Discussion Item - note in red if Public Hearing)	Dept.
	Proposed City policy that modifies the environmental analysis standard for circulation impacts from a Level of Service (LOS) analysis to a Vehicle Miles Traveled (VMT) analysis.	Public Hearing	GP
	COVID Safe Meeting Protocols TBD		
	Council Strategic Priorities Implementation Plan (Tent.)		
	info on Cuesta speed tables		
	Council Financial Subcommittee Recommendations: Discuss recommendations of the Council Financial Subcommittee regarding reporting of City financial information (Vice Mayor Enander)		
	Museum's plans for a new main exhibition in our permanent 2nd floor gallery		
	BMR waitlist process proposal by Alta Housing		
	5150 El Camino Road - Modification	Public Hearing?	
	League of California Cities – Role and Representation	Presentation/Discussion	Council Initiated
	See Me Flags		ES
	Pavement Management Program Update – 2019 Pavement Condition Index - The staff recommends Scenario 5 – Increase Current PCI to 75 by 2026	Discussion Item	JS ES
	440 First Street Design Review		CD
	4350 El Camino Real Design Review		CD
	Healthy Cities Initiative		Rec



City of Los Altos Tentative Council Agenda Calendar
January 14, 2022

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Date	Agenda Item (Date identified by Council)	Agenda Section (Consent, Discussion Item - note in red if Public Hearing)	Dept.
	Housing Impact vs. Housing in-Lieu Discussion		CD
	BAT/Neighborhood Watch program expansion		PD/CMO
	Complete Streets Master Plan		ES
	Comprehensive multi-modal traffic study (analysis of recent projects projected parking, trip generation, & traffic impacts to actuals; ECR impacts should include adjacent streets)		ES
	Off-street EV charging stations in front of homes – include in Reach Codes; refer to Environmental Commission?		Planning
	Schedule Joint Los Altos/Los Altos Hills Council meeting (6-9 months: August – October)		
	San Francisco PUC permit		ES