

**DATE:** 3/26/24

**TO:** COUNCILMEMBERS

**FROM:** CITY MANAGER'S OFFICE

**SUBJECT:** COUNCIL Q&A FOR MARCH 26, 2024 CITY COUNCIL REGULAR MEETING

**Agenda Item 1 (Minutes from previous meetings):**

- Please see the accompanying pdfs.  
**Answer: Resolved.**

**Agenda Item 3 (Mission Statement):**

- Resolution: In the second "WHEREAS," at the end of the second line, the word "include" should be in the past tense ("included").  
**Answer: This will be corrected in the final version of the Resolution.**
- The first Whereas says "... to ensure the community is **safe**, vibrant and inclusive" but if the intention is to mirror the proposed language of the Mission Statement, it should say "**sustainable**, vibrant and inclusive" instead of "safe".  
**Answer: This will be corrected in the final version of the Resolution.**
- In the second Whereas, the typo should be fixed, "... to make sure that all feel welcome and included within the community;".  
**Answer: This will be corrected in the final version of the Resolution.**

**Agenda Item 4 (SB1383):**

- What way does our current recycle program change by accepting the grant for SB1383. Members of the community and I would like to understand if any actionable changes would be required.  
**Answer: No changes in current regulations or practices are required.**

**Agenda Item 6 (EOC Project):**

- We budgeted \$3,018,677 for the EOC. [fy\\_21-22\\_and\\_22-23\\_budget.pdf \(losaltosca.gov\)](#) (page 80). If the contingency (or more) is needed, from where will the extra funds come?  
**Answer: According to the FY24-28 adopted CIP Budget, detailed on page 120 of 228, the City Council has authorized \$2.95m for this project. This includes \$2.35m from the General Fund and \$600k from the In Lieu Park fund. During the FY24 Mid-Year adjustment process, the City Council allocated an additional \$500k from a state grant to this project, for total available funds of \$3.45M. If any change orders surpass the approved budget, staff will be presented to the City Council for further budget**

**approval. However, because the available funding is greater than the contract award including contingency, it is likely excess funds will be deposited back to the General Fund at the completion of this project.**

- Are the bid alternates a part of the proposed contract? Or will they come to the Council separately at a later time?

**Answer: The bid alternates are not included in the proposed contract. They are proposed enhancements that may be completed at a future date through operational budget if the work can be completed at a price closer to the Engineer's Estimate.**

- Are there plans/renderings that can be shared with the public and the Council?  
**Answer: There are plans that can be shared after Council and the public, but they are straight from the construction documents. No other renderings were created.**

- Did the other bids include the add alts? Or would those have been in addition to what is presented by each contractor on the Bid Results Summary?

**Answer: All bidders provided bid alternate pricing separately from the base bid. Bid alternate pricing is itemized in the Bid Results Summary.**

- How important are the two bid alternates and is there a plan to bid them out separately to see if the work can be done for a cost closer to the engineer's estimate?

**Answer: The two bid alternates were intended to provide cooling redundancy options for the IT/telecommunications room. The bid alternates are not required to complete the project, but would provide a beneficial redundancy to the HVAC system. This work may be completed at a future date if it can be done at a price closer to the Engineer's Estimate.**

#### **Agenda Item 7 (ACFR):**

- Why is the City self-insured for workers' comp? Is there an analysis showing our WC costs vs. what the cost of a WC policy (and deductibles paid) would cost the city over the past ten years or so? What is the basis for the City's decision to be self-insured?

**Answer: The City has historically been self-insured for workers compensation. Starting July 1, 2024, the City will join the Bay Cities Joint Powers Insurance Authority pool for Workers' Comp. This is typical for government agencies in California as the cost of purchasing insurance on the private market is too expensive for cities. As such, cities and other government agencies started joining together to provide insurance for a reasonable cost.**

- What is the difference between an operating grant and a capital grant? (P. 13 of the ACFR).

**Answer: Operating grant can be used in the operation. Capital Grant is for CIP projects.**

- Just thinking ahead – if one or more storm-water management districts are formed, will they be accounted for in future ACFR's and budgets the same as the Blue Oak Lane fund? Or will they be accounted for elsewhere on future ACFR's?

**Answer: It will be counted in ACFR. Regarding which section, it will depend on how the district is formed.**

- On the Statement of Net Position (p. 29), what is the “other” special revenue program in our Net Position (bottom of page). I don’t see an explanation for it in the Note.

**Answer: The specifics can be found on pages 110 to 113. Within the "other" special revenue program, a total of \$166,542 is accounted for, comprising \$92,697 from the AB-1379 fund, \$56,086 from the Storm Drain Deposit fund, and \$17,759 from the Estate Donation fund. The fund description can be located at page 107 to 108.**
- Is there a depreciation schedule? Other than the community center, some improved facilities, and equipment, what are we depreciating?

**Answer: Depreciation schedule for the City Facilities, equipment and infrastructure is included in the audit work paper. The schedule is not required to be presented in ACFR.**
- Note 4 – Capital Assets. Is there a schedule of our capital assets along with a valuation of each asset? What qualifies as a “capital asset?”

**Answer: The schedule is in the auditor work paper. The capital assets are defined in notes 1, item L on page 54.**
- Note 5 – Section A: Why is the ACFR reporting on COP’s issues in 1996 and paid off in 2004?

**Answer: The City issued COP in 1996 and refinanced (refunding) the portion of it in 2004. The debt will be paid off in May 2027.**
- Note 6 – What is a “compensated absence?”

**Answer: It is payable paid time off made available to employees. Such as vacation leave, float holiday, etc.**
- Note 7 – Section J: After the beginning position of the net funds were restated and reduced, how were they subsequently increased? Were funds sequestered from our reserve to accomplish that?

**Answer: The increase or decrease of the fund balance depends on the net amount of revenue minus expenditures.**
- Note 8 – Section A: Why is our deductible (\$250,000) so high for our excess WC insurance policy?

**Answer: The City has found that the cost-benefit of a \$250,000 deductible is preferable to a lower deductible as the premium is lower than if a lower deductible was chosen.**
- Note 8 – Section B: Are the unpaid claims carried over from year to year? I.e., if someone made a claim in 2021, but the claim wasn’t resolved until 2023, would that claim carry over from year to year? Of has the city incurred almost \$14 million in uninsured claims over the three-year period 2021-23?

**Answer: In note 8b, the unpaid claims amount is measured at 6/30 of each year. The value of unpaid claims at 6/30/2023 is \$4,233,761, this number could include the claims from previous years if they are unresolved.**

- Note 10 – Please translate the two paragraphs under the title “Reduction of CalPERS Discount Rate” into plain English.  
**Answer: The discount rate used to measure the total pension liability for the plan. It is determined by the estimated expected rate of return. In 2021, due to the investment volatility, CalPERS reduced the discount rate from 7% to 6.8% and then back up to 6.9%.**
- What is the City’s plan with respect to the Estate Donation Fund? Should we use this money for something and close the fund?  
**Answer: To use those funds, the staff needs to go back to research the condition and terms of the donations and then determine what we can use it for.**
- The ACFR notes that in FY 23, there was about \$20.3 billion in taxable property within our city limits. What do we do with this information? Does this indicate that the City should somehow modify any of our policies with respect to revenue collection?  
**Answer: The property's assessed value plays a crucial role in determining the Debt limit, which dictates the maximum amount of debt the city can incur. However, this information has no bearing on revenue collection. Property values are assessed, and property taxes are collected at the county level. The city receives a portion of the taxes collected by the county. Specifically, on page 177 of 192, it is noted that the city receives 0.1611 for every dollar of property tax collected.**
- MOIC: Re 2020-01 Timely Preparation of Bank and Investment Reconciliations: What was the discrepancy and how was it resolved?  
**Answer: The funding was for FY2020 for the delaying of performing bank reconciliations. In FY2023, the city completed bank reconciliation timely.**

**Agenda Item 8 (Development Services – User Fees):**

- With respect to Solar/PV permits: why does staff propose a different fee schedule for residential vs. commercial properties?  
**Answer: Residential v. Commercial Solar Permit costs were established as two separate tiers by the State pursuant to Government Code 66015. The proposed schedule of fees for solar is consistent with the existing structure.**
- Under Permit specific recommendations, fees are being lowered for Photovoltaic/Solar, Electric Vehicle charging, Appeals and Water heaters. How much money would the city end up subsidizing if we were to adopt these changes.

**Answer:**

PERMIT TYPE	MATRIX	PROPOSED	DIFFERENCE	SUBSIDY
PV-RESIDENTIAL	450	300	150	33%
PV-COMMERCIAL	1000	500	500	50%
APPEALS	3905	1000	2905	74%
WATER HEATERS	178	150	28	16%
TREE REMOVAL	868	300	568	65%

- Why are there no changes or reductions to the fees pertaining to historic alteration, historic designation, and the Mills Act contract?

**Answer: The City Council directed staff to return with fees as presented, while making an assessment of Historic Fees and separately engaging the Environmental Commission to make a recommendation regarding fees around electrification.**

- Please provide a chart comparing the current charges to the proposed charges in all categories. ( please include the comparison for all new fees as well)

**Answer: Chart included in the published Agenda Report, all other fees are contained within the comprehensive fee study (Attachment #1).**

- If the city places a house on the HRI, would the homeowner be charged a permit fee for that? (E.g. - What if the city landmarks a house based on its merits, does homeowner pay a permit fee if they did not initiate the landmark effort)

**Answer: HRI listed properties must obtain an advisory or alteration permit review. It depends if the property has been designated, it will also depend on what is the proposed scope of work.**

- If a homeowner requests that their home be placed on the Historic Resources Inventory, would the homeowner now be required to pay a fee?

**Answer: Yes.**

- My understanding is there are three different types of historic alteration reviews: 1. administrative, 2. Historic Commission advisory review and, 3. Historic Commission full review (the most extensive). Does the \$7172 fee apply to all of these reviews.

**Answer: As shown from the applicable code sections below, a Historic Alteration Permit is only required for landmark properties, and Advisory Review is required for HRI listed properties.**

#### **12.44.100 - Applicability**

**A. For historic landmark properties, a historical alteration permit (Section 12.44.150) is required in order to alter, demolish, remove, relocate or change any exterior architectural features of the designated landmark structure(s), or remove or relocate any improvements, structures or natural features that contribute to the integrity or the historic significance of the historic landmark.**

**B. For historic resources listed on the historic resources inventory, an advisory review (Section 12.44.140) is required in order to alter, demolish, remove, relocate or otherwise change in any manner any exterior architectural feature or natural feature that contributes to the integrity or the historic significance of a historic resource.**

**C. For subsection (B) of this section, the historical commission's review will take into account whether or not the proposed work adversely affects the physical integrity or the historic significance of the resource. The historical commission's recommendation to the development services director, planning commission, or city council, shall be advisory only.**

- If that is the case, what happens if the administrative review determines there is no historic impact and therefore no special historic alterations permit is required. Is the homeowner still charged the fee?

**Answer: No.**

- If a homeowner has done the work, under a historic alteration permit, for their home which is on the Historic Resource Inventory and/or landmarked, what fee do they pay if some of the work is deferred for an extended period of time. Would they be required to pay the historic alteration fee again (which presumably is for evaluation and documentation of the proposed work, which would have already been done the first time) or do they just pay the applicable building permit fee?

**Answer: They just pay for the building permit.**

- Is the historic alteration permit fee of \$7172 a fixed fee regardless of the scope or expense of work to be done? If so, we could be charging the homeowner many times the cost of the work just for the permit fee. (Example: direct cost of replacing a rotted window might be \$750-1500, with the permit fee 5 times that cost!). If it is not a fixed fee, what determines the cost of the permit fee and who will be making that determination?

**Answer: That is correct, the alteration permit can encompass as much or as little as desired by the property owner.**

- It is my understanding the homeowner with Mills act needs to use the tax savings to maintain and make improvements to their property. Doesn't this fee structure work against the intent of Mills Act as well as the City's interest in ensuring historic structures are properly maintained if every improvement means the homeowner pays the cost of the work plus a \$7K fee?

**Answer: No. The property owner benefits between 40-60% reduction in property taxes for their property annually.**

<https://www.parks.ca.gov/pages/1069/files/12%20millsact.pdf>

#### **Agenda Item 9 (HE Annual Progress Report):**

- Why was only one permit to develop a BMR unit issued in 2023?

**Answer: The Annual Progress Report (APR) summary table reflects units that pull a Building Permit for credit towards RHNA. In Calendar year 2023, the City only issued a permit for one Below Market Rate (BMR) unit.**

- Does staff have any thoughts or insights into why there were no projects submitted under SB 35 last year? Or SB 9?

**Answer: The City has received eight (8) SB9 Applications in 2023, however these were only received applications, so the Building Permit will most likely be issued in 2024 and report in 2025. As it relates to SB35, the prevailing wage requirement has proven to make it difficult for the project to pencil out; per the August 2023 Turner Center report, under 200 SB35 projects have been applied/approved/denied throughout California since the law became effective January 1, 2022.**