

**AGENDA – REGULAR MEETING  
BELVEDERE CITY COUNCIL  
APRIL 12, 2021  
5:30 P.M. CLOSED SESSION  
6:30 P.M. OPEN SESSION  
REMOTE MEETING**

**COVID-19 ADVISORY NOTICE**

**Due to Covid concerns and consistent with State Executive Orders No. 25-20 and No. 29-20, the meeting will not be physically open to the public. Members of the City Council and staff will participate in this meeting remotely.**

**Members of the public are encouraged to participate remotely via Zoom or telephone pursuant to the information and link below. Public comment will be accepted during the meeting. The public may also submit comments in advance of the meeting by emailing the City Clerk at: [clerk@cityofbelvedere.org](mailto:clerk@cityofbelvedere.org). Please write “Public Comment” in the subject line. Comments submitted one hour prior to the commencement of the meeting will be presented to the City Council and included in the public record for the meeting. Those received after this time will be added to the record and shared with City Councilmembers after the meeting.**

**City of Belvedere is inviting you to a scheduled Zoom meeting.**

**Topic: Belvedere Regular City Council Meeting**

**Time: April 12, 2021, 5:30 P.M.**

**Join Zoom Meeting:**

**<https://us02web.zoom.us/j/81637895637?pwd=ZHpKVjZwTEtneXhUZEx2QT09>**

**Webinar ID: 816 3789 5637**

**Passcode: 225390**

**877 853 5247 US Toll-free**

**888 788 0099 US Toll-free**

**The City encourages that comments be submitted in advance of the meeting.**

**However, for members of the public using the Zoom video conference function, those who wish to comment on an agenda item should write “I wish to make a public comment” in the chat section of the remote meeting platform. At the appropriate time, the city clerk will allow oral public comment through the remote meeting platform. Any member of the public who needs special accommodations to access the public meeting should email the city clerk at [clerk@cityofbelvedere.org](mailto:clerk@cityofbelvedere.org), who will use her best efforts to provide assistance.**

**AGENDA – REGULAR MEETING  
BELVEDERE CITY COUNCIL  
APRIL 12, 2021  
5:30 P.M. CLOSED SESSION  
6:30 P.M. OPEN SESSION  
VIA REMOTE ZOOM MEETING**

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**COMMENTS ON AGENDA ITEMS BY MEMBERS OF THE AUDIENCE**

*The audience will be given an opportunity to speak on each agenda item when it is called. Upon being recognized by the Mayor, please state your name and address, and limit your oral statement to no more than three minutes. The Council welcomes comments and questions raised by interested citizens but typically does not respond during the comment period.*

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**5:30 PM      CALL TO ORDER  
PUBLIC COMMENT ON CLOSED SESSION AGENDA ITEM  
ADJOURN TO CLOSED SESSION**

**CLOSED SESSION**

- 1A. Significant exposure to litigation pursuant to Government Code section 54956.9(d)(2): (One potential case) Claims filed by Yema Khalif and Hawi Awash on January 25, 2012, on file with the City Clerk's Office.
- 1B. Significant exposure to litigation pursuant to Government Code section 54956.9(d)(2) and (e)(1): (One potential case).

**6:30 PM      RECONVENE IN OPEN SESSION**

**OPEN FORUM**

*This is an opportunity for any citizen to briefly address the City Council on any matter that does not appear on this agenda. Upon being recognized by the Mayor, please state your name, address, and limit your oral statement to no more than three minutes. Matters that appear to warrant a more lengthy presentation or Council consideration may be agendaized for further discussion at a later meeting.*

**REPORTS AND PRESENTATIONS**

- 2. City Council reports.
- 3. City Manager report.
- 4. Police Department quarterly report.

**CONSENT CALENDAR**

*The Consent Calendar consists of items that the City Council considers to be non-controversial. Unless any item is specifically removed by any member of the City Council, staff, or audience, the Consent Calendar will be adopted by one motion. Items removed will be considered in the sequence as they appear below. If any member of the audience wishes to have an item removed, please step to the microphone, state your name, and indicate the item.*

5. Approve minutes of the March 8, 2021 regular meeting.
6. Approve warrants of March 2021.
7. Declare the cost to provide Fire Protection and Emergency Services in Fiscal Year 2021-2022 will exceed \$450,000.
8. Approve resolution allocating Road Repair and Accountability Act (SB1) funds to be included in the 2021/22 Fiscal Year (FY) Capital Improvement Plan Budget.
9. Second Reading of Ordinance Amendment to Belvedere Municipal Code Chapter 20.04, Design Review, adding Section 20.04.200 regarding Analysis of “Substantial Improvement” for Floodplain Regulation Purposes; and Adopt Resolution Amending Administrative Policy Manual, Section 14.7 *Administration* of Substantial Improvement Requirements for Projects within Designated Floodplains.

### PUBLIC HEARING

10. Consider recommendations by the Belvedere Historic Preservation Committee and the Planning Commission to designate 308 Golden Gate Avenue a City of Belvedere Historic Property, pursuant to Title 21 of the Belvedere Municipal Code.
11. Introduction and first reading of an Ordinance of the City of Belvedere removing and replacing section 10.36.200 of chapter 10.36 “stopping, standing, and parking” of the Belvedere Municipal Code regarding 72-hour parking rule.

### OTHER SCHEDULED ITEMS

12. First reading of a resolution for the period of July 1, 2020, through June 30, 2023, ratifying a memorandum of understanding between the City and the Belvedere Peace Officers Association (BPOA) establishing salary and benefits for those personnel.

Staff recommendation: Review and approve first reading of the resolution establishing salaries and benefits for BPOA employees. Pursuant to Belvedere Administrative Policy 20.5.2, the resolution will also appear on the May 10, 2021, regular City Council agenda for final approval.

13. Adoption of a Pension Funding Policy, including creation of a 115 Pension Trust, various revisions to the Administrative Policy Manual, and a budget amendment for the 2020/21 Fiscal Year.

### ADJOURN

#### NOTICE: WHERE TO VIEW AGENDA MATERIALS

Staff reports and other materials distributed to the City Council are available for public inspection at the following locations:

- Online at [www.cityofbelvedere.org/archive.aspx](http://www.cityofbelvedere.org/archive.aspx)
- Belvedere City Hall, 450 San Rafael Avenue, Belvedere. *(Materials distributed to the City Council after the Thursday before the meeting are available for public inspection at this location only.)*
- Belvedere-Tiburon Library, 1501 Tiburon Boulevard, Tiburon.

To request automatic mailing of agenda materials, please contact the City Clerk at (415) 435-3838.

#### NOTICE: AMERICANS WITH DISABILITIES ACT

The following accommodations will be provided, upon request, to persons with a disability: agendas and/or agenda packet materials in alternate formats and special assistance needed to attend or participate in this meeting. Please make your request at the Office of the City Clerk or by calling 415/435-3838. Whenever possible, please make your request four working days in advance.

**CONSENT CALENDAR**

**BELVEDERE CITY COUNCIL**  
**April 12, 2021**

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To: Mayor and City Council

From: Beth Haener, City Clerk

**Subject: Approve minutes of the March 8, 2021 Regular City Council meeting**

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**Recommended Motion/Item Description**

That the City Council approve the minutes as part of the Consent Calendar.

**Attachments**

Minutes.

**REGULAR MEETING  
BELVEDERE CITY COUNCIL  
MARCH 8, 2021  
6:00 P.M CLOSED SESSION  
6:30 P.M. OPEN SESSION  
REMOTE VIA ZOOM  
MINUTES**

**COUNCIL PRESENT:** Steve Block, James Lynch, Nancy Kemnitzer, Sally Wilkinson, and James Campbell.

**COUNCIL ABSENT:** None

**STAFF PRESENT:** City Manager Craig Middleton

*These minutes are intended to reflect the general content of the regular meeting. An audio file of the meeting is available: <https://www.cityofbelvedere.org/agendacenter>.*

**CALL TO ORDER IN REMOTE OPEN SESSION**

The meeting was called to order by Mayor Campbell at 6:02 PM via remote Zoom meeting. COVID-19 disclaimer was read. City Manager Middleton took roll call.

**PUBLIC COMMENT ON CLOSED SESSION AGENDA ITEMS**

No one wished to speak. Mayor Campbell called to adjourn to Closed Session.

**ADJOURN TO CLOSED SESSION**

- 1. Conference with Labor Negotiator. Government Code section 54957.6. Negotiator: City Manager. Bargaining Unit: Belvedere Police Department.**
- 2. Public Employee Performance Evaluation (Government Code Section 54957)  
Title: City Attorney**

**RECONVENE IN OPEN SESSION**

The meeting reconvened in open session via Zoom at 6:45p.m. The following staff members joined the meeting: Police Chief Jason Wu, City Attorney Emily Longfellow, Public Works Director Robert Zadnik, Administrative Services Manager Amber Johnson, Planning and Building Director Irene Borba, Senior Planner Rebecca Markwick, Building Official Brian Van Son, and City Clerk Beth Haener.

Mayor Campbell announced that no reportable actions were taken in the closed session.

**OPEN FORUM**

Dr. William Rothman stated his concern about materials that will be used in the Community Park playground remodel.

**REPORTS & PRESENTATIONS**

- 3. Interview applicants for open volunteer positions on the Planning Commission and the Historic Preservation Committee.**

Ashley Johnson and Alex Seidel were interviewed by Council for the Planning Commission.

Marshall Butler was interviewed by Council for the Historic Preservation Committee.

Mayor Campbell thanked the applicants and indicated that a decision on appointment would be made at the end of the meeting.

#### **4. City Council Reports**

Councilmember Kemnitzer reported that the Senate passed the American Rescue Act, and the aid from this plan could entitle the City to \$389,700. Councilmember Kemnitzer stated that the City Manager may have more information on this topic and noted that the Legislative Committee and the City's representatives at the League of Cities have been extremely active in this endeavor.

#### **5. City Manager Reports**

City Manager Middleton addressed Councilmember Kemnitzer's report, stating that once the House passes the final version of the American Rescue Act, the City will be able to ascertain the amount of funding that Belvedere might receive from the final bill. Middleton reported on the Marin Wildfire Prevention Authority, who is focusing on evacuation planning for its member agencies, and is interested in utilizing evacuation software to help in a coordinated effort for all of Marin. Middleton stated that Belvedere will likely be joining this coordinated effort.

City Manager Middleton announced that the process for developing objective design standards for housing is moving forward, and that the Planning Commission is preparing a special meeting in April to review the design guidelines that have been customized for Belvedere. The Planning Commission will make recommendations for potential Council action in May or June.

#### **6. Report from Harbormaster Curtis Havel of the Richardson's Bay Regional Agency**

Harbormaster Curtis Havel gave a presentation on the Richardson's Bay Regional Agency, highlighting the agency's current work, and its plans for the future.

#### **CONSENT CALENDAR**

**MOTION:** Move to adopt the Consent Calendar

**MOVED:** By Lynch, seconded by Kemnitzer; approval was unanimous.

The Consent Calendar consisted of the following Items:

- 7. Approve minutes of the February 2, 2021 Special meeting**
- 8. Approve minutes of the February 8, 2021 Regular meeting**
- 9. Approve warrants of February 2021**
- 10. Approve response to Marin Grand Jury: Roadblocks to a Safer Evacuation in Marin**

#### **INDIVIDUAL CONSENT CALANDAR**

- 11. Approve recommendation from the Historic Preservation Committee for the City to enter into a Mills Act Agreement for the property at 370 Bella Vista Avenue. The Mills Act is a tax abatement program for the purposes of historic preservation. CEQA status: categorically exempt pursuant to Section 15331. Property Owner: Mitul Modi and Steven Howard**

**MOTION:** To adopt the Individual Consent Calendar.

**MOVED:** By Block, seconded by Wilkinson; approved.

**VOTE:**

**AYES:** Wilkinson, Block, Kemnitzer, and Campbell

**NOES:** None

**ABSENT:** None  
**RECUSED:** Lynch

**PUBLIC HEARING**

**12. Introduction and First Reading of Ordinance Amendment to Belvedere Municipal Code Chapter 20.04, Design Review, adding Section 20.04.200 regarding Analysis of “Substantial Improvement” for Floodplain Regulation Purposes; and Adopt Resolution Amending Administrative Policy Manual, Section 14.7 Administration of Substantial Improvement Requirements for Projects within Designated Floodplains.**

Building Official Brian Van Son presented the staff report. There were no questions from Council or the public, and there was no further discussion.

**MOTION 1:** To read the Ordinance by title only.  
**MOVED:** By Lynch, seconded by Block; approval was unanimous.

City Clerk Haener read aloud the full title of the ordinance.

**MOTION 2:** To approve the first reading of the Ordinance and to waive future readings of the Ordinance in its entirety.  
**MOVED:** By Lynch, seconded by Block; approval was unanimous.

**MOTION 3:** To approve the Resolution amending the Administrative Policy Manual  
**MOVED:** By Lynch, seconded by Block; approval was unanimous.

**13. Consider resolution updating the City’s Master Schedule of Fees, Charges, and Application Fees. Changes include increases in existing fees, charges, and application fees, and the addition of new ones.**

City Manager Middleton presented the staff report. Administrative Services Manager Amber Johnson and City Manager Middleton took questions from Council. There were no questions or comment from Public.

**MOTION:** Adopt the attached resolution approving changes to the City’s Master Schedule of Fees, Charges and Application Fees.  
**MOVED:** By Kemnitzer, seconded by Lynch; approval was unanimous.

**OTHER SCHEDULED ITEMS**

**14. Report from the City of Belvedere trustee representatives on the Belvedere-Tiburon Library Agency Board on library operations and expansion status, along with a recommendation that the City of Belvedere make a financial contribution to the library expansion budget.**

Bill Smith of the Belvedere-Tiburon Library Agency Board gave a report on the history of the Library. The Library Director, Debbie Mazzolini, gave a report on the current operations of the Library, specifically during COVID-19. Glenn Isaacson reported on the Library’s construction progress.

Bill Smith asked that the City consider the value of the Library to the Community and requested that the City make a financial contribution to the Library expansion budget.

Bill Smith took questions from the Council. Mayor Campbell called for Public Comment.

Marty Winter, 2270 Paradise Drive, Tiburon, former Council member, stated his support for the Library and urged the Council to contribute to the Library expansion budget.

Roxanne Richards, 266 Beach Road, who serves on the Library Foundation Board, discussed the efforts the foundation has made to find private funding, and asked that Belvedere show its support of this project.

Ann Aylwin, 56 Lagoon Road, who serves on the Library Foundation Board, stated her support for the Library and asked that Council support the expansion.

Mayor Campbell closed public comment and asked Council for a motion for the item.

**MOTION:** To refer the item to the Finance Committee, and to ask the Committee come back with a recommendation for Council consideration at a future Council meeting.

**MOVED:** By Wilkinson, seconded by Block; approval was unanimous.

Councilmember Block asked the Library Agency Board to provide the Finance Committee with a package of its financials.

Councilmember Kemnitzer asked to make a point of clarification, and stated that Council is not asking the Finance Committee to make the decision, but to analyze the availability of the funds, and to return the item to Council for a decision.

**15. Appoint members to:**

- a. **Planning Commission**
- b. **Historic Preservation Committee**

Council discussed the applicants for the Planning Commission.

**MOTION:** To appoint Ashley Johnson to the Planning Commission

**MOVED:** By Block, seconded by Kemnitzer; approval was unanimous.

Council discussed the applicant for the Historical Preservation Committee.

**MOTION:** To appoint Marshall Butler to the Historical Preservation Committee

**MOVED:** By Block, seconded by Lynch; approval was unanimous

**ADJOURN**

The meeting was adjourned at 9:14 P.M.

**THE FOREGOING MINUTES** were approved at a regular meeting of the Belvedere City Council on April 12, 2021, by the following vote:

**AYES:** Steve Block, James Lynch, Nancy Kemnitzer, Vice Mayor Wilkinson, and Mayor Campbell

**NOES:** None

**ABSENT:** None

**RECUSED:** None

**Approve:** \_\_\_\_\_  
James Campbell, Mayor

**Attest:** \_\_\_\_\_  
Beth Haener, City Clerk



**CONSENT CALENDAR**

**BELVEDERE CITY COUNCIL  
APRIL 12, 2021**

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To: Mayor and City Council  
From: Amber Johnson, Administrative Services Manager  
Subject: **Approve warrants of March 2021**

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**Recommended Motion/Item Description**

That the City Council approve the March 2021 warrants as part of the Consent Calendar.

**Attachments**

Warrants.

CITY OF BELVEDERE  
WARRANTS REPORT  
MARCH 2021  
**BANK ACCOUNT 1000**  
**OPERATING CHECKING ACCOUNT**

Check Number	Check Date	Vendor # (Name)	Net Amount	Check Description
26784	3/16/2021	MAGGIORA & GHILOTTI INC.	6,411.26	Automatic Generated Check
26785	3/23/2021	AMMI PUBLISHING COMP. INC	390.00	Automatic Generated Check
26786	3/23/2021	AT&T	456.29	Automatic Generated Check
26787	3/23/2021	AT&T MOBILITY	216.15	Automatic Generated Check
26788	3/23/2021	CINTAS CORPORATION #626	90.30	Automatic Generated Check
26789	3/23/2021	CODE SOURCE	990.00	Automatic Generated Check
26790	3/23/2021	COUNTY OF MARIN-MARIN.ORG	1,393.94	Automatic Generated Check
26791	3/23/2021	DIGITECH REPROGRAPHICS	865.82	Automatic Generated Check
26792	3/23/2021	FISHMAN SUPPLY COMPANY	67.55	Automatic Generated Check
26793	3/23/2021	FLYERS ENERGY, LLC	863.33	Automatic Generated Check
26794	3/23/2021	FORSTER PUMP & ENGINEERIN	935.00	Automatic Generated Check
26795	3/23/2021	HENRY SCHMITT	4,488.14	Automatic Generated Check
26796	3/23/2021	JOHN ADAMS	1,816.50	Automatic Generated Check
26797	3/23/2021	LISA MCCUBBIN	2,638.20	Automatic Generated Check
26798	3/23/2021	MARIN COUNTY REGISTRAR OFFICE	2,370.67	Automatic Generated Check
26799	3/23/2021	MARIN INDEPENDENT JOURNAL	683.05	Automatic Generated Check
26800	3/23/2021	MARIN MUNICIPAL WATER DIS	1,385.03	Automatic Generated Check
26801	3/23/2021	MOE ENGINEERING, INC.	4,544.97	Automatic Generated Check
26802	3/23/2021	PARISI TRANSPORTATION CONSULTING INC.	9,081.01	Automatic Generated Check
26803	3/23/2021	PARSAC	330.54	Automatic Generated Check
26804	3/23/2021	QUILL CORPORATION	164.48	Automatic Generated Check
26805	3/23/2021	SANTA ROSA UNIFORM &	318.06	Automatic Generated Check
26806	3/23/2021	SHRED-IT USA - CONCORD	120.01	Automatic Generated Check
26807	3/23/2021	SOFTWARE SIMPLIFIED, INC.	9,618.75	Automatic Generated Check
26808	3/23/2021	STETSON ENGINEERS, INC.	8,204.50	Automatic Generated Check
26809	3/23/2021	SUMMERHILL ELECTRIC INC.	105.62	Automatic Generated Check
26810	3/23/2021	TERRIY DREYFUS	2,500.00	Automatic Generated Check
26811	3/23/2021	THOMSON REUTERS - WEST	326.93	Automatic Generated Check
26812	3/23/2021	TIBURON PENINSULA	275.00	Automatic Generated Check
26813	3/23/2021	TPX COMMUNICATIONS	772.02	Automatic Generated Check
26814	3/23/2021	UPS	17.52	Automatic Generated Check
26815	3/23/2021	U.S. BANK CORPORATE PAYME	2,433.65	Automatic Generated Check
26816	3/23/2021	VAN MIDDE & SON CONCRETE	4,000.00	Automatic Generated Check
26817	3/23/2021	VERIZON	1,081.99	Automatic Generated Check
26818	3/23/2021	VIGILANT SOLUTIONS, INC	4,350.00	Automatic Generated Check
26819	3/23/2021	WAGeworks INC.	106.00	Automatic Generated Check
26820	3/23/2021	WELLS FARGO VENDOR FINANCIAL SERVICES LLC	663.20	Automatic Generated Check
26821	3/23/2021	ZEE MEDICAL COMPANY	204.25	Automatic Generated Check
26822	3/23/2021	GENARO MUNIZ	11.90	Automatic Generated Check
A-772	3/2/2021	GLOBAL PAYMENTS	363.21	Electronic Payment
A-773	3/4/2021	TAKE CARE/WAGE WORKS	80.00	Electronic Payment

CITY OF BELVEDERE  
WARRANTS REPORT  
MARCH 2021  
**BANK ACCOUNT 1000**  
**OPERATING CHECKING ACCOUNT**

Check Number	Check Date	Vendor # (Name)	Net Amount	Check Description
A-774	3/8/2021	MOJO PAY	9.95	Electronic Payment
A-775	3/9/2021	PACIFIC GAS & ELECTRIC	2,872.00	Electronic Payment
A-776	3/10/2021	TAKE CARE/WAGE WORKS	52.60	Electronic Payment
A-777	3/11/2021	EFTPS	14,676.45	Electronic Payment
A-778	3/11/2021	CA EDD	0.00	Electronic Payment
A-779	3/11/2021	CALPERS	18,078.89	Electronic Payment
A-780	3/11/2021	U.S. BANK COPIER	1,066.28	Electronic Payment
A-781	3/11/2021	TAKE CARE/WAGE WORKS	80.80	Electronic Payment
A-782	3/15/2021	WESTAMERICA BANK	312.46	Electronic Payment
A-783	3/11/2021	DELUXE CHECK PRINTING	63.32	Electronic Payment
A-784	3/17/2021	TAKE CARE/WAGE WORKS	2,684.27	Electronic Payment
A-785	3/17/2021	AFLAC INSURANCE CO	102.58	Electronic Payment
A-786	3/18/2021	COMCAST	48.80	Electronic Payment
A-787	3/22/2021	AT&T	194.72	Electronic Payment
A-788	3/24/2021	AT&T	64.20	Electronic Payment
A-789	3/25/2021	EFTPS	14,325.84	Electronic Payment
A-790	3/25/2021	CA EDD	4,556.28	Electronic Payment
A-791	3/25/2021	CALPERS	18,055.67	Electronic Payment
A-792	3/25/2021	CALPERS	32,094.04	Electronic Payment
AP032321-01	3/23/2021	ABILA	5,101.38	Electronic Payment
AP032321-02	3/23/2021	ALISON FOULIS	637.50	Electronic Payment
AP032321-03	3/23/2021	BELVEDERE-TIBURON LIBRARY	916.45	Electronic Payment
AP032321-04	3/23/2021	DC ELECTRIC GROUP, INC.	312.43	Electronic Payment
AP032321-05	3/23/2021	DC ELECTRIC GROUP, INC.	229.14	Electronic Payment
AP032321-06	3/23/2021	EDMUND H. SAN DIEGO	619.50	Electronic Payment
AP032321-07	3/23/2021	EPSTEIN + HOLTZAPPLE	9,672.00	Electronic Payment
AP032321-08	3/23/2021	EPSTEIN + HOLTZAPPLE	3,260.00	Electronic Payment
AP032321-09	3/23/2021	FORSTER & KROEGER LANDSCA	560.00	Electronic Payment
AP032321-10	3/23/2021	HADLEY GENERAL CONTRACTORS INC	14,335.37	Electronic Payment
AP032321-11	3/23/2021	HERC RENTALS INC.	3,964.01	Electronic Payment
AP032321-12	3/23/2021	JESUS ARGUELLES	1,280.00	Electronic Payment
AP032321-13	3/23/2021	JESUS ARGUELLES	393.75	Electronic Payment
AP032321-14	3/23/2021	MARIN IT, INC.	531.50	Electronic Payment
AP032321-15	3/23/2021	MARY NEILAN	556.94	Electronic Payment
AP032321-16	3/23/2021	MICHAEL PAUL COMPANY INC.	16,000.00	Electronic Payment
AP032321-17	3/23/2021	PARS	600.00	Electronic Payment
AP032321-18	3/23/2021	PORAC RETIREE MEDICAL TRU	750.00	Electronic Payment
AP032321-19	3/23/2021	SPTJ CONSULTING	2,475.00	Electronic Payment
AP032321-20	3/23/2021	SPTJ CONSULTING	184.76	Electronic Payment

CITY OF BELVEDERE  
WARRANTS REPORT  
MARCH 2021  
**BANK ACCOUNT 1000**  
**OPERATING CHECKING ACCOUNT**

Check Number	Check Date	Vendor # (Name)	Net Amount	Check Description
AP032321-21	3/23/2021	TIBURON FIRE PROTECTION	146,262.33	Electronic Payment
AP032321-22	3/23/2021	TREEMASTERS	800.00	Electronic Payment
Total for Bank Account 1000 ----->			394,516.05	

CITY OF BELVEDERE  
WARRANTS REPORT  
MARCH 2021  
**BANK ACCOUNT 1010**  
**PAYROLL CHECKING ACCOUNT**

Check Number	Check Date	Vendor # (Name)	Net Amount	Check Description
094	03/11/21		65,739.67	Electronic Payment
095	03/25/21		64,702.33	Electronic Payment
P-068	03/11/21	MASS MUTUAL	276.92	Electronic Payment
P-069	03/25/21	MASS MUTUAL	276.92	Electronic Payment
PR021120-01	03/11/21	BPOA	92.30	Electronic Payment
PR021120-02	03/11/21	ICMA-RC	4,681.02	Electronic Payment
PR021120-03	03/11/21	GARNISHMENT	1,141.38	Electronic Payment
PR022521-01	03/25/21	BPOA	92.30	Electronic Payment
PR022521-02	03/25/21	ICMA-RC	4,681.02	Electronic Payment
PR022521-03	03/25/21	GARNISHMENT	1,141.38	Electronic Payment
Total for Bank Account 1010 ----->			<u>142,825.24</u>	
<b>Grand Total of all Bank Accounts -----&gt;</b>			<b><u>537,341.29</u></b>	

To: Mayor and City Council

From: Amber Johnson, Administrative Services Manager

**Subject: Declare the cost to provide Fire Protection and Emergency Services in Fiscal Year 2021-2022 will exceed \$450,000**

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**Recommended Motion/Item Description**

That the City Council adopt the resolution declaring that the cost to provide Fire Protection and Emergency Medical Services for Fiscal Year 2021-2022 will exceed \$450,000.

**Background**

Before setting the annual assessment for fire protection and emergency medical services each year, Section 3.28.070 of the Belvedere Municipal Code requires the City to adopt a resolution declaring that the cost to provide such services will exceed \$450,000. On the basis of the projected budget for FY 2021-22, staff estimates that the cost of providing fire and emergency medical services will be at least \$1,800,000 for the year.

**Attachments**

Resolution.

**CITY OF BELVEDERE**

**RESOLUTION NO. 2021-xx**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELVEDERE  
DECLARING THE COST TO PROVIDE FIRE PROTECTION AND  
EMERGENCY MEDICAL SERVICES IN  
FISCAL YEAR 2021-2022 WILL EXCEED \$450,000**

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**WHEREAS**, pursuant to Section 3.28.070 of the Belvedere Municipal Code, the City Council must declare that the cost of providing safe, adequate and proper fire protection and emergency medical services in fiscal year 2021-2022 will exceed \$450,000 before levying a special tax for such services; and

**WHEREAS**, it is estimated that the cost of providing the aforementioned services in fiscal year 2021-2022 will be at least \$1,800,000.

**NOW, THEREFORE BE IT RESOLVED** that the Belvedere City Council hereby declares that it has determined that the cost of providing the services delineated above will exceed \$450,000 in fiscal year 2021-2020.

**PASSED AND ADOPTED** at a regular meeting of the Belvedere City Council on April 12, 2021, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**APPROVED:** \_\_\_\_\_  
James Campbell, Mayor

**ATTEST:** \_\_\_\_\_  
Beth Haener, City Clerk

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To: Mayor and City Council

From: Robert Zadnik, Public Works Director  
Amber Johnson, Administrative Services Manager

Subject: **Approve resolution allocating Road Repair and Accountability Act (SB 1) funds to be included in the 2021/22 Fiscal Year (FY) Capital Improvement Plan Budget**

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**Recommended Motion/Item Description**

Staff recommends that Council approve the attached resolution allocating Road Maintenance and Rehabilitation Account funding, estimated at \$41,982 for FY 2021/22, into the Capital Improvement Plan budget to fund construction of various overlay projects.

**Background**

In April 2017, the California State legislature passed Senate Bill 1 (SB1), the Road Repair and Accountability Act of 2017, providing \$54 billion statewide over the next decade for transportation infrastructure improvements. Of this, cities and counties are slated to receive \$1.5 billion annually once revenues from SB1 are fully realized. SB1 revenues allocated for road maintenance and rehabilitation are estimated to provide an estimated \$41,982 for FY 2021/22 to the City of Belvedere.

**Analysis**

SB1 has accountability measures that require the City to adopt a proposed project list of roads that are to be improved with SB1 revenues, as well as annual reporting of expenditures to the California Transportation Commission. The list shown here, and in the attached resolution, includes several priority road segments slated for repair in the summer of 2021. It should be noted that this list represents a portion of the City’s overall road rehabilitation program and is dependent on available funding. The projects will focus on roadway improvements. Safety, drainage, transit, and bicycle and pedestrian facilities may also be improved where warranted and/or feasible.

<b>Street Name</b>	<b>From</b>	<b>To</b>	<b>PCI</b>
Acacia	San Rafael	End	66
Bayview	Golden Gate	Laurel	50
Bellevue	Main	Corinthian Outlook	70



**Recommendation**

Staff recommends that the City Council approve the attached resolution allocating all Road Maintenance and Rehabilitation Account funding, estimated at \$41,982 for FY 2020/21, into the Capital Improvement Plan budget to fund construction of various overlay projects.

**Attachments**

City Council Resolution.

**CITY OF BELVEDERE**

**RESOLUTION NO. 2021-XX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELVEDERE  
APPROPRIATING ROAD REPAIR AND ACCOUNTABILITY ACT FUNDING AND  
INCLUDING IN THE FY 2021-22 BUDGET TO INCORPORATE A LIST OF  
PROJECTS FUNDED BY SB 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT**

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**WHEREAS**, Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) was passed by the Legislature and Signed into law by the Governor in April 2017 to address the significant multi-modal transportation funding shortfalls statewide; and

**WHEREAS**, SB 1 includes accountability and transparency provisions that will ensure the residents of our City are aware of the projects proposed for funding in our community and which projects have been completed each fiscal year; and

**WHEREAS**, the City must adopt by resolution a list of projects proposed to receive fiscal year funding from the Road Maintenance and Rehabilitation Account (RMRA), created by SB 1, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement; and

**WHEREAS**, the City, will receive an estimated \$41,982 in RMRA funding in Fiscal Year 2021-22 from SB 1; and

**WHEREAS**, this is the fifth year in which the City is receiving SB 1 funding and will enable the City to continue essential road maintenance and rehabilitation projects, safety improvements, repairing and replacing aging bridges, and increasing access and mobility options for the traveling public that would not have otherwise been possible without SB 1; and

**WHEREAS**, the City used a Pavement Management System to develop the SB 1 project list to ensure revenues are being used on the most high-priority and cost-effective projects that also meet the community's priorities for transportation investment; and

**WHEREAS**, the funding from SB 1 will help the City maintain and rehabilitate three streets/roads throughout the City this year and many similar projects into the future; and

**WHEREAS**, the 2018 California Statewide Local Streets and Roads Needs Assessment found that the City's streets and roads are in an "very good" condition and this revenue will help

us increase the overall quality of our road system and over the next decade will bring our streets and roads into a “very good” condition; and

**WHEREAS**, the SB 1 project list and overall investment in our local streets and roads infrastructure with a focus on basic maintenance and safety, investing in complete streets infrastructure, and using cutting-edge technology, materials and practices, will have significant positive co-benefits statewide.

**NOW, THEREFORE BE IT RESOLVED** by the City Council of the City of Belvedere, as follows:

1. The foregoing recitals are true and correct.
2. The following list of proposed projects will be funded in-part or solely with fiscal year 2021-22 Road Maintenance and Rehabilitation Account revenues:

Acacia Ave. from San Rafael Ave. to End, Bayview Ave. from Golden Gate Ave. to Laurel Ave., Bellevue Ave. from Main Street to Corinthian Overlook. Slurry Seal to prolong life of the roadway. This work is expected to begin in the spring/summer of 2021 and prolong the roadway life by 5 years.

3. The following previously proposed and adopted projects may utilize fiscal year 2019-20 and previous Road Maintenance and Rehabilitation Account revenues in their delivery. With the relisting of these projects in the adopted fiscal year resolution, the City is reaffirming to the public and the State our intent to fund these projects with Road Maintenance and Rehabilitation Account revenues:

- Bella Vista Avenue (Oak Ave. to Toyon Ave.), Cove Road (Beach Rd. to Lagoon Rd.), Belvedere Avenue (Belvedere Wy. To Pine Ave): *Originally listed in FY 2020/21.* Slurry Seal to prolong life of the roadway. This work is expected to begin in the summer of 2021 and prolong the roadway life by 5 years.
- Hilarita Circle & Windward Road (entire length): *Originally listed in FY 2019/20.* Crack filling and surface Slurry Seal to prolong life of the roadway. This work is expected to begin and be completed in the Summer of 2021 and prolong the roadway life by approximately 5-7 years.
- Community Road (Leeward Rd. to San Rafael Ave): *Originally listed in FY 2019/20.* Base failure repair, Crack filling and surface Slurry Seal to prolong life of the roadway. Anticipated life is estimated at 15 years. Start and completion date: summer-fall 2021.

Resolution No. 2021-xx  
Belvedere City Council

- Corinthian Parking/Overlook (Bellevue Ave. to Alcatraz Ave): *Originally listed in FY 2018/19*. Repair of base failures and repave. Repaving work has useful life of 15 years. Start and completion date: summer-fall 2021.
- Belvedere Avenue (Pine Ave. to Beach Road): *Originally listed in FY 2018/19*. Grind and overlay, repair of base failures and repave. Anticipated life is estimate at 15 years. Start and completion date: summer 2021.
- Blanding Lane (Belvedere Ave. to 60' south of Belvedere Ave.): *Originally listed in FY 2018/19*. Slurry Seal to extend life of roadway approx. 5 years. Start and completion date: Summer 2021.
- Bayview Avenue (Marin Ave. to Laurel Ave): *Originally listed in FY 2018/19*. Repair base failures, grind and 2" overlay. Anticipated useful life is 15 years. Start and completion date: Summer 2021.

**PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Belvedere on April 12, 2021, by the following vote:

**AYES:** \_

**NOES:** None

**ABSENT:** None

**ABSTAIN:** None

**APPROVED:** \_\_\_\_\_

James Campbell, Mayor

**ATTEST:** \_\_\_\_\_

Beth Haener, City Clerk

To: Mayor and City Council

From: Beth Haener, City Clerk

**Subject: Adopt an Ordinance Amendment to Design Review, Chapter 20.04, adding Section 20.04.200 Regarding Analysis of “Substantial Improvement” for Floodplain Regulation Purposes; and Adopt Resolution to Amend Administrative Policy Manual Regarding Floodplain Regulations for Residential Construction Projects Located within the AE and VE Flood Zones**

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**Recommended Motion/Item Description**

That the City Council adopt the ordinance as part of the Consent Calendar.

**Background**

This ordinance was introduced at the March 8, 2021, regular City Council meeting. There were no comments from the public and the first reading was approved unanimously. It is being presented tonight for final adoption.

**Attachments**

Ordinance.

**CITY OF BELVEDERE**

**ORDINANCE NO. 2021-xx**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELVEDERE ADDING SECTION 20.04.200 TO THE DESIGN REVIEW ORDINANCE, CHAPTER 20.04 REGARDING SUBSTANTIAL IMPROVEMENT FOR FLOODPLAIN REGULATION**

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**WHEREAS**, regulations issued by the Federal Emergency Management Agency (“FEMA”) and contained in Belvedere’s floodplain regulations, Belvedere Municipal Code chapter 16.20, require that when a project constitutes a “substantial improvement” it must be raised pursuant to said regulations; and

**WHEREAS**, a “substantial improvement” is defined by federal and City requirements as when the cost of a project equals or exceeds 50% of the structure’s value prior to construction; and

**WHEREAS**, the City desires to provide tools to ensure that the determination of “substantial improvement” is made in a predictable and consistent manner to provide stability and predictability for members of the community and the City; and

**WHEREAS**, the Floodplain Subcommittee held numerous public meetings to develop proposed amendments to the Administrative Policy Manual and an Ordinance amendment to the Design Review Code that assist the City in providing consistent and predictable determinations of “substantial improvement”; and

**WHEREAS**, on January 21, 2021, the Planning Commission recommended City Council approval of said amendments to the Administrative Policy Manual and the Design Review Code; and

**WHEREAS**, the proposed Ordinance amendment would allow evaluation of whether a project meets the definition of “substantial improvement” pursuant to Section 16.20.040 of the Belvedere Municipal Code, during Design Review consideration, and if so, it must comply with all applicable floodplain requirements (the “Ordinance Amendment”); and

**WHEREAS**, on March 8, 2021, the City Council held a duly noticed public hearing to consider the Ordinance Amendment; and

**WHEREAS**, the Ordinance Amendment is categorically exempt from the California Environmental Quality Act (“CEQA”) under the “common sense” exception, CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that the Amendment does not have a significant adverse effect on the environment.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BELVEDERE HEREBY ORDAINS AS FOLLOWS:**

**SECTION 1. Recitals.** The foregoing recitals are true and correct and are incorporated herein by reference.

**SECTION 2. Amendment.** Section 16.20.200 is hereby added by the Belvedere Municipal Code as follows:

20.04.200 Substantial Improvement. The proposed work shall be evaluated as to whether it meets the definition of “substantial improvement” as defined in Section 16.20.040 of the Municipal Code. If it is found that the proposed work constitutes a “substantial improvement,” then it must satisfy all applicable floodplain requirements in the Municipal Code and pursuant to Federal Emergency Management Agency guidelines.

**SECTION 3. Severability.** If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance, or any part thereof, is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance irrespective of the fact that one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional or invalid or effective. To this end the provisions of this Ordinance are declared to be severable.

**SECTION 4. Effective Date.** This Ordinance shall take effect and be in force thirty (30) days after the date of its passage. Within fifteen (15) days following its passage, a summary of the Ordinance shall be published with the names of those City Council members voting for and against the Ordinance and the City Clerk shall post in the office of the City Clerk a certified copy of the full text of the adopted Ordinance along with the names of the members voting for and against the Ordinance.

**INTRODUCED AT A PUBLIC HEARING** March 8, 2021, and adopted at a regular meeting of the Belvedere City Council on April 12, 2021 by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**APPROVED:** \_\_\_\_\_  
James Campbell, Mayor

**ATTEST:** \_\_\_\_\_  
Beth Haener, City Clerk

To: Mayor and City Council

From: Rebecca Markwick, Senior Planner

Subject: **Consider recommendations by the Belvedere Historic Preservation Committee and the Planning Commission to designate 308 Golden Gate Avenue a City of Belvedere Historic Property, pursuant to Title 21 of the Belvedere Municipal Code**

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**Recommended Motion/Item Description**

1. That the City Council conduct the public hearing; and
2. That the City Council adopt the resolution approving the designation of the property at 308 Golden Gate Avenue as a City of Belvedere Historic Property.

**Background**

The applicants and property owner, The James and Suzanne DuMolin AB Living Trust, have requested that their home at 308 Golden Gate Avenue receive the City’s designation of Historic Property, pursuant to Title 21 of the Belvedere Municipal Code.

On February 9, 2021, the Belvedere Historic Preservation Committee voted to recommend designation of the home at 308 Golden Gate Avenue as a City of Belvedere Historically Designated Property.

At the March 16, 2021 Planning Commission meeting, the Commission considered the recommendation of the Historic Preservation Committee and the material prepared by the Committee as the basis for the recommendation. The Planning Commission approved a motion recommending that the City Council designate the residence at 308 Golden Gate Avenue as a City of Belvedere Historic Property.

**Analysis**

Under Chapter 21.20 of the Belvedere Municipal Code, a property owner may initiate the process to apply for the Historical Designation of his or her home. After a complete application is received, the Historical Preservation Committee holds a public hearing to consider the Historical Designation application and makes a recommendation to the Planning Commission. Subsequently, the Planning Commission reviews the application and makes its recommendation to the City Council. Only the City Council can designate a residence as a Belvedere Historically Designated Property.



308 Golden Gate Avenue is located in Belvedere's Historic Resource Sensitivity Map area.

The property owner prepared a very detailed project history that is included below:

"The first owner of the Edwardian-era Italianate 17-room home at 308 Golden Gate Avenue in Belvedere was Edward B. Jennings (1871-1957), of the wholesale grocery firm Hooper & Jennings in San Francisco. Edward was the elder son of the late James H. Jennings (1844-1890), brother of capitalist Thomas Jennings Sr. (1840-1899) who arrived in San Francisco in 1852 and started a business selling foodstuffs, fish and meat to local merchants, hotels, and institutions. James was also a director of the First National Bank of San Francisco and investor in mining ventures and real estate. When he died in 1890, he left a \$200,000 estate to his wife and children Edward, James Jr., and Rebecca, including a sizable ranch near Santa Rosa.

According to Hilary Don's book "Life in Belvedere & Tiburon 1890-1900", a Mr. Jennings moved into the Moore Home ("Hillcrest" at 416 Golden Gate Avenue) on March 11, 1899, likely as a summer rental. This may have been Edward Jennings or perhaps his cousin Thomas Jennings, a commodore of the Corinthian Yacht Club, who participated in the 1894 Nights of Venice and was elected SF supervisor in 1908-9. In SF City Directories in 1900, 1901 and 1904, Mr. & Mrs. Edward B. Jennings (shipping clerk, grocer) are listed with a residence in Belvedere.

The two lots 30, 31 in Block 3 (308 Golden Gate) were still unsold in 1893 and purchased from the Belvedere Land Company by G.A.S. Merzon on 7/15/1899. There are no records as to who this may have been, but the Merzon family of Nevada and Sacramento were horse racing and cattle ranchers and intertwined with many wealthy society people. So were the Merzon family of cigar makers in San Francisco. Since there are gaps in the Belvedere tax records, there is no note of the property being transferred but in the 1908 tax record book Edward B. Jennings is listed as the owner of a finished home with a value of \$5300. A "help wanted" ad (SF Call 9/27/1907) placed by Mrs. E.B. Jennings for a "capable second maid" suggests that he and the family were then living in Belvedere as their permanent residence.

In June 1908, Edward deeded his Belvedere home and lot over to his mother Rebecca Jennings as part of a very messy divorce. (Sausalito News 6/27/08). Newspapers gleefully reported that he came home one day in April to tell his wife Elsie Knox (who he had married in 1895) that he was deserting her and their 11-year-old son Hazelton for a stenographer. Elsie, the daughter of Charles C. Knox, then sued him in court for maintenance payments and custody of their son whom she kidnapped from the Belvedere home. (SF Call 2/29/1908, Oakland 8/29/1908, SF Call 6/9/1908, 11/9/1908). A year later, Edward married "the other woman" Winifred True in Santa Rosa. (Santa Rosa Republican 9/13/1908). In the 1910 census Edward is listed at 210 Second Ave, San Francisco.

In 1908, the name Rebecca Jennings appears for the first time in the Belvedere tax records. As James' widow in 1890, Mary Rebecca Goldsmith Jennings (1849-1921) had received half her late husband's estate in 1891 and married Will E. Fisher, an auctioneer and real estate investor at Tevis & Fisher. (SF Chronicle, 12/28/1891). Tevis & Fisher were exclusive sales agents for Belvedere Land Company villa lots; Lloyd Tevis and his daughter Mrs. Gordon Blanding were among the wedding guests. In 1897, Rebecca sued Fisher for divorce, saying he was a drunk and had not contributed any funds to the marriage. (SF Chronicle, 5/8/1897) and living at 1210 Sutter Street, San Francisco.

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In 1898, Edward's sister Rebecca E. Jennings (1875-1955) married Jefferson E. Doolittle (1856-1905), a mining and real estate capitalist and Lt. Col in California National Guard (SF Chronicle 3/3/98, includes portraits). Their marriage was held at the Jennings home with sugar-magnate Adolph Spreckels as best man (SF Call 3/3/1898, Santa Cruz Surf 3/3/1898). In 1905, Doolittle died at his club while his family was summering in Belvedere, leaving his wife Rebecca and young son, Jefferson Jennings Doolittle (1902- 1972) an extensive estate including mining operations, La Grange Gold Dredging, a large home at 1901 Page street (SF Blue Book 1901 notes she received on 4th Tuesdays) and a lot at Franklin & Pine where the couple were building a new home. On his death, Rebecca went to stay with her mother and brother James Jennings who were then living at 3921 Clay Street, a 5,400-sf home built in 1905 (still exists).

In 1909, Rebecca Doolittle married John Gue Barker (1862-1939) from New York, a hotel man and real estate investor. The ceremony was conducted at her mother's house in San Francisco by the reverend of Belvedere Presbyterian. In social news pages, Rebecca is described as an attractive brunette, the "pretty sister," vivacious, a talented singer, active in society events. According to City Directories and newspapers, Barker was the "good-looking manager" of Hotel Jefferson in 1908 and partner in Knickerbocker, Barker & Bostwick firm in San Francisco that owned The Rincon Building on Second Street. In 1910, John G. Barker is living at 417 Stockton. In 1920s City directories, Barker is listed as a mining engineer with Barker, Little & Hall at 244 Kearny Street and in a history of Stanislaus County, is given credit for building up businesses there. Barker had a daughter Margaret (1898-) from his previous marriage (Oakland Tribune 3/10/1908) who attended Mrs. Burke's School in San Francisco and in 1919 married Paul Jennings Kingston.

In her book San Francisco Stories: Gold, Cattle and Food, Jeff's daughter Jean Doolittle Henry describes the families living in large houses in San Francisco and Belvedere with servants, horses, and style, "they lived the grand gesture." Ms. Henry mentions that Rebecca's second husband, John G. Barker squandered her fortune and she divorced him. Like many other local families, they summered in Belvedere and stayed in San Francisco hotels such as the Colonial or the Fairmont during the winter season. (SF Blue Book 1901, SF Chronicle 3/11/1933) There are a number of photos of family members in the book and at the Doolittle, Moffat, McLaughlin & Shattuck family photograph collection at the Bancroft library in Berkeley.

When Rebecca Jennings died in 1921, her estate was divided equally between her daughter Rebecca Jennings Barker and sons Edward and James per California probate records. But according to U.S. census and other records, it was Rebecca Jennings Barker and her family who lived in Belvedere after 1910. The names Rebecca Jennings, Rebecca Barker and Mrs. J. G. Barker appear repeatedly in the 1912, 1917, 1921, 1937, 1943 and 1956 Belvedere tax records. In 1939, it was reported in the Mill Valley Record that "Edward B. Jennings and wife and James H. Jennings and wife sold to Rebecca Barker, lots 30 and 31, blk 4, Belvedere Peninsula." This may be a typo for block 3 –SSD. (MV Record 5/30/1939)

John and Rebecca Barker had two children together: Jack Barker (1910-1939) and Muriel Barker (1911-1981) as well as their two stepchildren and Col. Jeff Doolittle's single daughter Christine. In 1910 and 1920 censuses they all lived in Belvedere with a Chinese cook and a maid. In the 1930 U.S. census, the four Barkers lived at the home which was then valued at \$25,000. Sometime in the 1930s, the couple were divorced. Muriel Barker married John C. McPherson in

1937 and Jack Barker, a labor organizer and insurance agent, died in 1939. John G. Barker died in San Francisco in 1948 (California voter registrations, CA funeral home records).

In the 1940 U.S. Census, 62-year-old Rebecca Barker (divorced) was living alone in the house with a paid nurse, chef, and maid. She attended St. Stephen's Church (donated flowers in Easter 1943), participated in card playing, fundraising and local social events, living at the Belvedere property through 1955. During WW2, she may have spent some of her afternoon's bandage rolling for the Red Cross at her neighbor's home Alverella Freer (Mrs. Burr W.) at 2 Pomander Way. Her 1955 obituary noted her longtime Belvedere home was to be sold. (Marin IJ 7/13/1955).

In 1956, 308 Golden Gate was sold to Admiral Morton D. Willcutts who lived there until 1976. After retiring from the navy, Willcutts was chief medical officer for San Quentin prison from 1951 until at least 1961 according to local newspapers. In 1985, the home was listed for sale by F.H. Allen at \$825,000 (SF Examiner 4/26/1985) with 8 bedrooms, 4.5 bathrooms and 3 fireplaces. Other known owners of parcel #060-211-05, according to Marin County tax records, are Ray Kuratek (1985-1999), Ian & Isabel Loring and Richard & Kathleen Wocjik.”

Pursuant to Title 21 of the Belvedere Municipal Code, the Landmarks Preservation Ordinance lists the following criteria for designation of a structure as a landmark.

*1. Architecture: It is an outstanding example of a particular style, construction method or material.*

The house can be loosely characterized as being in the Italian Villa style. The red clay tile roof is complemented by an extraordinary amount of red brick hardscape which begins at the front courtyard with a working fountain, flows around and down the side of the house to a shaded patio, continues to a larger balustraded patio with sweeping views of the Bay and Tiburon Peninsula. The original wood beams and herringbone-pattern wood parquet floors remain in the living room, dining room and family room.

*2. Architecture: It is outstanding because of age.*

The 113-year-old house was built in 1907.

*3. Architecture: It is outstanding because it is the work of a significant architect or builder.*

Not applicable

*4. Architecture: It is outstanding because it is the first, last, only, or most significant architectural property of its type in the city.*

Not applicable.

*5. Design: It has a unique or original design or demonstrates outstanding craftsmanship*

The original exterior design has been mostly retained. The interior has been remodeled over time but retains or replicates original details such as small-paned transoms in the upper portion of exterior windows and interior doors, extensive moldings, and millwork. The original beamed ceilings and herringbone-patterned wood floors have been retained in the living room, dining room, and family room. The five working fireplaces that originally heated the house remain functional and in use today.

The family room retains its original and unique set of three bay windows that rotate approximately 180-degrees to open for maintenance.

When the current owners restored and refreshed the house, they went out of their way to maintain or replicate the original style of windows, crown moldings, doors, and hardware. The interior has been remodeled over time but retains or replicates the original details such as small-paned transoms above the windows and doors and moldings.

*6. History: It is associated with a person, group, or event significant to the city, state, or nation, or shows broad cultural, political, social, or economic patterns, or embodies and expresses the history of the city.*

First, a previous owner of the home is a figure of national significance: Admiral Morton Douglas Willcutts, M.D. (1889-1976) owned the home from 1956 until his demise in 1976. Admiral Willcutts is renowned on a number of counts, including the following:

a. Adm. Willcutts headed up and published The Willcutts Report, the official government inquiry and report on the sensational death of the United States' first Secretary of Defense, James Forrestal, on May 22, 1949.

“President Truman relieved Forrestal of his position in late March of 1949. Within a few days he was committed, apparently against his will, to Bethesda Naval Hospital suffering from ‘exhaustion.’ ... At around 1:45am, May 22, some seven weeks after his admission to the hospital, Forrestal plunged from a 16th floor window of the hospital to his death. A belt or cord, said to be from his dressing gown, was tied tightly around his neck.”

Adm. Willcutts was charged with overseeing this investigation and report because he was the surgeon in charge of Bethesda Naval Hospital at the time (1948-1951). Adding to the suspicious circumstances of Forrestal's death, the Report was not made publicly available until 55 years later, in April 2004. At the time of Forrestal's death, only a brief summary was released, following a delay of 4.5 months after the review board had completed its work.

“The summary concluded that Forrestal had died from the fall, but it had nothing to say about what caused the fall.” Curious minds have since published articles and a book (David Martin, *The Assassination of James Forrestal*, 2019) addressing the question of what forces may have wanted to see Forrestal dead.

b. While Franklin D. Roosevelt was President of the United States, Commander Willcutts performed emergency surgery on the fiancé of the President's son, Franklin D. Roosevelt, Jr. The young lady was Miss Ethel Du Pont, of the Delaware manufacturing firm of the same name. The Boston Daily Record reported on Feb. 22, 1937 that Miss Du Pont was “rushed from the White House to Emergency Hospital” in Washington, D.C. with a case of acute appendicitis. Please see Appendix 2.

c. Dr. Willcutts served as the head of the U.S. Navy Hospital in San Diego. On July 21, 1944 he escorted President Franklin D. Roosevelt, First Lady Eleanor Roosevelt, and their son Col. James Roosevelt on a tour of the hospital and other U.S. Navy facilities in the area. The Hospital had 9000 patients, most of them veterans of the Central and Western Pacific war campaigns.

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A photo of Capt. Willcutts with the First Lady and First Son appeared in newspapers across the country.

d. In 1934, while China was at war, at Peiping Base Hospital.

e. Dr. Willcutts' final position was as Chief Medical Officer for San Quentin Federal Prison, beginning on April 16, 1951.

f. Adm. Willcutts is interred at Arlington National Cemetery.

Secondly, one of the immediate neighbors indicated that the home at 308 Golden Gate Avenue was the site, during World War II, where the ladies of the community, working with the Red Cross, gathered to roll bandages for the U.S. war effort. The homeowner contacted Andrew Allen, who confirmed that he did remember hearing about this effort while growing up in Belvedere, and he further confirmed it very recently with his mother, although neither of them could say with certainty that it was our home. However, the neighbor who first told me about this insisted that according to what she was told by the previous elderly resident, it was our home at 308 Golden Gate Avenue where this bandage rolling took place.

*7. Environment: It contributes to the character of the street or neighborhood area or has significance as a visual landmark owing to its unique location.*

The house is a landmark piece of architecture on an historical block at the top of Belvedere, visible from both downtown Tiburon and Sausalito.

Anecdotally, it has been suggested to us that the home most likely served initially as a summer home for a wealthy citizen of San Francisco.

*8. Integrity: It retains most of its original materials and design features*

The exterior of 308 Golden Gate Avenue has retained most of its original design features. The interior has been remodeled over time but for the most part retains or replicates original details such as windows and window style, some of the original wood floors, wood beams and moldings.

*9. National Register of Historic Places: It is a site or structure listed on the National Register of Historic Places.*

Not applicable.

A structure and site being proposed for historic designation must satisfy at least three of the above-listed criteria. As discussed in detail on the attached reports form, the property at 308 Golden Gate Avenue satisfies criteria 1, 2, 5, 6, 7 and 8. Once designated, modifications to an historic property are subject to the regulations of the Historic Preservation Ordinance. Pursuant to Section 21.20.090, the Historic Preservation Committee must review the application and make a recommendation to the Planning Commission on the merits of the application & then the Planning Commission makes a recommendation to the Council. Only the City Council can designate a residence as a Belvedere Historically Designated Property

If designated, the property would become eligible for local and county tax reductions under the Mills Act program. Additionally, once designated, modifications to an historic property are

subject to the local Belvedere regulations under the Historic Preservation Ordinance, and the Secretary of the Interior Standards for the Treatment of Historic Properties. Finally, a designated historic property will constitute an “historic resource” under CEQA and be subject to additional environmental review and potential developmental constraints.

**Recommendation**

1. That the City Council conduct the public hearing; and
2. That the City Council adopt the resolution approving the designation of the property at 308 Golden Gate Avenue as a City of Belvedere Historic Property.

**Attachments**

1. Resolution approving the designation of the property located at 308 Golden Gate Avenue as a City of Belvedere Historic Property.
2. Application for Historic Designation.
3. Belvedere Historic Designation Survey Form prepared by subcommittee of the Historic Preservation Committee.

**CITY OF BELVEDERE**

**RESOLUTION NO. 2021-xx**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELVEDERE  
DESIGNATING THE PROPERTY LOCATED AT 308 GOLDEN GATE AVENUE  
A CITY OF BELVEDERE HISTORIC PROPERTY**

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**WHEREAS**, a proper application for Historical Status Designation pursuant to Belvedere Municipal Code Chapter 21.20 for the property located at 308 Golden Gate Avenue has been submitted; and

**WHEREAS**, the project has been determined to be categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the CEQA Guidelines because it can be seen with certainty that the Historical Designation of the property will not cause a significant adverse impact on the environment; and

**WHEREAS**, a home may be designated as an Historic Belvedere Property if three or more of the following findings of facts per to Belvedere Municipal Code section 21.20.070(A) can be made; and

**WHEREAS**, the City of Belvedere Historic Preservation Committee made a favorable recommendation to the Planning Commission on the Historical Designation application on February 9, 2021; and

**WHEREAS**, the Planning Commission held duly a noticed public hearing on the Historical Designation application on March 16, 2021, and approved a motion recommending that the City Council designate the property at 308 Golden Gate Avenue a City of Belvedere Historic Property; and

**WHEREAS**, the City Council held a duly noticed public hearing on the Historical Designation application on April 12, 2021; and

**WHEREAS**, the City Council made the following findings of fact pursuant to Section 21.20.070(A) 1, 2, 5, 6, 7 and 8 of the Belvedere Municipal Code for the property at 308 Golden Gate Avenue:

*1.Architecture: It is an outstanding example of a particular style, construction method or material.*

The house can be loosely characterized as being in the Italian Villa style. The red clay tile roof is complemented by an extraordinary amount of red brick hardscape which begins at the front courtyard with a working fountain, flows around and down the side of the house to a shaded patio, continues to a larger balustraded patio with sweeping views of the Bay and Tiburon peninsula. The original wood beams and herringbone-pattern wood parquet floors remain in the living room, dining room and family room.

*2. Architecture: It is outstanding because of age.*  
The 113-year-old house was built in 1907.

*3. Architecture: It is outstanding because it is the work of a significant architect or builder.*  
Not applicable

*4. Architecture: It is outstanding because it is the first, last, only or most significant architectural property of its type in the city.*  
Not applicable.

*5. Design: It has a unique or original design or demonstrates outstanding craftsmanship*  
The original exterior design has been mostly retained. The interior has been remodeled over time but retains or replicates original details such as small-paned transoms in the upper portion of exterior windows and interior doors, extensive moldings and millwork. The original beamed ceilings and herringbone-patterned wood floors have been retained in the living room, dining room, and family room. The five working fireplaces that originally heated the house remain functional and in use today. The family room retains its original and unique set of three bay windows that rotate approximately 180-degrees to open for maintenance. When the current owners restored and refreshed the house, they went out of their way to maintain or replicate the original style of windows, crown moldings, doors and hardware. The interior has been remodeled over time but retains or replicates the original details such as small-paned transoms above the windows and doors and moldings.

*6. History: It is associated with a person, group or event significant to the city, state or nation, or shows broad cultural, political, social or economic patterns, or embodies and expresses the history of the city.*

First, a previous owner of the home is a figure of national significance: Admiral Morton Douglas Willcutts, M.D. (1889-1976) owned the home from 1956 until his demise in 1976. Admiral Willcutts is renowned on a number of counts, including the following:

a. Adm. Willcutts headed up and published The Willcutts Report, the official government inquiry and report on the sensational death of the United States' first Secretary of Defense, James Forrestal, on May 22, 1949.

“President Truman relieved Forrestal of his position in late March of 1949. Within a few days he was committed, apparently against his will, to Bethesda Naval Hospital suffering from ‘exhaustion.’ ... At around 1:45am, May 22, some seven weeks after his admission to the hospital, Forrestal plunged from a 16th floor window of the hospital to his death. A belt or cord, said to be from his dressing gown, was tied tightly around his neck.”

Adm. Willcutts was charged with overseeing this investigation and report because he was the surgeon in charge of Bethesda Naval Hospital at the time (1948-1951). Adding to the suspicious circumstances of Forrestal's death, the Report was not made publicly available until 55 years later, in April 2004. At the time of Forrestal's death, only a brief summary was released, following a delay of 4.5 months after the review board had completed its work.

“The summary concluded that Forrestal had died from the fall, but it had nothing to say about what caused the fall.” Curious minds have since published articles and a book (David Martin,



The Assassination of James Forrestal, 2019) addressing the question of what forces may have wanted to see Forrestal dead.

b. While Franklin D. Roosevelt was President of the United States, Commander Willcutts performed emergency surgery on the fiancé of the President's son, Franklin D. Roosevelt, Jr. The young lady was Miss Ethel Du Pont, of the Delaware manufacturing firm of the same name. The Boston Daily Record reported on Feb. 22, 1937 that Miss Du Pont was "rushed from the White House to Emergency Hospital" in Washington, D.C. with a case of acute appendicitis. Please see Appendix 2.

c. Dr. Willcutts served as the head of the U.S. Navy Hospital in San Diego. On July 21, 1944 he escorted President Franklin D. Roosevelt, First Lady Eleanor Roosevelt and their son Col. James Roosevelt on a tour of the hospital and other U.S. Navy facilities in the area. The Hospital had 9000 patients, most of them veterans of the Central and Western Pacific war campaigns.

A photo of Capt. Willcutts with the First Lady and First Son appeared in newspapers across the country.

d. In 1934, while China was at war at Peiping Base Hospital and reported on the situation there.

e. Dr. Willcutts' final position was as Chief Medical Officer for San Quentin Federal Prison, beginning on April 16, 1951.

f. Adm. Willcutts is interred at Arlington National Cemetery.

Secondly, one of the immediate neighbors indicated that, that the home at 308 Golden Gate Avenue was the site during World War II where the ladies of the community, working with the Red Cross, gathered to roll bandages for the U.S. war effort. The homeowner contacted Andrew Allen, who confirmed that he did remember hearing about this effort while growing up in Belvedere, and he further confirmed it very recently with his mother, although neither of them could say with certainty that it was our home. However, the neighbor who first told me about this insisted that according to what she was told by the previous elderly resident, it was our home at 308 Golden Gate Avenue where this bandage rolling took place.

*7. Environment: It contributes to the character of the street or neighborhood area or has significance as a visual landmark owing to its unique location.*

The house is a landmark piece of architecture on an historical block at the top of Belvedere, visible from both downtown Tiburon and Sausalito.

Anecdotally, it has been suggested to us that the home most likely served initially as a summer home for a wealthy citizen of San Francisco.

*8. Integrity: It retains most of its original materials and design features*

The exterior of 308 Golden Gate Avenue has retained most of its original design features. The interior has been remodeled over time but for the most part retains or replicates original details such as windows and window style, some of the original wood floors, wood beams and moldings.

*9. National Register of Historic Places: It is a site or structure listed on the National Register of Historic Places.*

Not applicable.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Belvedere does hereby grant approval of Historical Designation status to the residence located at 308 Golden Gate Avenue pursuant to the findings stated above and incorporated herein.

**PASSED AND ADOPTED** at a public hearing of the City Council of the City of Belvedere on April 12, 2021, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**APPROVED:** \_\_\_\_\_  
James Campbell, Mayor

**ATTEST:** \_\_\_\_\_  
Beth Haener, City Clerk



# APPLICATION FOR HISTORIC DESIGNATION

CITY OF BELVEDERE • HISTORIC PRESERVATION COMMITTEE  
450 SAN RAFAEL AVE • BELVEDERE, CA 94920-2336  
PH. 415-435-3838 • FAX 415-435-0430 • WWW.CITYOFBELVEDERE.ORG

## FOR STAFF USE ONLY

Date: \_\_\_\_\_ Rec'd. by: \_\_\_\_\_  
Amount: \_\_\_\_\_ Receipt No.: \_\_\_\_\_  
Parcel No.: \_\_\_\_\_ Zone: \_\_\_\_\_

## TO BE COMPLETED BY PROPERTY OWNER

Address of Property: 308 Golden Gate Ave., Belvedere, CA.

Historical Name of Property, If Known: \_\_\_\_\_

Record Owner of Property: The James & Suzanne D. Molin AR Liv. Trust

Mailing PO Box 1220 Daytime Phone: (415) 435-5870

Address: Tiburon, CA 94920 Fax: same " "

Email: sdumolin@drs1.com

Owner's Representative: \_\_\_\_\_

Mailing \_\_\_\_\_ Daytime Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

Description and History of Property/Structure: \_\_\_\_\_

Please see The attachments(2).



**STATEMENT OF PROPERTY OWNERSHIP,  
CERTIFICATION OF APPLICATION, & DESIGNATION OF REPRESENTATIVE**

All property owners must complete this Section.

Street address of subject property: 308 Golden Gate Ave.

Assessor's Parcel No(s). of subject property: 060-211-05

➤ **Properties Owned by Individuals**

I, \_\_\_\_\_, state under penalty of perjury under the laws of the State of California that I am the record owner of the above-described subject property.

I have read and understood the provisions of Title 21, "Historic Preservation," of the Belvedere Municipal Code and agree to the terms described therein.

I understand that the contents of this document are a Public Record.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at Belvedere, California.

Signature \_\_\_\_\_

➤ **Properties Owned by a Trust, LLC, Corporation, Partnership, or Other Entity**

For properties owned by a trust, please attach the trust document or a certificate of trust, including any attachments thereto. For an LLC, corporation, partnership, or other entity, please attach proof of ownership and certification of the signer's authorization to enter into contracts on behalf of the entity.

I, Suzanne DuMolin, state under penalty of perjury under the laws of the State of California that the above-described subject property is owned by a trust, LLC, corporation, partnership, or other entity and that my signature on this application has been authorized by all necessary action required by the LLC, corporation, partnership, or other entity.

I have read and understood the provisions of Title 21, "Historic Preservation," of the Belvedere Municipal Code and agree to the terms described therein.

I understand that the contents of this document are a Public Record.

Signed this 13 day of October, 2020, at Belvedere, California.

Signature Suzanne DuMolin Signature James R. DuMolin

Title(s) Trustee Title(s) TRUSTEE

Trustee(s)     Partners:     Limited or     General     Corporation     Other \_\_\_\_\_

Name of trust, LLC, corporation, or other entity: The James Robert DuMolin and Suzanne Schooler DuMolin AB Living Trust



APPLICATION FOR HISTORIC DESIGNATION  
308 GOLDEN GATE AVENUE  
ADDITIONAL INFORMATION

1. *Architecture: It is an outstanding example of a particular style, construction method or material.*

The house can be loosely characterized as being in the Italian Villa style. The red clay tile roof is complemented by an extraordinary amount of red brick hardscape which begins at the front courtyard with a working fountain, flows around and down the side of the house to a shaded patio, continues to a larger balustraded patio with sweeping views of the Bay and Tiburon peninsula.







View from the back side:





The original wood beams and herringbone-pattern wood parquet floors remain in the living room, dining room and family room:





The original set of bay windows. Each pane rotates 180 degrees for maintenance:



The home includes a 25-foot-long pool with hand-laid mosaic tiles and balustrade:



The current owners have also co-spearheaded the effort to remove the overhead utility wires and poles from the neighborhood, which when completed will further restore the original look and feel of the home on its site.

*2. Architecture: It is outstanding because of age.*

The 113-year-old house was built in 1907.

*3. Architecture: It is outstanding because it is the work of a significant architect or builder.*

We do not know the name of the architect or builder.

*4. Architecture: It is outstanding because it is the first, last, only or most significant architectural property of its type in the city.*

Many Belvedere residents have told us that they consider this stately home to be one of the most attractive and memorable ones on the island.

*5. Design: It has a unique or original design or demonstrates outstanding craftsmanship.*

The original exterior design has been mostly retained. The interior has been remodeled over time but retains or replicates original details such as small-paned transoms in the upper portion of exterior windows and interior doors, extensive moldings and millwork. The original beamed ceilings and herringbone-patterned wood floors have been retained in the living room, dining room, and family room. The five working fireplaces that originally heated the house remain functional and in use today.

The family room retains its original and unique set of three bay windows that rotate approximately 180-degrees to open for maintenance.

When the current owners restored and refreshed the house, they went out of their way to maintain or replicate the original style of windows, crown moldings, doors and hardware.

*6. History: It is associated with a person, group or event significant to the city, state or nation, or shows broad cultural, political, social or economic patterns, or embodies and expresses the history of the city.*

Yes, for two reasons.

**First**, a previous owner of the home is a figure of national significance: **Admiral Morton Douglas Willcutts, M.D. (1889-1976) owned the home from 1956 until his demise in 1976.** Admiral Willcutts is renowned on a number of counts, including the following:

- a. **Adm. Willcutts headed up and published The Willcutts Report, the official government inquiry and report on the sensational death of the United States' first Secretary of Defense, James Forrestal, on May 22, 1949.**

“President Truman relieved Forrestal of his position in late March of 1949. Within a few days he was committed, apparently against his will, to Bethesda Naval Hospital suffering from ‘exhaustion.’ ... At around 1:45am, May 22, some seven weeks after his admission to the hospital, Forrestal plunged from a 16<sup>th</sup> floor window of the hospital to his death. A belt or cord, said to be from his dressing gown, was tied tightly around his neck.”

Adm. Willcutts was charged with overseeing this investigation and report because he was the surgeon in charge of Bethesda Naval Hospital at the time (1948-1951). Adding to the suspicious circumstances of Forrestal’s death, the Report was not made publicly available until 55 years later, in April 2004. At the time of Forrestal’s death, only a brief summary was released, following a delay of 4.5 months after the review board had completed its work.

“The summary concluded that Forrestal had died from the fall, but it had nothing to say about what caused the fall.” Curious minds have since published articles and a book (David Martin, *The*

*Assassination of James Forrestal*, 2019) addressing the question of what forces may have wanted to see Forrestal dead.

The Willcutts Report is now available on the website of the Seeley Mudd Manuscript Library at Princeton University and at the Library of Congress. A complete copy is also included here:

<http://ariwatch.com/VS/JamesForrestal/WillcuttsReport.htm>.

Please see Appendix 1 for more.

- b. While Franklin D. Roosevelt was President of the United States, **Commander Willcutts performed emergency surgery on the fiancé of the President's son, Franklin D. Roosevelt, Jr.** The young lady was Miss Ethel Du Pont, of the Delaware manufacturing firm of the same name. The Boston Daily Record reported on Feb. 22, 1937 that Miss Du Pont was “rushed from the White House to Emergency Hospital” in Washington, D.C. with a case of acute appendicitis. Please see Appendix 2.
- c. **Dr. Willcutts served as the head of the U.S. Navy Hospital in San Diego. On July 21, 1944 he escorted President Franklin D. Roosevelt, First Lady Eleanor Roosevelt and their son Col. James Roosevelt on a tour of the hospital and other U.S. Navy facilities in the area.** The Hospital had 9000 patients, most of them veterans of the Central and Western Pacific war campaigns.  
  
A photo of Capt. Willcutts with the First Lady and First Son appeared in newspapers across the country. Please see Appendix 3.
- d. **In 1934, while China was at war with Japan, Lt. Commander Morton Willcutts traveled to China as the U.S. Navy's observer at Peiping Base Hospital and reported on the situation there.** Please see Appendix 4.
- e. **Dr. Willcutts' final position was as Chief Medical Officer for San Quentin Federal Prison,** beginning on April 16, 1951. Please see Appendix 5.
- f. For further biographical information about Admiral Willcutts, please see Appendix 6.

g. **Adm. Willcutts is interred at Arlington National Cemetery.** Please see Appendix 7.

**Secondly**, one of our immediate neighbors told us that she was told, by a previous resident of the neighborhood, that our home at **308 Golden Gate Avenue was the site during World War II where the ladies of the community, working with the Red Cross, gathered to roll bandages for the U.S. war effort.** I contacted Andrew Allen, who confirmed that he did remember hearing about this effort while growing up in Belvedere, and he further confirmed it very recently with his mother, although neither of them could say with certainty that it was our home. However, the neighbor who first told me about this insisted that according to what she was told by the previous elderly resident, it was our home at 308 Golden Gate Avenue where this bandage rolling took place.

As a point of historical interest, here's a photo of this type of activity (not taken at our home):



Source:

<https://duckduckgo.com/?q=bandage+rolling+for+the+war+effort+&iar=images&iax=images&ia=images&iai=https%3A%2F%2Fi0.wp.com%2Fwww.michelleule.com%2Fwp-content%2Fuploads%2F2016%2F02%2Fbandagerolling.jpg%3Ffit%3D750%252C381%26ssl%3D1>

*7. Environment: It contributes to the character of the street or neighborhood area or has significance as a visual landmark owing to its unique location*

The house is a landmark piece of architecture on an historical block at the top of Belvedere, visible from both downtown Tiburon and Sausalito.

Anecdotally, it has been suggested to us that the home most likely served initially as a summer home for a wealthy citizen of San Francisco.

*8. Integrity: It retains most of its original materials and design features*

The exterior of 308 Golden Gate Avenue has retained most of its original design features. The interior has been remodeled over time but for the most part retains or replicates original details such as windows and window style, some of the original wood floors, wood beams and moldings.

*9. National Register of Historic Places: It is a site or structure listed on the National Register of Historic Places Not yet!*

## Appendix 1:

### The Willcutts Report

\*\*\*\*\*

#### The Willcutts Report

#### on the Death of James Forrestal

<http://jamesforrestal.ariwatch.com/WillcuttsReport.htm>

\*\*\*\*\*

<https://www.dcdave.com/article4/040927.html>

"However, history may ultimately judge his opposition to the establishment of Israel, by 1949 it was clear that Forrestal was, in a sense, one of the casualties of the diplomatic warfare that had led to the creation of the Jewish state." Arnold Rogow, *James Forrestal, A Study of Personality, Politics, and Power* (1963) p. 195

## New Forrestal Document Exposes Cover-up

[Who Killed James Forrestal?, Part 1](#), [Short Version](#), [Part 2](#), [Part 3](#), [Part 4](#), [Part 5](#), [Part 6](#), [Letters to Historians](#), [James Carroll on James Forrestal](#), [Lies about Kennedy and Forrestal Deaths](#), [Spook Shrink Flubs Script](#), [Post Reporter Continues Forrestal Cover-up](#), [Handwriting Tells Dark Tale?](#)

James V. Forrestal was America's first Secretary of Defense. He was also the leading official in the Truman administration opposing the creation and U.S. recognition of the state of Israel. President Truman relieved Forrestal of his position in late March of 1949. Within a few days he was committed, apparently against his will, to Bethesda Naval Hospital suffering from "exhaustion." In spite of the invaluable service, he had rendered to the country during World War II, first as Under Secretary of the Navy and then Secretary of the Navy, he had



in 1948 and early 1949 been the subject of an unprecedented press vilification campaign, led by powerful columnists Drew Pearson and Walter Winchell.

At around 1:45 am, May 22, some seven weeks after his admission to the hospital, Forrestal plunged from a 16th floor window of the hospital to his death. A belt or cord, said to be from his dressing gown, was tied tightly around his neck.

On May 23, a review board was appointed by Admiral Morton D. Willcutts, the head of the National Naval Medical Center to investigate the death. The board completed its work on May 31, but not until October 11 did it publish a brief, summary report of only a few lines. No explanation of the delay was given. The summary concluded that Forrestal had died from the fall, but it had nothing to say about what caused the fall, except to conclude that no one associated with the Navy was responsible. In short, it did not conclude that he had committed suicide, as initial reports stated, and the public is still given to believe. No mention was made in the summary, or in those later October press reports, of the belt around Forrestal's neck.

The Willcutts Report, itself, was kept secret, and, curiously, no hue and cry was raised over that fact. After two unsuccessful Freedom of Information Act tries with the National Naval Medical Center, I was finally able to get the report of the review board from the office of the Navy's Judge Advocate General, and my analysis is at <http://www.dcdave.com/article4/040922.html> .

At the time of the death, all the press made much of a book containing a morbid poem from Sophocles, "Chorus from Ajax," that Forrestal had supposedly been copying from shortly before his plunge from the window. The press reports all say that the book and a transcription "were found," but they never say by whom. Neither does the Willcutts Report. No witness is produced who claims to have discovered the book or the transcription. Rather, the first person to get a good look at Forrestal's vacated hospital room found broken glass on his bed, a likely sign of some sort of struggle. She also described bedclothes half turned back, but the official "crime



scene" photographs taken many hours later, show a bed with a bare mattress, an obvious sign of a cover-up. One can also see that articles were moved around from one picture to the next: <http://www.dcdave.com/article4/040916.htm>. Needless to say, no news report has ever mentioned the broken glass or the laundering of the room before photographs were taken.

Pro-Israel writers like Arnold Rogow, Winchell biographer, Neal Gabler, Jack Anderson, Charles Higham, John Loftus, and Mark Aarons have continued the character assassination against Forrestal, falsely characterizing him as an anti-Semitic nut who had made several previous suicide attempts. This claim of several previous suicide attempts, echoed at this Arlington Cemetery web site: <http://www.arlingtoncemetery.net/jvforres.htm> , is virtually proved to be false by the testimony of Forrestal's Bethesda Hospital doctors in the Willcutts Report. They agree that, from all indications, he had never before attempted suicide.

The indications are very strong that Forrestal kept his no-suicide-attempt record intact on May 22, 1949, and became another casualty of the creation of the state of Israel in the same sense that Lord Moyne, Count Bernadotte, Yitzhak Rabin, Rachel Corrie, 34 crewmen on the USS Liberty, and Palestinian leaders on a regular basis have been casualties.

The [Willcutts Report](#) is available in pdf form on the web site of the Seeley Mudd Manuscript Library at Princeton University. Copies should also be available for perusal at the Harry S. Truman Library in Independence, Missouri, and the Library of Congress. I have given the appropriate officials at these libraries' compact discs of the report.

David Martin  
September 27, 2004

### **Addendum**

Two months after posting this article, I revealed in [Part 3](#) of "Who Killed James Forrestal?" the strongest evidence yet that Forrestal was murdered. I obtained Forrestal handwriting samples

that clearly differ radically from the handwriting of the copied Sophocles poem. Another important research milestone was reached in early February of 2010 when the proprietor of the ARIWatch.com web site, who uses the *nom de plume* of “Mark Hunter,” put up a [searchable htm version](#) of the Willcutts Report, complete with his own analysis.

David Martin  
November 17, 2010

Appendix 2:

Dr. Willcutts performed emergency surgery on Miss Du Pont, the First Son's Fiancee

The Boston Daily Record, Monday, February 22, 1937, page 3:



Enlargements are shown on the next pages.

## Rushed to Hospital



Miss Ethel Du Point, 21-year-old fiancée of Franklin D. Roosevelt, Jr., who was speeded from the White House for acute appendicitis operation. She is resting comfortably.

"Miss Ethel Du Point, 21 year old fiancée of Franklin D. Roosevelt, Jr., who was speeded from the White House for acute appendicitis operation. She is resting comfortably."

# DU PONT GIRL OPERATED ON

Washington, Feb. 21 (US)—Rushed from the White House

## Tillie Trip Winner



Anita Carosone, Pittsburgh, who sailed from Boston yesterday in the Italian liner Saturnia for a Mediterranean cruise, as winner of the Tillie, the Toiler, dress design contest, sponsored by Russ Westover, Daily Record comic strip artist.

## FIRE DRIVES OUT DINERS

Fire in a grease chute at Drake's lunch, Massachusetts ave., Cambridge, yesterday drove 20 diners and employes to the street.

to Emergency Hospital, Miss Ethel du Pont, 21-year-old fiancée of Franklin D. Roosevelt, Jr., was operated upon for appendicitis this afternoon.

Late today, Dr. Rosa T. McIntyre, White House physician, issued the following statement:

"Miss Ethel du Pont was operated upon today at the Emergency Hospital for acute appendicitis.

"The operation was successfully performed by Commander **Morton Williams** of the U. S. naval staff.

"The patient's condition following the operation was pronounced as satisfactory, and she was resting comfortably."

The President's son, who accompanied his heiress fiancée to the hospital, paced the hospital corridors outside the operating room while the operation was performed.

Young Roosevelt and Miss du Pont, under her mother's chaperonage, returned from Florida only Friday, where he had been recuperating from a critical attack of influenza and sinus infection suffered in Boston.

Miss du Pont's condition was so serious this morning that a trained nurse was called to the White House.



ETHEL DU PONT

OPERATED ON

Fiancee of Roosevelt, Jr.,

Has Appendicitis

WASHINGTON, Feb. 21

Du Pont, fiancee of Franklin D.

Roosevelt, Jr., underwent an emergency

operation for appendicitis today

at the Emergency Hospital here.

She is the daughter of Mr. and Mrs.

Eugene Du Pont of the Delaware manufacturing

firm. Miss Du Pont accompanied

---

the son of the President North

last week from a visit to the Du Pont

home in Florida, where Franklin had

been recuperating from an illness.

Commander Morton D. Willcutts,

United States naval hospital surgeon,

performed the operation. He said after

the operation that while the attack was

acute treatment had come early enough

to preclude complications.

## Appendix 3

### Head of the U.S. Navy Hospital at San Diego and Host to President and Mrs. Franklin D. Roosevelt

<https://www.sandiegouniontribune.com/news/local-history/story/2019-08-02/from-the-archives-fdrs-1944-visit-to-san-diego-was-a-military-secret>



**Dr. Willcutts gave President Roosevelt, First Lady Eleanor Roosevelt and First Son Col. James Roosevelt a tour of the Hospital. He is shown here as the person on the left, with the First Lady, a patient and Col. James Roosevelt:**



First lady Eleanor Roosevelt speaks with Lt. Col. Evans F. Carlson at the San Diego Naval Hospital in July 1944. Carlson was convalescing from wounds received during the Saipan campaign. With here are Capt. Morton D. Willcutts (left), and her son Col. James Roosevelt, who fought with Carlson on Makin Island. (National Archives )

With his son, Col. James Roosevelt, the president on Friday, July 21, visited Lt. Col. Evans Carlson, of the famed Carlson's Raiders, at the Naval hospital. Carlson wounded on Saipan, was brought from sick officers' quarters for a brief chat. Col. Roosevelt, who was Carlson's chief of staff in the raid on Makin two years ago, has been stationed at Coronado amphibious training base.

**President Roosevelt's Schedule included touring the San Diego Naval Hospital with Capt. Morton D. Willcutts, who seems to have stayed with the party as they proceeded on to the Amphibious Training Center on Coronado Island, and then the USS Baltimore at Broadway Pier in San Diego:**

July 21st, 1944 print this page | share  

[previous day](#) [next day](#)

### Transcript

Times	Log	Location	Source
11:00am – 11:30am	Maj. C. H. Bonesteel, USA, Commanding General Western Defense Command; Maj. Gen. Courtlandt Parker, USA, Commanding General, Southern California Sector, Western Defense Command; and Brig. Gen. W. H. Wilbur, USA, Gen. Bonesteel's Chief of Staff, called on FDR in his private car.	San Diego, CA	TT
3:30pm	FDR, accompanied by Col. James Roosevelt, and Adm. Ross T. McIntire and Adm. Wilson Brown dep. the Base by automobile. The party proceeded first to San Diego Naval Hospital at Balboa Park. Here the party was greeted by Capt. Morton D. Willcutts, Medical Corps., USN, Medical Officer in Command of the Hospital. Capt. Willcutts joined the party, riding with FDR, and we drove through the Hospital grounds to the officer's ward, where FDR paused for a few minutes to chat, from his car, with Lt. Col. Evans F. Carlson, USMCR, famous Marine Raider leader under whom Col. James Roosevelt served during our raid on Makin Island in early 1942. Col. Carlson had recently been seriously wounded in the Saipan Campaign. Here too FDR met and chatted with Capt. Irvine W. Jacobs, Medical Corps, USN, Executive Officer of the Hospital and Capt. Herbert L. Pugh, Medical Corps, USN, Chief of Surgery at the Hospital. <i>Note: The Hospital is one of the Navy's largest and most attractive one. There were 9000 patients at this Hospital, the majority veterans of the Central and Western Pacific campaigns.</i>	San Diego, CA	TT
4:00pm – 4:55pm	On leaving the Hospital the party proceeded to Coronado, CA, going via a part of San Diego's busy waterfront and using the San Diego-Coronado ferry. During this particular movement all ferry traffic, except for FDR's party was halted. In Coronado, CA FDR visited the Amphibious Training Center on the Strand just South of the Hotel del Coronado. Adm. Davis met FDR here and personally conducted the inspection tour. This is the training center where personnel of the Navy and Marine Corps receive their basic training for amphibious warfare and FDR had opportunity to personally observe numerous groups of officers and men engaged in various phases of this training.	San Diego, CA	TT



## Enlarged Text for 3:30 pm:

3:30pm

FDR, accompanied by Col. James Roosevelt, and Adm. Ross T. McIntire and Adm. Wilson Brown dep. the Base by automobile. The party proceeded first to San Diego Naval Hospital at Balboa Park. Here the party was greeted by Capt. Morton D. Willcutts, Medical Corps., USN, Medical Officer in Command of the Hospital. Capt. Willcutts joined the party, riding with FDR, and we drove through the Hospital grounds to the officer's ward, where FDR paused for a few minutes to chat, from his car, with Lt. Col. Evans F. Carlson, USMCR, famous Marine Raider leader under whom Col. James Roosevelt served during our raid on Makin Island in early 1942. Col. Carlson had recently been seriously wounded in the Saipan Campaign. Here too FDR met and chatted with Capt. Irvine W. Jacobs, Medical Corps, USN, Executive Officer of the Hospital and Capt. Herbert L. Pugh, Medical Corps, USN, Chief of Surgery at the Hospital.

*Note: The Hospital is one of the Navy's largest and most attractive one. There were 9000 patients at this Hospital, the majority veterans of the Central and Western Pacific campaigns.*

## More of the party's doings that day:

4:55pm	The party then drove to the home of Mrs. John Roosevelt (848 "J" Avenue, Coronado, CA), where FDR stopped for a few minutes to see and say goodbye to his John Roosevelt grandchildren and his daughters-in-law, Mrs. John Roosevelt and Mrs. James Roosevelt.	San Diego, CA	TT
5:30pm	Arrived at train, coming from Coronado, CA via the ferry and the San Diego waterfront.	San Diego, CA	TT
9:00pm	FDR accompanied by Adm. William D. Leahy, Adm. Friedell and Fala, dep. his private car at the Marine Corps Base by auto for the USS Baltimore. All other members of his party had preceded him to the USS Baltimore.	San Diego, CA	TT
9:17pm	FDR arrived at the Broadway Pier, San Diego, CA, where the USS Baltimore was moored - starboard side to south side of the pier. Adm. Friedell bade FDR and his party bon voyage and FDR, Adm. William D. Leahy and Fala went aboard, using the special brow that had been rigged from the pier level to the main deck of the cruiser. They were welcomed aboard the USS Baltimore by Capt. Walter L. Calhoun, USN, her Commanding Officer. Accompanying FDR in the USS Baltimore were the additional members of his immediate party: Elmer Davis, Judge Samuel I. Rosenman, Adms. Ross T. McIntire and Wilson Brown, Gen. Edwin M. Watson and Capt. Wood. Mail for the White House was dispatched from the train during the afternoon. <i>Note: By special request of FDR, no honors were rendered.</i>	San Diego, CA	TT
ER	With FDR		USH
Houseguest	Maj. and Mrs. Robert Robinson and baby (arr. 10:15 am)		USH

*USH = White House Usher's Diary, STE = Stenographer's Diary, PC = Press Conference, TU = Tully's Appointment Diary*

*These transcripts are based on archival sources documenting President Roosevelt's daily activities, including the White House Usher's Log and the White House Stenographer's Diary. The transcripts were created for reference purposes. Because errors can occur in data entry, we encourage you to review and cite to the original sources displayed below.*

## Appendix 4

### Official Visit to Peiping Base Hospital, China

<http://content.time.com/time/magazine/article/0,9171,746865,00.html>

≡ TIME

## CHINA: Maggots and Peg Legs

Monday, Jan. 22, 1934

► [Subscriber content preview.](#) or [Log-In](#)

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+ Share

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Fresh from China by way of the U. S. Navy Medical Corps this month came a vivid surgeon's-eye view of heroic Chinese resistance to the Japanese onslaught which swept down from Manchukuo, entered "China proper" through the Great Wall and stopped just short of Peiping (TIME, May 29, et ante). Excerpts from the report\* of Lieut.-Commander Morton D. Willcutts, M. D., the U. S. Navy's observer at Peiping Base Hospital: "The North China soldier rates a much higher military mark than his reverses of the past few months might indicate. ....

## Appendix 5

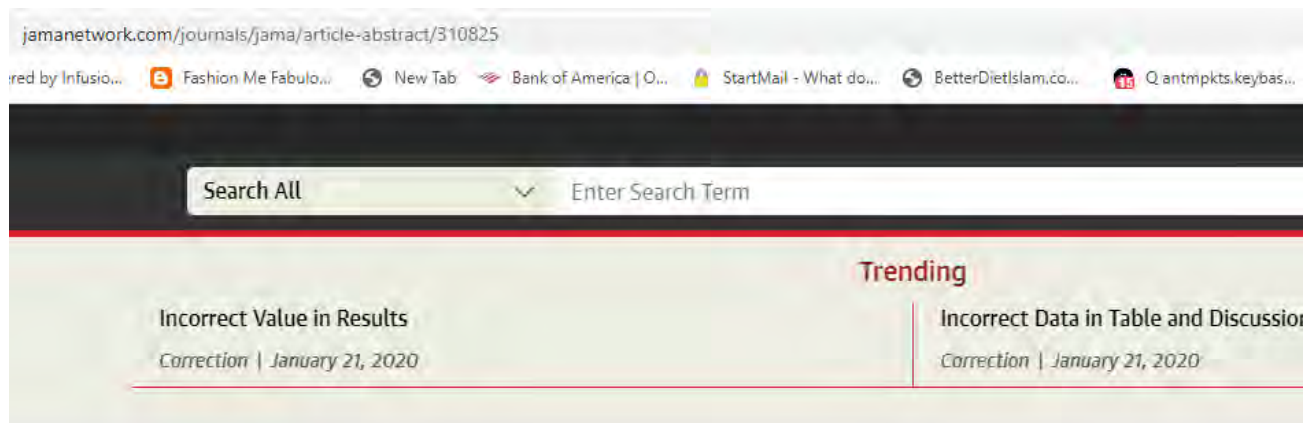
### Chief Medical Officer for San Quentin Federal Prison

April 16, 1951 until ?

#### [MEDICAL NEWS | JAMA | JAMA Network](https://jamanetwork.com/journals/jama/article-abstract/310825)

 <https://jamanetwork.com/journals/jama/article-abstract/310825>

**Morton D. Willcutts**, Bethesda, Md., has been appointed chief medical officer for San Quentin Federal Prison to replace Dr. Leo L. Stanley, who recently retired after many years' service to the penitentiary. Dr. **Willcutts**, who retired from the navy after World War II with 34 years' active duty, began his new duties April 16.



The screenshot shows a web browser window with the URL [jamanetwork.com/journals/jama/article-abstract/310825](https://jamanetwork.com/journals/jama/article-abstract/310825). The browser's address bar and tabs are visible at the top. Below the browser, there is a search bar with the text "Search All" and "Enter Search Term". To the right of the search bar, there is a "Trending" section with two articles listed: "Incorrect Value in Results" and "Incorrect Data in Table and Discussion", both with a "Correction | January 21, 2020" note.

**This Issue**

#### Other Articles

June 16, 1951

## MEDICAL NEWS

JAMA. 1951;146(7):658-663. doi:10.1001/jama.1951.03670070050018



### Abstract

#### CALIFORNIA

**Medical Officer at San Quentin.** —Dr. Morton D. Willcutts, Bethesda, Md., has been appointed chief medical officer for San Quentin Federal Prison to replace Dr. Leo L. Stanley, who recently retired after many years' service to the penitentiary. Dr. Willcutts, who retired from the navy after World War II with 34 years' active duty, began his new duties April 16.

## Appendix 6

### Other Biographical Information about Admiral Willcutts

# VADM Morton Douglas Willcutts

**BIRTH** 10 Mar 1889  
**DEATH** 26 Sep 1976 (aged 87)  
**BURIAL** [Arlington National Cemetery](#)  
Arlington, Arlington County, Virginia, USA  
**PLOT** Section 6 Lot 9430-RH  
**MEMORIAL ID** 60007154 · [View Source](#)



SHARE + SAVE TO SUGGEST EDITS

MEMORIAL PHOTOS 0 FLOWERS 2


VADM USN

### Family Members







**Parents**

-  William Henley Willcutts  
1855-1928
-  Emma Rose *Galloway* Willcutts  
1860-1945


**Spouse**

-  Marie B *Collins* Willcutts  
1903-1983

**Siblings**

-  Carrie Maude *Willcutts* Miller  
1881-1958
-  Stephen Venard Willcutts  
1883-1939
-  Harrison Donald Willcutts  
1889-1969
-  Suzette Lavonne *Willcutts* Brown  
1891-1973
-  Ruth Ann *Wilcutts* Kerr  
1894-1979
-  David E. Willcutts  
1898-1909

**Children**

-  Harrison David Willcutts  
1932-2017



<http://incass-inmiami.org/howard/bios/bios-w.html>

**He served as a surgeon with the U.S. Navy in France from May 1917 to June 1919, including on the USS Aphrodite in the French submarine zone:**

### **Morton Douglas WILLCUTTS**

*History of Howard County in the World War C.V. Haworth, Indianapolis: Wm B. Burford, Printer & Binder, 1920. p 287 photo plate 59*

Morton Douglas WILLCUTTS, son of W.H. and Emma WILLCUTTS, was born at Carthage, Ind 10 Mar 1889. He moved with his parents to Greentown Ind at the age of two years. He completed his high school course in the Marion Normal and in 1910 he entered Indiana University, graduating in 1914 with the degree of B.S. and in 1916 with an M.D. degree. He immediately entered the Indianapolis City Hospital as an interne [sic], which positioned he resigned in order to accept an appointment in the U.S. Navy Medical Corps. He was commissioned lieutenant, junior grade at the Great Lakes Naval Station, Chicago, 24 Mar 1917, and was ordered to proceed to Washington D.C.

In May 1917, he was sent to France with the first naval forces and was stationed for 7 months as a medical officer at the naval base at Brest. In Jan 1918, having been promoted to lieutenant, senior grade - captain - he was assigned to the U.S. SS Aphrodite as a surgeon for duty in the French submarine zone. He remained in this line of activity until the armistice was signed. Having previously applied for service with the marines on the western front, he was ordered in November to the 5th Regiment, 2nd Division, and with them went in March to the Rhine and served in the Army of Occupation, first as a battalion surgeon, and later as regimental surgeon, until the signing of peace with Germany, 28 Jun 1919.

On 11 Aug 1919, he landed in the United States and left at once for the marine barracks, Quantico Va., where he was mustered out of the marines. In September 1919, Captain Willcutts was offered by the government a three months' course in the naval hospital at Washington D.C. and the choice of assignment to a naval hospital.

NOTE: The following entry was found in the Social Security Death Index.

MORTON WILLCUTTS: born 10 Mar 1889 - died Sep 1976. Last Residence: Belvedere Tiburon, Marin, CA. SSN: 565-64-3247, issued in California.

NOTE: The following entry was found in the California Death Index at Rootsweb:

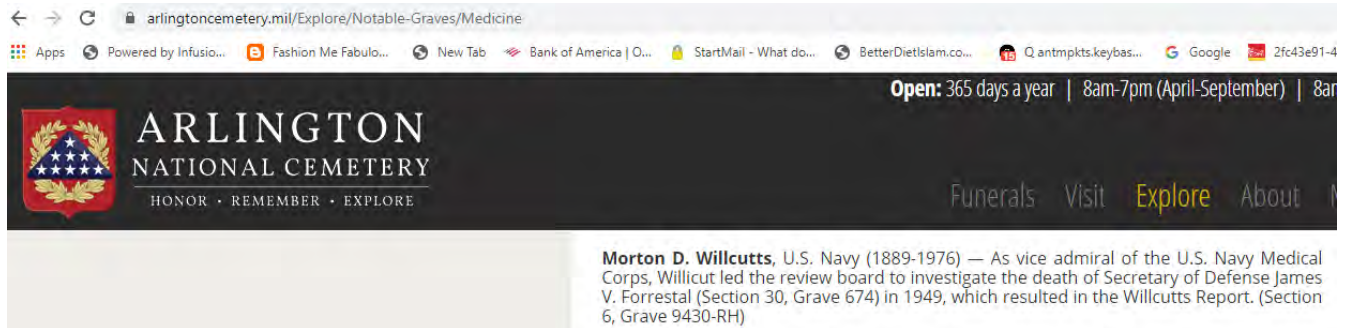
<http://vitals.rootsweb.com/ca/death/search.cgi>

WILLCUTTS, MORTON D: born 03/10/1889, Male, Birthplace INDIANA. Death County: MARIN, Death Date: 09/26/1976. SSN: 565-64-3247 Age: 87 yrs

## Appendix 7

### Interment at Arlington National Cemetery

<https://www.arlingtoncemetery.mil/Explore/Notable-Graves/Medicine>



The screenshot shows a web browser window with the URL [arlingtoncemetery.mil/Explore/Notable-Graves/Medicine](https://www.arlingtoncemetery.mil/Explore/Notable-Graves/Medicine). The browser's address bar and tabs are visible at the top. Below the browser, the website header features the Arlington National Cemetery logo on the left, which includes a shield with stars and stripes, and the text "ARLINGTON NATIONAL CEMETERY" and "HONOR · REMEMBER · EXPLORE". On the right side of the header, there is a navigation menu with links for "Funerals", "Visit", "Explore", and "About". A status bar indicates "Open: 365 days a year | 8am-7pm (April-September) | 8am". The main content area displays the name "Morton D. Willcutts, U.S. Navy (1889-1976)" followed by a detailed description of his role in investigating the death of Secretary of Defense James V. Forrestal in 1949.

**Morton D. Willcutts**, U.S. Navy (1889-1976) — As vice admiral of the U.S. Navy Medical Corps, Willcut led the review board to investigate the death of Secretary of Defense James V. Forrestal (Section 30, Grave 674) in 1949, which resulted in the Willcutts Report. (Section 6, Grave 9430-RH)

**Morton D. Willcutts**, U.S. Navy (1889-1976) — As vice admiral of the U.S. Navy Medical Corps, Willcut led the review board to investigate the death of Secretary of Defense James V. Forrestal (Section 30, Grave 674) in 1949, which resulted in the Willcutts Report. (Section 6, Grave 9430-RH)

## PUBLIC HEARING

BELVEDERE CITY COUNCIL  
April 12, 2021

---

To: Mayor and City Council

From: Emily Longfellow, City Attorney

Reviewed: Jason Wu, Belvedere Police Chief; Craig Middleton, City Manager

**Subject: Introduction and first reading of Amendment to Municipal Code section 10.36.200 repealing and replacing 72-hour parking rule**

---

### **Recommended Motion**

1. That the City Council conduct the public hearing.
2. Motion to read the Ordinance by title only. The City Clerk will read the full title of the Ordinance. **(Attachment 1.)**
3. Motion to approve the first reading of the Ordinance and waive future readings of the Ordinance in its entirety.

### **Background**

Current Belvedere Municipal Code section 10.36.200 prohibits parking on a public street for 72 or more consecutive hours. This is a common parking restriction shared by the majority of jurisdictions in Marin County and throughout California. Due to Belvedere's topography and narrow streets, there is a shortage of on-street parking. These limited spaces must be shared among all community members and visitors. Vehicles that are parked for longer than the allotted 72 hours prevent the shared use of public parking spaces, and can clog streets thereby inhibiting emergency vehicle access. In certain instances, drivers move their vehicles a very short distance to evade enforcement of the 72-hour parking rule.

On October 14, 2019, the City Council considered an Ordinance Amendment regarding the City's 72-hour parking rule and directed that the issue be sent to the Traffic Safety Committee for further analysis and review. The Traffic Safety Committee then held a series of meetings from late 2019 through February 2021, and developed a proposed Ordinance Amendment regarding the 72-hour parking rule. Staff worked with Chair Michele Kyrouz to finalize the proposed ordinance language consistent with the Committee's recommendation. **(Attachment 1.)** Attached please also find a report by the Traffic Safety Committee regarding its proposed recommendation for the 72-hour parking rule. **(Attachment 2.)**

### **Proposed Ordinance Amendment**

The proposed Ordinance Amendment as recommended by the Traffic Safety Committee maintains the current 72-hour parking rule, and provides that the vehicle must be moved at least 300 feet

every seventy-two hours and not returned to the same location sooner than twelve hours. It also provides an exception to this rule to accommodate residents who need to park in excess of 72 hours for a period of time, not to exceed a cumulative total of 6 weeks per year per household. This accommodation will give Belvedere residents flexibility, and allow them to park their vehicles on the street when necessary for events such as vacations or emergencies.

The exception would be implemented through a temporary residential permit issued by the police department. For planned events such as vacations, requests for an exception should be made to the police department in advance and will be granted for the time requested. Requests for an exception in emergency situations may be made within a reasonable time after the emergency. The Belvedere Police Department will establish procedures to grant temporary residential parking permits. It is intended that this process be simple and quick, and that the resident need not display the permit in the car window; rather, the police department will maintain an internal record of active permits.

The current 72-hour parking ordinance, Section 10.36.200, also provides for exceptions which are granted if, upon investigation by the police department, it determines that “good cause” exists for exceeding the parking time limit. The change in the proposed Ordinance allows more predictability and consistency for residents and the police department; and no police investigation of good cause is required.

The proposed Ordinance Amendment as recommended by the Traffic Safety Committee contains the following key provisions:

- On-street parking for more than a consecutive period of seventy-two hours continues to be prohibited. Specifically, a vehicle must be moved at least 300 feet every seventy-two hours, and not returned to the same location sooner than twelve hours.
- Exceptions to this rule will be given to residents through a temporary residential parking permit upon an application to the Belvedere Police Department that allows on-street parking for the requested period of time, not to exceed a cumulative total of six weeks per year per household.

The proposed Ordinance Amendment mirrors existing Belvedere Code section 10.36.200, with the following two differences:

- A vehicle must be moved at least 300 feet every seventy-two hours.
- Exceptions are accommodated through a temporary residential parking permit and are limited to a total of 6 weeks per year per household.

Staff suggests that the proposed Ordinance Amendment will increase compliance with the 72-hour parking rule, maintain availability of on-street parking for the community, and provide for emergency vehicle access. The Ordinance Amendment will also provide necessary relief from this rule for Belvedere residents who require on-street parking due to vacations or emergency reasons, for a cumulative total of 6 weeks per year per household. Staff recommends that the City Council adopt the Ordinance Amendment as recommended by the Traffic Safety Committee.



**Environmental Review**

Adoption of the proposed Code Amendment is statutorily exempt from the California Environmental Quality Act (“CEQA”), Guideline section 15378 because it does not constitute a project under CEQA; and CEQA Guideline section 15061(b)(3) as it can be seen with certainty that the proposed Amendment would not have a significant adverse effect on the environment.

**Correspondence**

A copy of the public hearing notice for this item was published in *The Ark* newspaper. As of the writing of this report, Staff has not received any written comments.

**Recommendation**

1. That the City Council conduct the public hearing.
2. Motion to read the Ordinance by title only. The City Clerk will read the full title of the Ordinance. **(Attachment 1.)**
3. Motion to approve the first reading of the Ordinance and waive future readings of the Ordinance in its entirety.

**Attachments**

1. Proposed Ordinance Amendment.
2. Report from Traffic Safety Committee

**CITY OF BELVEDERE**

**ORDINANCE NO. 2021-xx**

**AN ORDINANCE OF THE CITY OF BELVEDERE REPEALING AND REPLACING SECTION 10.36.200 OF CHAPTER 10.36 “STOPPING, STANDING AND PARKING” OF THE BELVEDERE MUNICIPAL CODE REGARDING 72-HOUR PARKING RULE**

---

**WHEREAS**, given Belvedere’s unique topography and narrow streets, on-street public parking is in short supply and must necessarily be shared by all community members and visitors; and

**WHEREAS**, vehicles that are parked on public streets for long periods of time prevent the shared use of public parking spaces and can inhibit emergency vehicle access; and

**WHEREAS**, the City of Belvedere regulates parking pursuant to Belvedere Municipal Code Chapter 10.36 and Section 10.36.200 prohibits parking for 72 or more consecutive hours; and

**WHEREAS**, drivers often move their vehicles very short distances to evade a violation of the 72-hour rule, which causes the parking to remain limited and impacted; and

**WHEREAS**, on October 14, 2019, the City Council considered an Ordinance Amendment regarding the City’s 72-hour parking rule and directed that the issue be considered by the Traffic Safety Committee for further analysis and review; and

**WHEREAS**, the Traffic Safety Committee held a series of meetings from late 2019 through February 2021 and developed a proposed Ordinance Amendment regarding the 72-hour parking rule, which it has recommended for City Council adoption; and

**WHEREAS**, in order to increase compliance with the 72-hour parking rule, maintain availability of on-street parking for the community, and provide for emergency vehicle access, the City wishes to repeal and replace Belvedere Municipal Code section 10.36.200 to require substantive compliance and prevent avoidance by moving vehicles a short distance, while also providing that Belvedere residents may receive a temporary residential parking permit allowing on-street parking in excess of 72-hours for a total of 6 weeks per year (the “Ordinance Amendment”); and

**WHEREAS**, State of California Vehicle Code section 22651(K) allows a police officer to remove a vehicle parked upon a public street for 72 or more or more consecutive hours in violation of a local ordinance; and

**WHEREAS**, pursuant to Article XI, section 7 of the California Constitution and sections 36931 *et seq.* of the California Government Code, the City Council may make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws; and

**WHEREAS**, on April 12, 2021, the City Council held a duly noticed public hearing on the Ordinance Amendment and considered all information in the record including public testimony at the hearing; and

**WHEREAS**, the City Council finds that the Ordinance Amendment is categorically exempt from the California Environmental Quality Act (“CEQA”) under CEQA Guideline section 15061(b)(3) (common sense exemption), because it can be seen with certainty that there is no possibility that the Ordinance Amendment could have a significant environmental effect; and

**WHEREAS**, the City Council finds that the Ordinance Amendment furthers the public health, safety, and welfare by providing shared on-street parking and facilitating emergency vehicle access.

**NOW THEREFORE**, the City Council of the City of Belvedere does ordain as follows:

**SECTION 1. Amendment.** Belvedere Municipal Code section 10.36.200 is hereby repealed in its entirety and replaced as follows:

**10.36.200 Parking longer than seventy-two hours prohibited**

A. No person who owns or has possession, custody, or control of any vehicle shall park such vehicle upon any public street for more than a consecutive period of seventy-two hours unless allowed under a temporary residential parking permit pursuant to this Section. For purposes of this Section, a vehicle must be moved at least 300 feet every seventy-two hours, and not returned to the same location sooner than 12 hours from departure or it shall be considered parked for that period of time. Section 10.48.010 of the Belvedere Municipal Code provides for enforcement of violations of this Section.

B. A Belvedere resident may seek an exception to this rule for up to six weeks per calendar year per household address. To seek an exception, a resident may apply to the Belvedere Police Department for a temporary residential parking permit that allows vehicles owned or controlled by the resident to be parked on a public street in excess of seventy-two hours for specified dates, not to exceed a cumulative total of six weeks per calendar year per household address. Unless an emergency applies, requests for a temporary residential parking permit shall be submitted to the Belvedere Police Department in advance and only for the duration required. In cases of emergency, requests for a temporary residential parking permit shall be submitted to the Belvedere Police Department within a reasonable time following the emergency.

**SECTION 2. Severability.** If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance, or any part thereof, is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence,

clause or phrase of this Ordinance irrespective of the fact that one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional or invalid or effective. To this end the provisions of this Ordinance are declared to be severable.

**SECTION 3. Effective Date.** This Ordinance shall take effect and be in force thirty (30) days after the date of its passage. Within fifteen (15) days following its passage, a summary of the Ordinance shall be published with the names of those City Council members voting for and against the Ordinance and the City Clerk shall post in the office of the City Clerk a certified copy of the full text of the adopted Ordinance along with the names of the members voting for and against the Ordinance.

**INTRODUCED AT A PUBLIC HEARING** on April 12, 2021, and adopted at a regular meeting of the Belvedere City Council by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**APPROVED:** \_\_\_\_\_  
James Campbell, Mayor

**ATTEST:** \_\_\_\_\_  
Beth Haener, City Clerk

## **City of Belvedere Traffic Safety Committee**

*Recommendation to City Council  
For 72 Hour Rule Amendment  
February 2021*

### **Amendment to the 72 Hour Parking Rule**

- A. The City Council has asked this Committee to examine the question of whether any amendment should be made to the existing 72 hour parking rule. During its February 2020 meeting, this Committee considered the issue, heard from city staff and heard public comments. At that meeting, Police Chief Wu explained some of the issues around enforcement of the 72 hour parking rule as currently drafted. The Committee asked questions of Chief Wu and discussed the competing concerns. The Committee then heard public comments on all of the points discussed.

Further discussion was had at the September 2020 Committee meeting concerning possible options for amendments to the rule. Subsequently, the Committee considering the following proposed amendments to the rule at the January 2021 meeting and makes these recommendations according to the Committee's unanimous decision at that meeting.

- B. Recommendation: The Committee recommends adding a definition of movement to the code so that a vehicle must be moved more than 300 feet in order to trigger another 72 hour period.
1. Currently the rule does not specify what it means to move your car, so you could move the car 6 inches and claim it was moved, triggering another 72 hour period of parking. This gamesmanship defeats proper enforcement of the rule.
  2. Other cities in Marin have code language that specifies that movement is defined as moving the car more than 500 feet, or 1000 feet (Tiburon), in order to free up that spot for others in the immediate vicinity to use. In Belvedere, 300 feet appears to be sufficient space for relocation.

- C. Recommendation: The Committee recommends adding a time period of 12 hours for relocation of the vehicle before parking back in the original spot.
1. If a car may be moved 300 feet, without defining how long it must be moved for, then someone could simply drive around the block once and re-park in the same spot to avoid enforcement.
  2. The current language allows for this gaming of the system. If the goal is to free up the spot for other people to use, to promote circulation and reduce the burden of one person claiming a spot indefinitely, then the car should be parked elsewhere for a significant period of time.
- D. Recommendation: The Committee recommends an exception be included in the rule to allow for periods when people cannot move their cars. The Committee recommends that Belvedere households be permitted to request an exception to the 72 hour rule for up to a total of 6 weeks per calendar year per household.
1. The rule as currently drafted provides a broad exception where the police department can waive enforcement of the rule at its discretion. Chief Wu noted it would be helpful to define parameters for exceptions rather than just leaving it open to discretion.
  2. The Committee heard public comments and some exceptions discussed were the need to leave a car on the street when on vacation, or when hospitalized or otherwise not able to move the car. Since many people leave Belvedere for the entire summer to go to Tahoe, or only live in Belvedere for part of the year, the exception should not be unlimited, in order to reduce the burden on neighbors.
  3. The Committee determined that a total of 6 weeks per calendar year per Belvedere household would be a reasonable amount of time for an exception to the 72 hour rule.
  4. The Committee notes that Chief Wu has stated that enforcement of the rule primarily is complaint-driven, where neighbors who are inconvenienced by cars being stored on the street have reported the violations. Chief Wu noted the department reaches out to the car owner to request compliance before placing the Courtesy Notice/Impending Tow & Storage tag on the vehicle. He noted last year there were 38 cases reported from all areas of Belvedere, not just in one location, and that all were remedied by the car owner before enforcement or ticketing was needed. Chief Wu anticipates that enforcement



of any amended rule will continue to be primarily based on complaints or obvious violations.

- E. Recommendation: The Committee recommends adoption of the following amended language, or similar language after review by the City Attorney, to replace the existing Belvedere code, which is at Belvedere Municipal Code Section 10.36.200:

*10.36.200 Parking longer than seventy-two hours prohibited*

A. No person who owns or has possession, custody or control of any vehicle shall park such vehicle upon any public street for more than a consecutive period of seventy-two hours, except as provided in section B below. For purposes of this section, a vehicle must be moved more than 300 feet every seventy-two hours, and not returned to the same location sooner than 12 hours from departure from the spot, or it shall be considered parked for that period of time. Section 10.48.010 of the code provides for enforcement of violations of this section.

B. If a Belvedere resident requires an exception to section A above, the resident may request an exception from the Belvedere Police Department for vehicles owned by the resident for a total of up to six weeks per calendar year per household address. This exception may not be applied separately to each vehicle owned by the household, but may include more than one vehicle if needed, for a total of six weeks.

---

**To:** Mayor and City Council

**From:** Craig Middleton, City Manager

**Subject:** **First reading of resolution for the period July 1, 2020, through June 30, 2023, ratifying a memorandum of understanding between the City and the Belvedere Peace Officers Association establishing salaries and benefits for those personnel**

---

**Recommended Motion/Item Description**

Review the Memorandum of Understanding (MOU) between the Belvedere Peace Officers Association and the City establishing salaries and benefits for represented employees.

Review the Resolution ratifying the MOU.

Note: Pursuant to Administrative Policy 20.5.2 – “All City labor agreements shall be placed on two consecutive public City Council meeting agendas. The first meeting shall be for discussion of the tentative agreement. The second meeting shall be for a vote by the City Council to approve or disapprove the agreement.” The resolution will also appear on the May 10, 2021 City Council agenda.

**Background**

Sworn personnel in the Police Department belong to the Belvedere Peace Officers Association (BPOA) and bargain collectively with the City to establish salaries, benefits and working conditions. The BPOA and the City Manager have reached a tentative agreement on a Memorandum of Understanding (MOU), presented here for City Council review and ratification.

**Findings**

- For Fiscal Year 2020/2021, represented employees will receive a two percent (2%) increase to base salary (Cost of Living Adjustment – COLA), effective July 1, 2020.
- For Fiscal Year 2021/2022, represented employees will receive a two percent (2%) increase to base salary (Cost of Living Adjustment – COLA), effective July 1, 2021.
- For Fiscal Year 2022/2023, represented employees will receive a two percent (2%) increase to base salary (Cost of Living Adjustment – COLA), effective July 1, 2022.

All other terms and conditions of the BPOA MOU will remain the same, with the following exceptions:

- **Section 13.** Deferred Compensation. Effective July 1, 2021, the amount contributed to each employee's deferred compensation account by the City will be \$185 per month, irrespective of the employee's contribution.

**Fiscal Impact**

The proposed adjustments will cost the City \$89,411 (cumulative) over the three-year period (FY20/21, FY21/22 and FY22/23). Adjustments for the current fiscal year can be accommodated within the current personnel budget. All adjustments for future years are included in the proposed budget for FY21/22 and in the 5-year projections that accompany the proposed budget.

**Attachments**

- Resolution ratifying Memorandum of Understanding (MOU) with Belvedere Peace Officers Association (BPOA)
- Memorandum of Understanding (MOU) with Belvedere Peace Officers Association (BPOA)
- Salary & Benefit Table - BPOA

**CITY OF BELVEDERE**

**RESOLUTION NO. 2021-XX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELVEDERE  
RATIFYING MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY AND  
THE BELVEDERE PEACE OFFICERS ASSOCIATION  
ESTABLISHING SALARIES AND BENEFITS FOR THOSE PERSONNEL  
EFFECTIVE JULY 1, 2020, THROUGH JUNE 30, 2023**

---

**WHEREAS**, the City Manager, representing the City, has met and conferred with the Belvedere Peace Officers Association and has in good faith negotiated a Memorandum of Understanding between the City and said employees (Attachment A).

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Belvedere that the Memorandum of Understanding attached hereto as Attachment A is hereby ratified and the City Manager is authorized and directed to sign said memorandum on behalf of the City.

**PASSED AND ADOPTED** at a regular meeting of the Belvedere City Council on May 10, 2021, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**APPROVED:** \_\_\_\_\_  
James Campbell, Mayor

**ATTEST:** \_\_\_\_\_  
Beth Haener, City Clerk

**ATTACHMENT A TO RESOLUTION  
MEMORANDUM OF UNDERSTANDING**

**WHEREAS**, the Belvedere Peace Officers' Association (BPOA) and the City of Belvedere (City) have met and conferred in good faith on wages and hours and terms and conditions of employment for the period beginning July 1, 2020, through June 30, 2023; and

**WHEREAS**, the representatives of the BPOA and the City Manager have represented the BPOA and the City respectively in the meet and confer process and have reached a tentative agreement, the tenants of which are embodied in this MOU; and

**WHEREAS**, the BPOA and the City wish to have said tentative agreement rendered in writing herein;

**NOW, THEREFORE, THE PARTIES DO HEREBY SET FORTH THE TERMS AND CONDITIONS OF THEIR UNDERSTANDING AS FOLLOWS:**

- 1. Salaries:** The monthly salaries for the term of this Memorandum shall be as follows.

Effective July 1, 2020:

Position	STEP A	STEP B	STEP C	STEP D	STEP E
Police Officer	6,811	7,152	7,510	7,885	8,279
Police Sergeant	8,012	8,413	8,834	9,275	9,739

Effective July 1, 2021:

Position	STEP A	STEP B	STEP C	STEP D	STEP E
Police Officer	6,948	7,295	7,660	8,043	8,445
Police Sergeant	8,173	8,581	9,010	9,461	9,934

Effective July 1, 2022:

Position	STEP A	STEP B	STEP C	STEP D	STEP E
Police Officer	7,087	7,441	7,813	8,204	8,614
Police Sergeant	8,336	8,753	9,190	9,650	10,132

2. **Longevity Pay:** In addition to the base salaries for each position as found above, each employee hired prior to June 30, 2018, shall be eligible for longevity pay based on the following table. Each employee shall become eligible for longevity pay at the below rates on the date following completion of each year of service to the City.

2+ years of service	1.0% above base salary
3+ years of service	1.5% above base salary
4+ years of service	2.0% above base salary
5+ years of service	2.5% above base salary
6+ years of service	3.0% above base salary
7+ years of service	3.5% above base salary
8+ years of service	4.0% above base salary
9+ years of service	4.5% above base salary
10+ years of service	5.0% above base salary

Employees hired after July 1, 2018, shall not be eligible for longevity pay.

3. **Educational Incentive:** An additional 2.5% over the base salary each month shall be provided to any employee who has earned or receives an Associate Degree or achieves upper division standing at an accredited college or university or has been granted the Intermediate POST Certificate. An employee who has received a Bachelor's Degree from an accredited college or university or has been granted the Advanced POST Certificate shall be entitled to an additional 5% over base salary each month.
4. **Insurance Benefits:** The following benefits shall be provided to the employees covered by this Resolution in the following manner:
- A. **Workers' Compensation Insurance** as required by law, premiums paid entirely by the City.
  - B. **Unemployment Insurance** as required by law, premiums paid entirely by the City.
  - C. **Health Insurance** shall be made available to each employee. The City Contribution towards the health plan is as follows:

<u>Family Status</u>	<u>City Contribution</u>
Employee only	Maximum City contribution equals the premium for Kaiser Permanente or for PERS Choice, which includes the MEC, for employee only.
Employee + one dependent	Maximum City contribution equals the premium for Kaiser Permanente or for PERS Choice, which includes the MEC, for employee + one dependent.
Employee + two or more dependents	Maximum City contribution equals the premium for Kaiser Permanente or for PERS Choice, which includes the MEC, for employee + two or more dependents.

An employee may use any benefit allowance stated above toward the cost of employer-provided PERS Health Insurance for the employee and eligible dependents. An employee may not use the benefit allowance for other reasons.

- D. **Dental Insurance** shall be made available to each employee. The City will pay the full cost of dental insurance for each employee and their dependents.
- E. **Life Insurance** shall be made available to each employee. The City will pay the full cost of life insurance to employees on the basis of 100% of the employee's annual salary up to a maximum of \$100,000.
- F. **Long Term Disability Insurance** shall be made available to each employee, premiums paid entirely by the City.
- G. **Medical Insurance Rebate** shall be provided to employees who are currently enrolled under a medical insurance program through a spouse or other source, and who elect to exchange their City-provided insurance for a cash rebate. The rebate shall equal \$250 per month if one or more family members are or would be covered in the City's plan and \$175 per month if the employee is or would be covered as a single in the program. The employee must demonstrate to the City Manager's satisfaction that the employee has, at a minimum, adequate health coverage in force at the point in time when the rebate is requested, and provided further that the employee provides evidence on an annual basis and to the City Manager's satisfaction that demonstrates the employee's adequate health coverage. If such evidence of coverage is not provided, then the rebate shall be discontinued until evidence is provided. As in the past, the City reserves the right to select the providers of the aforementioned insurance programs.



5. **Participation in PORAC Trust:** The City agrees to allow members of the Belvedere Police Officer's Association (BPOA) to participate in the Peace Officers Research Association of California (PORAC) Medical Expense Reimbursement Trust. The City agrees to contribute \$150 monthly on behalf of each BPOA member.
6. **Uniform & Equipment Allowance:** A uniform allowance to be provided to employees covered by this MOU shall be \$60/month. An equipment allowance of \$200/year shall be provided to employees covered by this MOU. The City shall defray 100% of the cost of personal body armor (i.e., bullet-resistant vests).
7. **Retirement:** The City shall continue as an employer under the provisions of the Public Employees Retirement System of the State of California (PERS). All employees hired on or after January 1, 2013, will be provided PERS retirement benefits in compliance with the 2012 Public Employees Pension Reform Act (PEPRA) as follows:
  - Employees classified as "New" under PEPRA will be covered by the PERS 2.7% at 57 plan.
  - Employees classified as "Classic" under PEPRA will be covered by the PERS 2.0% at 50 plan.

All employees hired on or after January 1, 2013, classified as "New" under PEPRA will pay at least fifty percent (50%) of the Normal Cost of their Plan as calculated annually by PERS.

Employees classified as "Classic" under PEPRA will pay the full PERS employee contribution amount of 9%. The City shall contribute 100% of the required employer contribution.

The City shall provide a supplemental retirement benefit for employees hired prior to January 1, 2013 through the Public Agency Retirement Services (PARS). Contributions for the PARS supplemental retirement system shall be paid by the City.

8. **Sick Leave:** Sick leave shall accrue at the rate of 8 hours per month and shall continue to accrue to a maximum of 1040 hours regardless of years of service.

The City further agrees to continue to have employees credited with additional service time for pension computation purposes upon retirement on a day-for-day basis with the credit based on accrued sick leave, not to exceed 1040 hours.

In the event a member of the BPOA suffers a non-work related catastrophic injury or illness and has exhausted all of his or her accrued sick leave credits, the City shall permit other individual members of the Belvedere BPOA to contribute up to 50% of their accrued sick leave to the seriously injured or gravely ill BPOA member, provided however that any such individual's contribution shall not exceed 40 hours in any given calendar year.

9. **Attendance Recognition Program:** The City recognizes employees who demonstrate an outstanding attendance record over a prior calendar year. Under this program, employees are allowed to convert a portion of their unused sick leave to pay or compensatory time-off. In order to be eligible for this recognition, an employee must have been a regular full-time or part-time paid employee of the City for the full preceding calendar year; and must have used 48 or fewer hours of sick leave during the preceding calendar year.

Employees have the option of buying back specified unused sick leave or converting that same amount to compensatory time on a straight time basis.

a. **Recognition Levels**

- i. Level 1: Employees who have not used any sick leave hours over the past year have the option to buy-back up to 40 hours of unused sick leave. The option to buy-back all 40 hours is subject to the requirement that the employee have a minimum balance prior to buyback of 80 hours of combined leave (vacation, sick, and floating leave). Those employees maintaining a combined account balance of more than 120 hours may buy-back up to 60 hours per year of sick leave.
- ii. Level 2: Employees who have used more than 0 but less than 24 sick leave hours over the past calendar year have the option to buy-back up to 24 hours of unused sick leave.
- iii. Level 3: Employees who have used more than 24 but less than 48 sick leave hours over the past calendar year have the option to buy-back up to 15 hours of unused sick leave.

Eligible employees will be provided with a letter in January from the Finance Department regarding the prior year's conversion options. Employees will be required to respond in writing to the Finance Department by the due date on the eligibility letter.

10. **Call Outs:** Employees who are called to work overtime on their regularly scheduled day off or during other off-duty hours shall be compensated for a minimum of four (4) hours, except when the call-out occurs within the four hour period immediately preceding a scheduled duty shift, in which event the employee shall be compensated only for the hours worked. Overtime shall commence at the time the employee arrives at the place he/she is directed to report and shall continue until he/she is released or the scheduled duty shift begins. Call outs shall not apply to firing-range qualification duty except in the case of the employee regularly assigned to the 2300 to 0700 hour shift. The term 'call-out' includes confirmed off-duty court appearances. A 'confirmed' court appearance is one whereby the employee telephones the D.A.'s office by 5 pm the day before the scheduled court appearance, in order to confirm the necessity of the appearance. The officer will so note the confirmation on his/her subpoena, and the subpoena will be attached to the Request for Overtime slip at the time of submission. If the court appearance is cancelled after the 5 pm confirmation is received, the employee will be compensated four (4) hours of overtime.

11. **Vacation Leave:** Vacation accrual rates shall be computed as follows:

<b>Months of Service</b>	<b>Monthly Accrual Rate</b>
0-12 months	6.67 hours
13-36 months	8.00 hours
37-120 months	10.00 hours
121-132 months	12.00 hours
132+ months	13.33 hours
180+ months	15 hours

The City shall count as years of service all full-time service a sworn peace officer has worked for the City.

12. **Hours of Work-Overtime:** The Belvedere Police Department will continue to work an alternative shift schedule. The alternative shift schedule shall consist of a total of 84 hours of work completed by each employee during each 14 consecutive calendar day period. The 84 hours of work may be completed by working a combination of four 12 hour and four 8 hour work shifts, or by working eight 10 hour work shifts during each 14 day period. For the purposes of the alternative shift schedule, the City elects to avail itself of the Federal Labor Standards Act public safety exception, (fourteen day work cycle). Overtime will be paid for those hours worked beyond an employee's assigned shift or for hours worked in excess of 84 hours during each 14 day work cycle. In computing whether an officer has worked overtime in any 14 day work cycle, vacation leave, sick leave, and compensatory time-off shall be included in the tabulation. Overtime compensation and compensatory time-off shall continue to be calculated at the time-and-a-half rate. Compensatory time shall be allowed to accrue to a maximum of 144 hours. The maximum of 144 hours of compensatory leave time may carry forward from year to year, provided the total accumulation never exceeds 144 hours.

Compensatory leave may be taken by the Police Officer, in increments he/she chooses, with prior permission from either the Sergeant or the Chief of Police. Police Officers shall request to be compensated either in cash or compensatory leave at the time the Overtime Request slip is submitted. Police Officers electing to be compensated in cash payment rather than in compensatory leave time will receive any accumulated overtime pay on their regular monthly paychecks.

13. **Deferred Compensation:** The City shall contribute up to \$150 per month on behalf of each employee into a City authorized deferred compensation program on a matching basis. Effective July 1, 2021, the City shall contribute \$185 per month on behalf of each employee into a City authorized deferred compensation program.

14. **Field Training Officer Incentive:** A Police Officer who undertakes the responsibility of a POST certified Field Training Officer shall be entitled to receive an additional 5 percent over base salary during the specific period that the police officer is engaged in conducting a field-training program. The Police Sergeant shall be entitled to an additional 3 percent over base salary during the specific period that the Police Sergeant is engaged in supervising a field-training program.
15. **Meals:** Whenever an employee is required to work 4 or more hours consecutive to his or her assigned shift, the City shall reimburse the officer for meal expenses up to a maximum of \$10.00 per occurrence upon submission of a proper receipt to the Chief.
16. **Holiday Pay:** All Holiday pay earned by the employees during the course of employment shall be paid as the holidays occur throughout the year. Employees shall be paid annually for 11 fixed holidays at 12 hours per holiday and will be paid whether or not the employee actually works on the holiday. In addition to the payment for the 11 fixed holidays recognized by the City, employees shall be entitled to 24 hours of paid floating personal leave days per year to be taken in accordance with established City personnel policies. In the event that floating personal leave days are cancelled pursuant to city business, they may carry over into the following year.
17. **Shift Differential Pay:** Police officers assigned to work the “Night Shift” (1900–0700 hours) shall be entitled to receive an additional 5% of base salary as shift differential pay. Police officers assigned to the “Cover Shift” shall be entitled to receive an additional 2.5% of base salary as shift differential regardless of hours worked; except if the cover officer is assigned to cover a “Night Shift” (1900-0700 hours). If the cover officer is assigned to work the “Night Shift” (1900-0700 hours) the rate will be paid at the night shift differential of 5%. Such shift differentials shall be paid only to police officers regularly assigned to work the above referenced shifts and shall not apply to officers working said shifts on an overtime basis, nor shall it apply to Police Sergeant or Trainee positions.
18. **Watch Commander Pay:** The Police Sergeant position shall be entitled to an additional 3% over base salary during the specific periods that the Police Sergeant is engaged as Watch Commander for the Police Department.
19. **Mileage Allowance:** All employees hired prior to June 30, 2016 shall be entitled to a monthly allowance of \$200 to offset travel/commute costs. Any position utilizing a City-issued vehicle shall not be entitled to the allowance. Employees hired after July 1, 2016 are not eligible for this benefit.
20. **Payroll Deduction for Dues:** The current method of payroll deduction for dues for the BPOA shall continue pursuant to Section 12.12 of the City of Belvedere Personnel Rules and Regulations.

21. **BPOA Use of City Resources:** The current practice of the BPOA using City resources for the purposes of representing the interests of the BPOA in relation to the City shall continue to be limited to the use of City paid time, facilities, and equipment in the furthering of employer-employee relations, and not for the purpose of internal employee organization business such as soliciting membership, campaigning for office, elections, and meetings of the membership, as long as such use does not interfere with the efficiency, safety and security of City operations.
22. **Bargaining Unit:** The provisions of Chapter 12 of the City Personnel Rules and Regulations notwithstanding, the bargaining unit represented by the BPOA shall include only sworn peace officers and no miscellaneous positions in the City.
23. **General Provisions:** Both parties understand that federal law, state law, City Ordinances, City of Belvedere Personnel Rules and Regulations, and written Police Department policy determine procedures and policy relating to the terms and conditions of employment, except as provided by this Memorandum of Understanding. Any and all prior provisions applicable to the positions covered under this resolution which are contained in any but the aforementioned sources and in this Memorandum are hereby made null and void.
24. **Special Details:** It is understood that the official policy of the City regarding contract details as covered by City Council Resolution 77-12 is as follows:
  - a. Unless the Chief of Police determines that a particular private function, party or activity constitutes a potential threat to the public peace and safety, the City will not contract to provide police personnel for security at a private function, party or activity.
  - b. Reserve or Explorer personnel would not be precluded from serving contract details through the City with approval of the Chief of Police.
25. **Duration:** Upon approval pursuant to Section 28 below, this Memorandum shall be effective July 1, 2018 and shall terminate June 30, 2020.
26. **Approval by Council:** This Memorandum shall be effective when signed by the President of the BPOA and the City Manager and ratified by the Belvedere City Council.
27. **Department Policy Manual:** The City agrees to have the BPOA review any prospective changes to the Department's policy manual before they are put into effect. Such review shall not diminish the City's right to impose changes to the manual whenever deemed appropriate by the City.
28. **Changes:** No changes or modifications shall be offered, urged or otherwise presented by the BPOA or the City during the term of this Memorandum.

**BELVEDERE PEACE OFFICERS  
ASSOCIATION**

By: \_\_\_\_\_  
Officer Andy Rosas  
Belvedere Peace Officers Association

Dated: \_\_\_\_\_

**CITY OF BELVEDERE**

By: \_\_\_\_\_  
Craig Middleton  
City Manager

Dated: \_\_\_\_\_





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To: Mayor and City Council

From: Craig Middleton, City Manager  
Amber Johnson, Administrative Services Manager

**Subject: Pension-related Reforms**

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**Recommended Motion/Item Description**

Consider the Staff Report, Attachments and Finance Committee recommendations.

Adopt the following resolutions:

- Two Resolutions authorizing the establishment of a Section 115 Trust for pension-related purposes and delegating authority to request disbursements from the 115 Trust
- Resolution amending the FY20/21 Budget and Five-Year Projection to reflect an investment of \$1.5M in the Section 115 Trust
- Resolution amending the Administrative Policy Manual, Section 2.2 (Fund Balance and Reserve Policies), Section 2.3 (Pension/OPEB Funding) and Section 2.5 (Investments).

**Background**

Belvedere is a member of the CalPERS pension system. As such, the City is subject to the vicissitudes of CalPERS funding policies, investment projections and actual performance, and actuarial assumptions – each of which impacts the level of funding commitment that is required on an annual basis and the level of unfunded liability that is carried by the City. Over the past decade, pension costs (both annual and long-term liabilities) have increased. Efforts to rein in pension costs so as to reduce their potential to crowd out funding for public services have been undertaken by the State and the City over the past decade. The Public Employees’ Pension Reform Act (“PEPRA”) created new pension formulas that would be applied across all CalPERS member jurisdictions to new employees; the old formulas would apply only to employees and retirees who had already vested in the system (“classic” employees). The budgetary impacts of PEPRA will become more tangible in a decade or two. Meanwhile, pension costs continue to rise.

Belvedere has long recognized the importance of controlling pension costs. Over the past decade, the City Council has taken several actions to mitigate rising pension liabilities:

- Subsequent to 2003, most cities in California had what is called a “Side Fund” liability, which is an unfunded liability in addition to the larger regular unfunded CalPERS pension liability. As of 6/30/13, Belvedere’s Side Fund liability was \$863,000. In August

2013, the City paid off its entire Side Fund liability by using part of the City's cash reserves. This caused the City to dip below its General Fund reserve target until it was able to achieve a fully-funded reserve again in 2016. As back up in case of an emergency, the City also obtained a line of credit in the amount of \$800,000 at this time.

- In Fiscal Year 2014/15, the City began transferring \$100,000 per year to a Pension Reserve Fund. By Fiscal Year 2016/17 this fund had accumulated \$300,000, and the City sent this \$300,000 as an additional lump sum payment to CalPERS.
- By 2017, the City's unfunded accrued liability ("UAL") had grown to \$3.6 million. In August 2017, the City paid \$3.6M to CalPERS to fully fund its UAL. The funding was obtained from excess reserves (\$1M) and a lease/leaseback arrangement on the City's Corporation Yard (financing \$2.6M).
- The City continues to transfer \$100,000 to its Pension Reserve Fund annually.

Since that time, the UAL has grown anew, resulting primarily from CalPERS' recognition that its discount rate (i.e. rate of expected return on investment) is overly optimistic. The UAL increases when CalPERS' actual investment performance does not meet expectations; City obligations also increase when CalPERS decides to reduce its discount rate, as it did during the three-year period of Fiscal Year 2018/19 to 2020/21, with reductions from 7.5% to 7.0%.

Despite these efforts, the Council has continued to be concerned about the impacts of rising pension cost on the City's budgets, and its potential for creating shortfalls in budgetary resources needed to fund city services and important capital projects.

Recognizing that Belvedere needed a more comprehensive proactive strategy for dealing with the pension challenge, the City created in 2020 an ad hoc Taskforce on Pensions and Other Post Employment Benefits ("OPEB"), most significantly retiree healthcare benefits. The Taskforce has focused initially on pensions – this being the area of primary concern. This staff report deals exclusively with the pension issue; OPEB recommendations will be developed later this year.

The Taskforce met frequently over the past several months. It analyzed the issue; consulted with actuarial and accounting specialists; conferred with the City of Palo Alto, which has adopted some pension-related reforms; met with fund managers for Section 115 Trusts; and developed recommendations for consideration by the Finance Committee. The Finance Committee considered these recommendations, made some adjustments, and voted unanimously on March 26, 2021 to present a recommended strategy to the Council for possible adoption. The strategy is actionable (e.g. there are sufficient budgetary resources to fund it), proactive, scalable, and innovative.

At the outset, the Taskforce determined that the City should adopt the following tenets:

1. The cost of employee benefits should be paid by the generation of taxpayers who receives services.
2. Actuarial assumptions should be prudential to ensure that promised benefits can be paid.
3. Funding shortfalls should be closed expeditiously. The goal is full funding.

4. Large swings in employer contribution rates are undesirable. Smoothing is desirable.
5. Funding policies and underlying assumptions should be clearly delineated and regularly reviewed.

Based on these tenets, the Taskforce developed and proposed a strategy that would establish a City commitment to plan for and fund pension costs based on realistic assumptions, and to develop a mechanism by which future adjustments to the funding formula could be made in 3-5 year increments.

A full report from the Taskforce to the Finance Committee is included as Attachment A to this staff report.

A key factor in determining an appropriate funding formula is the City's level of confidence in CalPERS' projected rate of return ("discount rate") on its investment portfolio. To the extent that CalPERS underperforms relative to this projection, member cities are forced to increase their annual contributions to CalPERS. A one-percent divergence between expected and actual performance would have a significant budgetary effect. For this reason, the Taskforce decided that a prudent policy would involve funding pension obligations at a level that is based on a more realistic investment return assumption. For the next 3-5 years, the Taskforce recommended that this rate be set at 6%, 100 basis points below the current CalPERS discount rate of 7%. The Taskforce recommended that this rate be used to determine annual budgetary contributions that would result in full amortization of the City's unfunded liability over 20 years. Further, the Taskforce recommended that the Finance Committee review this calculation on a 3-5 year basis, and recommend adjustments as appropriate. This approach – reserving sufficient funds to provide for accrued pension obligations, *calculated using a lower and more realistic projection of investment return* – is among the more aggressive approaches that we have encountered among CalPERS member jurisdictions.

Section 115 Trusts are used by cities and counties to reserve funds against pension liabilities. Funds can be transferred from a Section 115 Trust to pay for pension costs; they cannot be used for other purposes. The Taskforce and Finance Committee recommend that the City Council authorize the establishment of a Section 115 Trust (Attachments C and D). Further, it is recommended that the Council seed this Trust with \$1.5M in initial funding from available budgetary reserves (Attachment E), and that it commit to an annual payment over the next 5 years of \$300,000/year into the Trust. Finally, it is recommended that the current Pension Reserve Fund, which is funded at \$100,000/year, be abolished as it would no longer be needed. With these investments, the City would be positioned to fully fund its current pension debt over the next twenty years, even while assuming a more realistic projection of CalPERS investment returns.

While the City's general reserves are invested in the Local Agency Investment Fund (LAIF), there is more flexibility in how Section 115 Trust funds can be invested. Having reviewed options offered by the two leading Section 115 Trust managers (PARS and PERS), the Finance Committee recommends that the Section 115 Trust funds be invested in a moderately

conservative passively-managed CalPERS fund “CEPPT #1” (Attachment B).

In order to effect the policy recommendations indicated above, a number of amendments to the City’s Administrative Policy Manual (“APM”) are required (Attachment F).

Policy 2.2 on Fund Balance and Reserves would be amended to: 1) establish a Section 115 Trust for the purpose of setting “aside an appropriate level of funds to fully fund pension obligations at a more prudential rate,” and 2) change the City’s calculation for General Reserve purposes to clarify that contributions to this new Section 115 Trust reserve will not inadvertently increase the City’s required General Reserve contribution.

Policy 2.3 on Pensions and OPEB would be amended to reflect the aforementioned recommended policy framework for full funding of pension obligations at a prudential discount rate. It would memorialize the decision to establish a Section 115 Trust into which the City would invest funds reserved for future pension-related expenses. It would outline the role of the Finance Committee as relates to its periodic review of pension funding and the development of recommendations for the City Council. It would also specify that an annual update be included in the annual budget document as regards pensions and pension-related contributions and their effect on the City’s general reserves, along with appropriate disclosures of the 115 Trust investments to be reported in the annual financial statements. Finally, it would establish that the City will work over time to increase “classic” employee contribution rates, in accordance with PEPRA guidelines and the practice of other local agencies.

Policy 2.5 on Investments would be amended to exclude pension trust funds, other post-employment benefit trust funds, and the proceeds of debt issues.

Finally, information relating to the methodology used for calculating a realistic discount rate and funding the Section 115 Trust would be included in the City’s annual budget document. This would provide clarity as to the methodology used in the current instance and would be of assistance to future Council and Finance Committee members in their pension funding reviews.

### **Fiscal Impact**

The City is presently in a strong position to implement this set of pension-related policies. Sufficient unencumbered funds are currently available to make an initial contribution of \$1.2M to the Section 115 Trust. The accumulated balance in the current pension reserve fund (\$300K) would be added, enabling the City to seed the 115 Trust with \$1.5M. Funds would be invested on a dollar-average basis over 15 months. Annual contributions to the Trust (\$300K/y) would be accomplished by extending the deferral of a police officer hire for 3 years; it is anticipated that a police officer could then be hired without affecting the City’s ability to continue to fund the Trust at the \$300K annual level. The 50% general reserve requirement would be achieved in each of the next five years.

The long-term impact of this near-term pension-related set of actions is impossible to quantify. It is fair to assume, however, that reserving funds for pension costs now and into the future will

bring significant budgetary benefits over time. Over the past several years, CalPERS has lowered its discount rate by 50 basis points in recognition of the likelihood that the fund will not achieve projected investment returns. It is not unlikely that CalPERS will continue to reduce its discount rate. By fully funding its pension liabilities, using a more conservative rate of projected return, the City would be setting aside enough money to ensure that increasing pension-related costs will not crowd out spending on other essential City projects and functions. This is both fiscally prudent and far-sighted.

Staff believes that the policy is fiscally sound and fully recommends its implementation.

**Attachments**

- A: Taskforce on Pensions & OPEB Interim Report to the Finance Committee
- B: Note to Belvedere Finance Committee on Section 115 Investment Trust Management
- C: Resolution of Agreement and Election to Prefund Employer Contributions to a Defined Benefit Pension Plan (CEPPT)
- D: Resolution of Delegation of Authority to Request Disbursements (CEPPT)
- E: Resolution amending FY20/21 Budget to reflect a contribution of \$1.5M to the Sec. 115 Trust.
- F: Resolution to amend the Administrative Policy Manual, Sections 2.2, 2.3 & 2.5.
- G: Proposed Language for Budget Section on Pensions
- H: Wilkinson paper: Belvedere Pension Reform

## **Taskforce on Pensions & OPEB Interim Report to Belvedere Finance Committee**

**Date: March 16, 2021**

### **Background**

On January 12, 2021, the City of Belvedere's Finance Committee established a Taskforce on Pensions & OPEBs ("taskforce"), comprising four of its seven members. The taskforce was assigned the job of recommending a package of reforms to reduce the City's unfunded pension and other post-employment benefit (OPEB) obligations, to ensure the City's ongoing fiscal sustainability. The taskforce was asked to report back to the full Finance Committee when it had made substantive progress. The taskforce has met six times in the past nine weeks and is ready to recommend a package of measures to reduce the City's pension risk. Policy ideas on OPEBs are still being developed.

### **Pension Funding Tenets**

The taskforce suggests the City adopt the following five tenets as the basis of its pension funding policy:

1. The cost of employee benefits should be paid by the generation of taxpayers who receives services.
2. Actuarial assumptions should be prudential to ensure that promised benefits can be paid.
3. Funding shortfalls should be closed expeditiously. The goal is full funding.
4. Large swings in employer contribution rates are undesirable. Smoothing is desirable.
5. Funding policies and underlying assumptions should be clearly delineated and regularly reviewed.

### **Actuarial Assumptions**

The first question the taskforce sought to answer in analyzing the City's pension risk is whether the City's pension obligations are appropriately valued by CalPERS. There was broad agreement that the 7.0% discount rate used by CalPERS to discount future pension benefit payments, which is based on its expected return on plan assets, is too optimistic, thereby understating the City's pension liabilities. The taskforce set about determining a more appropriate discount rate selection methodology. It considered the merits of using a "risk-free" discount rate (based on an index of high-quality corporate bonds) or relying on analyst forecasts of future investment returns, for example those laid out in Horizon's Annual Survey of Capital Market Assumptions. It concluded that a risk-free discount rate is likely too conservative, given CalPERS actual investment mix, and that analyst forecasts are no more likely to be correct than those of CalPERS' investment office, which also consults with outside advisors. The taskforce observed that CalPERS itself is projecting a 5.67% annual return on plan assets over the next 10 years (it assumes a 7.85% return in the outer years to reach its overall 7.0% average return).

Factoring in the City's risk aversion and plan maturity, and acknowledging the unpredictability of financial markets, the taskforce agreed the City should adopt a discount rate equal to CalPERS' expected return on plan assets minus a margin of 100 basis points. This would peg the City's discount rate at 6.0% for FY21-22. Recognizing that CalPERS may reduce its own discount rate in coming years, the taskforce agreed the 6.0% rate should be maintained for a period of up to five years and then be reviewed by the Finance Committee as part of a standing review of the City's pension funding strategy (see later).

The taskforce reviewed the other economic and demographic assumptions underpinning CalPERS' model and concluded the risks are evenly balanced. The City's demographic risks are pooled, and the pooled experience has largely tracked expectations.

## Annual Funding Costs

Having agreed a 6.0% discount rate assumption, the taskforce sought to understand the financial impact of this more prudent discount rate on the City’s ongoing pension costs. Thanks to GASB rules, agencies are required to report the impact of a one percentage point reduction (or increase) in the discount rate on both the normal cost rate (NCR) and unfunded accrued liability (UAL). The data for fiscal year end June 30, 2019 are shown in the table below. CalPERS calculates contribution rates based on funded status two years prior, so the June 30, 2019 valuations provide the correct numbers for the upcoming 2021-22 fiscal year.

$$\text{Annual required contribution (ARC)} = \text{Normal cost rate (NCR)} + \text{Annual UAL payment}$$

**Table 1: Impact of 6.0% Discount Rate on Belvedere’s Pension Metrics**

	7.0% Discount Rate	6.0% Discount Rate	Change
Accrued Liability (US\$ mn)	23.88	26.81	2.94
Market Value of Assets (US\$ mn)	22.30	22.30	-
<b>UAL (US\$ mn)</b>	<b>1.58</b>	<b>4.52</b>	<b>2.94</b>
Funded Ratio (%)	93.38%	83.15%	10.23%
Employer NCR (%)	11.63%	16.40%	4.76%
<b>Employer NCR (US\$)<sup>1</sup></b>	<b>249,882</b>	<b>352,208</b>	<b>102,325</b>

<sup>1</sup>Based on estimated payroll and assumes no change in employee contribution rates. Note: The sensitivity data reported in agencies’ CAFR differ from those presented above (which draw from CalPERS’ Annual Valuation Reports) because CAFR data are based on a higher discount rate (equal to CalPERS’ discount rate plus 15 basis points of administration expenses). Source: CalPERS

Unfortunately, the GASB-required sensitivity analysis does not show how to amortize the higher UAL created by a 6.0% discount rate. The City asked CalPERS if it could assist, but it declined. The taskforce therefore reviewed various options for calculating an appropriate annual UAL payment, including relying on CalPERS’ Pension Outlook tool, using an off-the-shelf tool called GovInvest, applying closed-period, dollar-flat amortization, or scaling up CalPERS suggested UAL payments in proportion to the higher UAL. All four options have shortcomings (see box on page 3) but produce broadly similar results in terms of dollar impact. The taskforce ultimately settled on using CalPERS’ Pension Outlook tool and recommends that the dollar cost implied by the tool (over and above CalPERS’ scheduled payments) be smoothed and fixed in nominal terms for a period of up to five years to allow sensible budget planning.

## Affordability

Next the taskforce sought to establish the affordability of a 6.0% discount rate from a budgetary perspective. City staff reviewed the scope of “free funds” within the budget to allocate to pensions, over and above CalPERS’ ARC payments. They identified approximately \$300,000 of available funds on a recurring basis, \$100,000 from terminating the annual pension fund reserve payment and \$200,000 from deferring the hiring of a police officer for at least the next three years. The taskforce also reviewed the City’s current financial statements, as of June 30, 2020, and identified \$1.2 million of excess reserves (leaving a residual excess of \$100,000) and \$300,000 of pension fund reserves that could immediately be used to fund pensions and lower ongoing amortization costs.

Using CalPERS’ Pension Outlook tool, the cost of amortizing the 6.0% UAL adjusted for a \$1.5 million upfront payment was calculated. The additional cost in terms of UAL payment ranged from \$190,000 to \$220,000 p.a. over the following five years. Coupled with a \$100,000 higher NCR, the total annual impact of adopting a 6.0% discount rate, adjusted for a \$1.5 million extraordinary payment, stands at about \$300,000, allowing the policy to be implemented with limited budgetary stress whilst honoring the City’s generous reserve policy.



### **Box 1: UAL Amortization Methodologies**

#### **Option 1: CalPERS Pension Outlook Tool**

The tool allows agencies to make changes to discount rate and investment return assumptions as well as make additional discretionary payments and model their impacts on UAL payments (and the NCR) over a 30-year period versus the current payment profile. The advantage of this tool is that it lays out the impacts over multiple years and relies on the intricacies of CalPERS plan-specific actuarial data and amortization rules. The downside is that it produces results that are one year off cycle i.e., changing inputs today (related to FY19-20) produces results that affect required contributions starting FY22-23, not FY21-22. Furthermore, it does not allow the application of a lower discount rate to “stick”, so the amortization clock starts again every time the model is run.

#### **Option 2: GovInvest Pension Tool**

The GovInvest tool is a more sophisticated version of the CalPERS Pension Outlook tool, using CalPERS plan-specific inputs and amortization rules, and adding one more year of census data. Assumptions can be altered at a more granular level. Historical data can also be inputted, related to FY18-19 for example, allowing direct calculation of the appropriate UAL payment for FY21-22. The tool has other useful attributes, unrelated to calculating the UAL payment. The downside of the tool is its cost (circa \$5,000 p.a.) and the unknown nature of its black box, which other cities indicate does not generate matching results to CalPERS tool.

#### **Option 3: Ratio Formula**

Application of a ratio formula involves taking the ratio of the UAL at 6.0% (less Section 115 trust assets – see later) to the UAL at 7.0% and multiplying it by the UAL payment (at 7.0%) required by CalPERS. The main downside of this methodology is that CalPERS’ amortization schedule is not smooth and UAL costs tend to accelerate over time. Using a ratio formula will amplify this effect. Taking the average cost implied by the formula over a medium-term period will mitigate some of this effect.

#### **Option 4: Dollar Flat Amortization Formula**

Dollar-flat amortization involves taking the UAL at 6.0% (less Section 115 trust assets) and repaying the debt over a fixed period, say 20 years, in equal installments, using a 6.0% interest rate. A 20-year window fits with CalPERS new amortization rules (which shorten the amortization window from 30 to 20 years on new annual bases), and gels with the view of rating agencies that pension debt should be amortized over 20 years or less. To avoid the debt continuing to roll i.e., never being fully paid off, the formula would have to amortize the existing UAL over a closed 20-year period, with additional amortization rules applied to UAL bases created after implementation of the formula.

Source: Author

### **Investment Options**

The taskforce was in broad agreement that monies set aside for pensions should not be used to make additional discretionary payments to CalPERS. The City already has a 93.4% funded ratio with CalPERS (using its 7.0% discount rate), although this will likely drop as of June 30, 2020, given CalPERS provisional 4.7% investment return for the year. The taskforce discussed using the funds to make accelerated payments on the City’s \$2.228 million of outstanding lease-leaseback debt (used to finance earlier discretionary payments to CalPERS) but the terms of the recent lease-leaseback refinancing preclude early repayment until at least 2026.

Interest therefore centered on establishing a Section 115 pension trust, which irrevocably ringfences funds for pension purposes. Section 115 trusts are commonplace among Marin municipalities and elsewhere. Although Section 115 pension fund assets cannot be used to reduce net pension debt for GASB financial reporting purposes, they are held on balance sheet as restricted assets, thereby improving the City’s overall statement of net position. The credit rating impact is essentially the same.

The range of Section 115 trust providers is extremely limited. The taskforce briefly explored the option of the City securing its own private letter ruling from the IRS but determined it would be cost and time prohibitive. It therefore examined the offerings of the two main 115 trust providers: CalPERS and PARS. PARS is a for-profit financial services firm that currently manages the City’s modest retirement

enhancement plan. CalPERS 115 pension trust, known as the California Employers' Pension Prefunding Trust Fund (CEPPT), has only been operational since October 2019 (although its OPEB trust has run for much longer). Under both structures, CalPERS/PARS acts as the trustee and partners with outside investment managers. PARS offers more investment options, but charges higher fees. Investment performance between CEPPT and PARS is similar. The taskforce is looking for guidance from the Finance Committee on its preferred investment vehicle. It recommends seeding the chosen trust with the \$1.5 million of excess reserves/pension reserves, using dollar-cost averaging, and then making payments of \$300,000 per annum until the next pension review (see next).

Please review the separate document for a more thorough review of investment options.

### **Oversight and Reporting**

The taskforce discussed an appropriate oversight and reporting framework. It suggests the Finance Committee conduct a standing pension funding review at least every five years to reset the discount rate, adjust annual funding costs and fix those payments until the next review. It may also wish to move money from the 115 trust to CalPERS, depending on circumstances, and/or making additional payments to the 115 trust or CalPERS should the City have accumulated fresh excess reserves.

The taskforce discussed valuing the City's pension liabilities at a 6.0% discount rate for financial reporting purposes but concluded this would disadvantage the City vis à vis its peer cities. Instead, it suggests staff produce an annual pension funding update describing the City's pension funding policy and funded status and include it in the City's annual budget report.

### **Retirement Enhancement Plan Review**

The taskforce reviewed the City's retirement enhancement plan, managed by PARS, which has been closed to new entrants since 2012. It determined that its total and unfunded liabilities are small and already discounted using a 6.5% discount rate and that further review, or special funding arrangements, were not necessary at this stage.

### **Review of City's Reserve Policy**

The taskforce discussed whether the City's generous reserve policy (reserves of no less than 6 months of general fund operating expenses, debt financing costs and fire contract costs net of fire tax revenues) should be relaxed to reflect the additional financial buffer provided by the Section 115 trust i.e., in a difficult year, trust assets can be used to finance payments to CalPERS. The consensus was that reducing reserve discipline to finance greater pension discipline would be imprudent.

The taskforce also considered how transfers to the Section 115 trust and additional discretionary payments to CalPERS should be treated for the purposes of calculating the City's reserve requirements. It recommends these items be excluded from the reserve requirement calculation (denominator) because they are discretionary in nature. This is consistent with the City's existing treatment of discretionary payments to CalPERS and internal money transfers.

### **Employee Contribution Rates**

Finally, the taskforce discussed scope for raising employee contribution rates to help share the burden of increased costs associated with CalPERS' investment underperformance versus its ambitious target. The taskforce observed that PEPRAs employees already pay 50% of their NCR, which is the maximum allowed

under the law. However, classic employees pay less than recommended by the Public Employees' Pension Reform Act which provides for an increase in classic employee contribution rates to 8.0% (from 7.0%) of salary for miscellaneous staff and to 12.0% (from 9.0%) of salary for safety workers, commencing 2018. The savings to the City from implementing a higher classic employee cost share are limited (circa \$15,000 p.a.) given the City's current employee mix, particularly the low number of classic safety workers. Nevertheless, the taskforce recommends the City work to increase classic employee contribution rates to those suggested by the PEPRA reforms, bringing the City in line with other local agencies. The taskforce does not recommend employee cost sharing of the employer portion, as the required quid pro quo, typically a pay rise or higher COLA, can increase overall employer costs, particularly given the low rate of staff turnover in Belvedere.

### **Summary**

- Continue to make CalPERS' ARC payments (NCR + UAL payment) according to its funding formulas.
- Continue to use CalPERS discount rate for financial reporting purposes.
- Seed a Section 115 pension trust with the \$1.5 million of excess reserves and pension reserves.
- Adopt a discount rate of CalPERS minus 100 basis points for internal planning purposes.
- Fix that rate, currently 6.0%, for up to five years, commencing FY2021-22.
- Determine the NCR and UAL at 6.0%, using CalPERS latest Annual Valuation Reports.
- Calculate the annual UAL payment at 6.0% net of Section 115 fund assets.
- Calculate the difference between the ARC at 6.0% and CalPERS ARC. Fix that amount, estimated to be \$300,000 in FY2021-22, in nominal terms for up to five years.
- Make an annual payment of \$300,000 to the Section 115 trust, commencing FY2021-22.
- Produce an annual pension funding update to be included in the City's annual budget report.
- Implement a standing pension review at least every five years after adoption of the policy, led by the City's Finance Committee.

## Note to the Belvedere Finance Committee on Section 115 Investment Trust Management

Section 115 Plans are the common vehicle used by cities to set aside funds for expected future cash needs to cover the unfunded pension liabilities at CalPERS. The Subcommittee researched the two primary providers of these IRS-approved plans (CalPERS and PARS) and the investment options offered by each. The Subcommittee suggests that the full Finance Committee conclude on the following issues:

1. Active vs passive investment management (see “Asset Selection” below).
2. Choice of an aggressive vs. conservative asset allocation (see “Allocation” below).
3. Choice of a CalPERS or PARS plan (see “Implementation” below).

### Allocation

Asset allocation decisions commonly overwhelm other investment decisions with respect to risk and return. PARS offers five different asset mixes, of which only three provide meaningful diversification to the CalPERS main fund. CalPERS offers two strategies that are diversified from the asset allocation in the CalPERS main fund. Information regarding each of these strategies is included in the tables following this note. The Ad Hoc Committee has a mild preference toward the higher return funds offered by these providers (CEPPT 2 and PARS “Moderate”) but recognizes that these strategies provide less diversification and higher risk. We would like the full committee to examine the issue and state a preference.

### Implementation

The second most important factor impacting long term investment returns is the manager’s rebalancing strategy. In most oscillating markets and over long periods of time, a “constant mix” strategy will perform better than a “buy and hold” strategy since constant mix maximizes the value of diversification. Some managers employ tactical adjustments to the “constant mix” strategy based the manager’s short-term views of capital market prospects. Implementation is a significant area of differentiation between the PARS strategies and the CEPPT strategies. CEPPT funds are managed to reduce tracking error (i.e. variance from benchmarks and from the aggregate weighted return of such marks) while PARS strategies are intended to produce portfolio level blended alpha through tactical allocation (i.e. create a positive premium over their blended benchmarks). The Ad Hoc Committee generally prefers the CEPPT approach to implementation but would like the full committee to state a preference.

### Asset Selection

Third, most investment consultants would probably agree that the least reliable factor in determining investment returns is asset selection. PARS offers a set of “active management strategies” while CalPERS does not. Because of the heightened need to screen and monitor active investment strategies, the Ad Hoc Committee recommends the full committee only consider passive strategies.

## Compare CalPERS and PARS Sec. 115 Investment Performance

Rev. 3/11/21

NOTE: •CalPERS CEPPT pension plans have only existed for 1 yr. But, CalPERS CERBT (OPEB) plans have a longer history.

•Thus, data below compares PARS Funds to CalPERS CEPPT and CERBT funds with comparable fixed income target allocations.

### Annualized Net Returns (as of 12/31/20)

	Fixed Income				
	<u>Target</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>10 Yr</u>
PARS Conservative - Active	80%	8.43%	5.50%	5.24%	4.15%
PARS Conservative - Passive	80%	7.96%	5.23%	4.75%	3.83%
PARS Mod Conservative-Active	65%	10.16%	6.46%	6.52%	5.39%
PARS Mod Conservative-Passive	65%	9.14%	6.16%	6.16%	5.10%
CalPERS CEPPT #2	73%	8.54%	n/a	n/a	n/a
					(only 1 year of data)
PARS Moderate - Active	45%	12.32%	7.85%	8.38%	6.89%
PARS Moderate - Passive	45%	10.63%	7.25%	7.86%	6.68%
CalPERS CERBT #2	43%	12.21%	8.12%	8.91%	n/a
CalPERS CERBT #3	49%	10.70%	7.27%	7.60%	n/a
CalPERS CEPPT #1	47%	11.24%	n/a	n/a	n/a
					(only 1 year of data)
PARS Balanced-Active	35%	13.46%	8.55%	9.30%	7.64%
PARS Balanced-Passive	35%	11.47%	7.77%	8.73%	7.41%
PARS Capital Appreciation-Active	20%	13.90%	9.16%	10.32%	8.55%
CalPERS CERBT #1	25%	13.31%	8.62%	9.85%	7.96%

**No significant difference in historical performance**

## Comparison of CalPERS vs PARS Section 115 Pension Plans

	<u>CalPERS CEPPT Plans</u>	<u>PARS</u>
<b>Size of Fund: # Calif. Agencies</b>	28 pension plans plus 578 OPEB plans	225 plans in California (pension/OPEB)
<b>Assets under Administration</b>	\$14.5 B (Sec. 115 plans only)	\$5.1 B
<b>Asset Allocation Options</b>	2 funds (CEPPT #1 and #2)	5 active and 5 passive funds
<b>Active vs Passive Options</b>	Passive only	Active or passive
<b>Transferability to a different Sec 115 Plan?</b>	Yes	Yes
<b>Termination restrictions</b>	None	30 days notice
<b>Can reimburse city for pension expenses?</b>	Reimbursement of current year payments	Reimburse prior and current year payments
<b>Limit on number and amounts of pay-ins?</b>	No	No
<b>Limit on total amount in fund?</b>	Yes: UAL per CalPERS + PV of future benefits	Yes: Probably the same
<b>Who is underlying investment manager?</b>	State Street	HighMark
<b>Diversified from CalPERS?</b>	Yes	Yes
<b>Fund custodian</b>	State Street	US Bank
<b>Admin + Investment Mgmt Expense</b>	0.25% (includes 0.025% to State Street)	0.6% (includes 0.35% to HighMark)
<b>Investment implementation strategy</b>	Managed to reduce tracking error	Intended to produce alpha thru tactical allocation
<b>Expected Return</b>	CEPPT #1: 5% CEPPT #2: 4% (10 year)	PARS Conservative: 4.668% (30 year) PARS Moderately Conservative: 5.47% (30 year) PARS Moderate: 6.33% (30 year)
<b>Expected Risk (sigma)</b>	CEPPT #1: 8.2% CEPPT #2: 5.2% (10 year)	PARS Conservative: 3.5% (30 year) PARS Moderately Conservative: 4.8% (30 year) PARS Moderate : 7.92% (30 year)
<b>Fund creation date</b>	CEPPT #1: Oct. 2019 CEPPT #2: Jan. 2020	OPEB: 2005 Pension: 2015
<b>Target Allocations</b>	(see attached)	(see attached)
<b>Historical Performance</b>	(see attached)	(see attached)

## CalPERS and PARS Sec. 115 Plan Investment Targets

	<u>Equity</u>	<u>Fixed</u>	<u>TIPS</u>	<u>REITS</u>	<u>Liquidity</u>	<u>Policy Ranges (plus or minus)</u>
<b>CalPERS CEPPT #1</b>	40%	47%	5%	8%	0%	5% for Equity & Fixed ; 3% for TIPS
<b>CalPERS CEPPT #2</b>	14%	73%	5%	8%	0%	5% for Equity & Fixed ; 3% for TIPS
<b>PARS Conservative</b>	15%	80%	N/A	*	5%	Equity -10%/+5%; Fixed -20%/+15%
<b>PARS Moderately Conservative</b>	30%	65%	N/A	*	5%	Equity -10%/+15%; Fixed -15%/+15%
<b>PARS Moderate</b>	50%	45%	N/A	*	5%	Equity -10%/+10%; Fixed -5%/+15%
<b>PARS Balanced</b>	60%	35%	N/A	*	5%	Equity -10%/+10%; Fixed -5%/+15%
<b>PARS Capital Appreciation</b>	75%	20%	N/A	*	5%	Equity -10%/+10%; Fixed -10%/+10%

\* included under Equity

### CalPERS Benchmarks:

Equity	MSCI All Country World Index IMI (net)
Fixed Income	Bloomberg Barclays U.S. Aggregate Bond Index
TIPS	Bloomberg Barclays U.S. TIPS Index
REITS	FTSE EPRA/NAREIT Developed Index (net)
Cash	91 Day Treasury Bill

### PARS Blended Benchmark:

32%	S&P 500
6%	Russell Mid Cap
9%	Russell 2000
4%	MCI EM (net)
27%	BBG Barclays US Agg
6.75%	ICE BofA 1-3 Yr US Corp/Gov't
1.25%	ICE BofA US High Yield Master II
2%	Wilshire REIT
5%	FTSE 1 Mth US T-Bill

**CALIFORNIA EMPLOYERS' PENSION PREFUNDING TRUST PROGRAM**

**AGREEMENT AND ELECTION  
OF**

---

(NAME OF EMPLOYER)

**to Prefund Employer Contributions to a Defined Benefit  
Pension Plan**

WHEREAS (1) Government Code (GC) Section 21711(a) establishes in the State Treasury the California Employers' Pension Prefunding Trust Fund (CEPPT), a special trust fund for the purpose of allowing eligible employers to prefund their required pension contributions to a defined benefit pension plan (each an Employer Pension Plan) by receiving and holding in the CEPPT amounts that are intended to be contributed to an Employer Pension Plan at a later date; and

WHEREAS (2) GC Section 21711(b) provides that the California Public Employees' Retirement System (CalPERS) Board of Administration (Board) has sole and exclusive control of the administration and investment of the CEPPT, the purposes of which include, but are not limited to (i) receiving contributions from participating employers; (ii) investing contributed amounts and income thereon, if any, in order to receive yield on the funds; and (iii) disbursing contributed amounts and income thereon, if any, to pay for costs of administration of the CEPPT and to deposit employer contributions into Employer Pension Plans in accordance with their terms; and

WHEREAS (3) \_\_\_\_\_  
(NAME OF EMPLOYER)

(Employer) desires to participate in the CEPPT upon the terms and conditions set by the Board and as set forth herein; and

WHEREAS (4) Employer may participate in the CEPPT upon (i) approval by the Board and (ii) filing a duly adopted and executed Agreement and Election to Prefund Employer Contributions to a Defined Benefit Pension Plan (Agreement) as provided in the terms and conditions of the Agreement; and

WHEREAS (5) The CEPPT is a trust fund that is intended to perform an essential governmental function (that is, the investment of funds by a State, political subdivision or 115 entity) within the meaning of Internal Revenue Code (Code) Section 115 and Internal Revenue Service Revenue Ruling 77-261, and as an Investment Trust Fund, as defined in Governmental Accounting Standards Board (GASB) Statement No. 84, Paragraph 16, for accounting and financial reporting of fiduciary activities from the



external portion of investment pools and individual investment accounts that are held in a trust that meets the criteria in Paragraph 11c(1).

WHEREAS (6) The CEPPT is not a Code Section 401(a) qualified trust and the assets held in the CEPPT are not assets of any Employer Pension Plan or any plan qualified under Code Section 401(a).

NOW, THEREFORE, BE IT RESOLVED THAT EMPLOYER HEREBY MAKES THE FOLLOWING REPRESENTATION AND WARRANTY AND THAT THE BOARD AND EMPLOYER AGREE TO THE FOLLOWING TERMS AND CONDITIONS:

A. Employer Representation and Warranty

Employer hereby represents and warrants that it is the State of California or a political subdivision thereof, or an entity whose income is excluded from gross income under Code Section 115(1).

B. Adoption and Approval of the Agreement; Effective Date; Amendment

(1) Employer's governing body shall elect to participate in the CEPPT by adopting this Agreement and filing with the Board a true and correct original or certified copy of this Agreement as follows:

Filing by mail, send to: CalPERS  
CEPPT  
P.O. Box 1494  
Sacramento, CA 95812-1494

Filing in person, deliver to: CalPERS Mailroom  
CEPPT  
400 Q Street  
Sacramento, CA 95811

(2) Upon receipt of the executed Agreement, and after approval by the Board, the Board shall fix an effective date and shall promptly notify Employer of the effective date of the Agreement. Employer shall provide the Board such other documents as the Board may request, including, but not limited to a certified copy of the resolution(s) of the governing body of Employer authorizing the adoption of the Agreement and documentation naming Employer's successor entity in the event that Employer ceases to exist prior to termination of this Agreement.

(3) The terms of this Agreement may be amended only in writing upon the agreement of both the Board and Employer, except as otherwise provided herein. Any such amendment or modification to this Agreement shall be adopted and executed in the same manner as required for the Agreement. Upon receipt of the executed amendment or modification, the Board shall fix the effective date of the amendment or modification.

(4) The Board shall institute such procedures and processes as it deems necessary to administer the CEPPT, to carry out the purposes of this Agreement, and to maintain the tax-exempt status of the CEPPT. Employer agrees to follow such procedures and processes.

#### C. Employer Reports Provided for the Board's Use in Trust Administration and Financial Reporting and Employer Contributions

(1) Employer shall provide to the Board a defined benefit pension plan cost report on the basis of the actuarial assumptions and methods prescribed by Actuarial Standards of Practice (ASOP) or prescribed by GASB. Such report shall be for the Board's use in trust administration and financial reporting and shall be prepared at least as often as the minimum frequency required by applicable GASB Standards. This defined benefit pension plan cost report may be prepared as an actuarial valuation report or as a GASB compliant financial report. Such report shall be:

- 1) prepared and signed by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board;
- 2) prepared in accordance with ASOP or with GASB; and
- 3) provided to the Board prior to the Board's acceptance of contributions for the reporting period or as otherwise required by the Board.

(2) In the event that the Board determines, in its sole discretion, that Employer's cost report is not suitable for the Board's purposes and use or if Employer fails to provide a required report, the Board may obtain, at Employer's expense, a report that meets the Board's trust administration and financial reporting needs. At the Board's option, the Board may recover the costs of obtaining the report either by billing and collecting such amount from Employer or through a deduction from Employer's Prefunding Account (as defined in Paragraph D(2) below).

(3) Employer shall notify the Board in writing of the amount and timing of contributions to the CEPPT, which contributions shall be made in the manner established by the Board and in accordance with the terms of this Agreement and any procedures adopted by the Board.

(4) The Board may limit Employer's contributions to the CEPPT to the amount necessary to fully fund the actuarial present value of total projected benefit payments not otherwise prefunded through the applicable Employer Pension Plan (Unfunded PVFB), as set forth in Employer's cost report for the applicable period. If Employer's contribution would cause the assets in Employer's Prefunding Account to exceed the Unfunded PVFB, the Board may refuse to accept the contribution. If Employer's cost report for the applicable period does not set forth the Unfunded PVFB, the Board may

refuse to accept a contribution from Employer if the contribution would cause the assets in Employer's Prefunding Account to exceed Employer's total pension liability, as set forth in Employer's cost report.

(5) No contributions are required. Contributions can be made at any time following the effective date of this Agreement if Employer has first complied with the requirements of this Agreement, including Paragraph C.

(6) Employer acknowledges and agrees that assets held in the CEPPT are not assets of any Employer Pension Plan or any plan qualified under Code Section 401(a), and will not become assets of such a plan unless and until such time as they are distributed from the CEPPT and deposited into an Employer Pension Plan.

#### D. Administration of Accounts; Investments; Allocation of Income

(1) The Board has established the CEPPT as a trust fund consisting of an aggregation of separate single-employer accounts, with pooled administrative and investment functions.

(2) All Employer contributions and assets attributable to Employer contributions shall be separately accounted for in the CEPPT (Employer's Prefunding Account). Assets in Employer's Prefunding Account will be held for the exclusive purpose of funding Employer's contributions to its Employer Pension Plan(s) and defraying the administrative expenses of the CEPPT.

(3) The assets in Employer's Prefunding Account may be aggregated with the assets of other participating employers and may be co-invested by the Board in any asset classes appropriate for a Code Section 115 trust, subject to any additional requirements set forth in applicable law, including, but not limited to, subdivision (d) of GC Section 21711. Employer shall select between available investment strategies in accordance with applicable Board procedures.

(4) The Board may deduct the costs of administration of the CEPPT from the investment income of the CEPPT or from Employer's Prefunding Account in a manner determined by the Board.

(5) Investment income earned shall be allocated among participating employers and posted to Employer's Prefunding Account daily Monday through Friday, except on holidays, when the allocation will be posted the following business day.

(6) If, at the Board's sole discretion and in compliance with accounting and legal requirements applicable to an Investment Trust Fund and to a Code Section 115 compliant trust, the Board determines to its satisfaction that all obligations to pay defined benefit pension plan benefits in accordance with the applicable Employer Pension Plan terms have been satisfied by payment or by defeasance with no remaining risk regarding the amounts to be paid or the value of assets held in the

CEPPT, then the residual Employer assets held in Employer's Prefunding Account may be returned to Employer.

#### E. Reports and Statements

- (1) Employer shall submit with each contribution a contribution report in the form and containing the information prescribed by the Board.
- (2) The Board, at its discretion but at least annually, shall prepare and provide a statement of Employer's Prefunding Account reflecting the balance in Employer's Prefunding Account, contributions made during the period covered by the statement, investment income allocated during such period, and such other information as the Board may determine.

#### F. Disbursements

- (1) Employer may receive disbursements from the CEPPT not to exceed, on an annual basis, the amount of the total annual Employer contributions to Employer's Pension Plan for such year.
- (2) Employer shall notify the Board in writing in the manner specified by the Board of the persons authorized to request disbursements from the CEPPT on behalf of Employer.
- (3) Employer's request for disbursement shall be in writing signed by Employer's authorized representative, in accordance with procedures established by the Board, and the Board may rely conclusively upon such writing. The Board may, but is not required to, require that Employer certify or otherwise demonstrate that amounts disbursed from Employer's Prefunding Account will be used solely for the purposes of the CEPPT. However, in no event shall the Board have any responsibility regarding the application of distributions from Employer's Prefunding Account.
- (4) No disbursement shall be made from the CEPPT which exceeds the balance in Employer's Prefunding Account.
- (5) Requests for disbursements that satisfy the above requirements will be processed on at least a monthly basis.
- (6) The Board shall not be liable for amounts disbursed in error if it has acted upon the written instruction of an individual authorized by Employer to request disbursements, and is under no duty to make any investigation or inquiry about the correctness of such instruction. In the event of any other erroneous disbursement, the extent of the Board's liability shall be the actual dollar amount of the disbursement, plus interest at the actual earnings rate but not less than zero.

## G. Costs of Administration

Employer shall pay its share of the costs of administration of the CEPPT, as determined by the Board and in accordance with Paragraph D.

## H. Termination of Employer's Participation in the CEPPT

(1) The Board may terminate Employer's participation in the CEPPT if:

- (a) Employer's governing body gives written notice to the Board of its election to terminate; or
- (b) The Board determines, in its sole discretion, that Employer has failed to satisfy the terms and conditions of applicable law, this Agreement or the Board's rules, regulations or procedures.

(2) If Employer's participation in the CEPPT terminates for either of the foregoing reasons, all assets in Employer's Prefunding Account shall remain in the CEPPT, except as otherwise provided below, and shall continue to be invested and accrue income as provided in Paragraph D, and Employer shall remain subject to the terms of this Agreement with respect to such assets.

(3) After Employer's participation in the CEPPT terminates, Employer may not make further contributions to the CEPPT.

(4) After Employer's participation in the CEPPT terminates, disbursements from Employer's Prefunding Account may continue upon Employer's instruction or otherwise in accordance with the terms of this Agreement.

(5) After Employer's participation in the CEPPT terminates, the governing body of Employer may request either:

- (a) A trustee to trustee transfer of the assets in Employer's Prefunding Account to a trust dedicated to prefunding Employer's required pension contributions; provided that the Board shall have no obligation to make such transfer unless the Board determines that the transfer will satisfy applicable requirements of the Code, other law and accounting standards, and the Board's fiduciary duties. If the Board determines that the transfer will satisfy these requirements, the Board shall then have one hundred fifty (150) days from the date of such determination to effect the transfer. The amount to be transferred shall be the amount in Employer's Prefunding Account as of the date of the transfer (the "transfer date") and shall include investment earnings up to an investment earnings allocation date preceding the transfer date. In no event shall the investment earnings allocation date precede the transfer date by more than 150 days.

- (b) A disbursement of the assets in Employer's Prefunding Account; provided that the Board shall have no obligation to make such disbursement unless the Board determines that, in compliance with the Code, other law and accounting standards, and the Board's fiduciary duties, all of Employer's obligations for payment of defined benefit pension plan benefits and reasonable administrative costs of the Board have been satisfied. If the Board determines that the disbursement will satisfy these requirements, the Board shall then have one hundred fifty (150) days from the date of such determination to effect the disbursement. The amount to be disbursed shall be the amount in Employer's Prefunding Account as of the date of the disbursement (the "disbursement date") and shall include investment earnings up to an investment earnings allocation date preceding the disbursement date. In no event shall the investment earnings allocation date precede the disbursement date by more than 150 days.

(6) After Employer's participation in the CEPPT terminates and at such time that no assets remain in Employer's Prefunding Account, this Agreement shall terminate. To the extent that assets remain in Employer's Prefunding Account, this Agreement shall remain in full force and effect.

(7) If, for any reason, the Board terminates the CEPPT, the assets in Employer's Prefunding Account shall be paid to Employer to the extent permitted by law and Code Section 115 after retention of (i) an amount sufficient to pay the Unfunded PVFB as set forth in a current defined benefit pension plan(s) cost report prepared in compliance with ASOP and the requirements of Paragraph C(1), and (ii) amounts sufficient to pay reasonable administrative costs of the Board. Amounts retained by the Board to pay the Unfunded PVFB shall be transferred to (i) another Code Section 115 trust dedicated to prefunding Employer's required pension contributions, subject to the Board's determination that such transfer will satisfy applicable requirements of the Code, other law and accounting standards, and the Board's fiduciary duties or (ii) Employer's Pension Plan, subject to acceptance by Employer's Pension Plan.

(8) If Employer ceases to exist but Employer's Prefunding Account continues to exist, and if no provision has been made to the Board's satisfaction by Employer with respect to Employer's Prefunding Account, the Board shall be permitted to identify and appoint a successor to Employer under this Agreement, provided that the Board first determines, in its sole discretion, that there is a reasonable basis upon which to identify and appoint such a successor and provided further that such successor agrees in writing to be bound by the terms of this Agreement. If the Board is unable to identify or appoint a successor as provided in the preceding sentence, then the Board is authorized to appoint a third-party administrator or other successor to act on behalf of Employer under this Agreement and to otherwise carry out the intent of this Agreement with respect to Employer's Prefunding Account. Any and all costs associated with such appointment shall be paid from the assets attributable to Employer's Prefunding Account. At the Board's option, and subject to acceptance by Employer's Pension Plan,

the Board may instead transfer the assets in Employer's Prefunding Account to Employer's Pension Plan and terminate this Agreement.

(9) If the Board determines, in its sole discretion, that Employer has breached the representation and warranty set forth in Paragraph A., the Board shall take whatever action it deems necessary to preserve the tax-exempt status of the CEPPT.

I. Indemnification

Employer shall indemnify, defend, and hold harmless CalPERS, the Board, the CEPPT, and all of the officers, trustees, agents and employees of the foregoing from and against any loss, liability, claims, causes of action, suits, or expense (including reasonable attorneys' fees and defense costs, lien fees, judgments, fines, penalties, expert witness fees, appeals, and claims for damages of any nature whatsoever) not charged to the CEPPT and imposed as a result of, arising out of, related to or in connection with (1) the performance of the Board's duties or responsibilities under this Agreement, except to the extent that such loss, liability, suit or expense results or arises from the Board's own gross negligence, willful misconduct or material breach of this Agreement, or (2) without limiting the scope of Paragraph F(6) of this Agreement, any acts taken or transactions effected in accordance with written directions from Employer or any of its authorized representatives or any failure of the Board to act in the absence of such written directions to the extent the Board is authorized to act only at the direction of Employer.

J. General Provisions

(1) Books and Records

Employer shall keep accurate books and records connected with the performance of this Agreement. Such books and records shall be kept in a secure location at Employer's office(s) and shall be available for inspection and copying by the Board and its representatives.

(2) Notice

(a) Any notice or other written communication pursuant to this Agreement will be deemed effective immediately upon personal delivery, or if mailed, three (3) days after the date of mailing, or if delivered by express mail or e-mail, immediately upon the date of confirmed delivery, to the following:

For the Board:

Filing by mail, send to:  
CalPERS  
CEPPT  
P.O. Box 1494  
Sacramento, CA 95812-1494

Filing in person, deliver to:  
CalPERS Mailroom  
CEPPT  
400 Q Street  
Sacramento, CA 95811

For Employer:

(b) Either party to this Agreement may, from time to time by notice in writing served upon the other, designate a different mailing address to which, or a different person to whom, all such notices thereafter are to be addressed.

### (3) Survival

All representations, warranties, and covenants contained in this Agreement, or in any instrument, certificate, exhibit, or other writing intended by the parties to be a part of this Agreement shall survive the termination of this Agreement.

### (4) Waiver

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

### (5) Necessary Acts; Further Assurances

The parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement.

### (6) Incorporation of Amendments to Applicable Laws and Accounting Standards

Any references to sections of federal or state statutes or regulations or accounting standards shall be deemed to include a reference to any amendments thereof and any successor provisions thereto.



(7) Days

Wherever in this Agreement a set number of days is stated or allowed for a particular event to occur, the days are understood to include all calendar days, including weekends and holidays, unless otherwise stated.

(8) No Third Party Beneficiaries

Except as expressly provided herein, this Agreement is for the sole benefit of the parties hereto and their permitted successors and assignees, and nothing herein, expressed or implied, will give or be construed to give any other person any legal or equitable rights hereunder. Notwithstanding the foregoing, CalPERS, the CEPPT, and all of the officers, trustees, agents and employees of CalPERS, the CEPPT and the Board shall be considered third party beneficiaries of this Agreement with respect to Paragraph I above.

(9) Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

A majority vote of Employer's Governing Body at a public meeting held on the \_\_\_\_\_ day of the month of \_\_\_\_\_ in the year \_\_\_\_\_, authorized entering into this Agreement.

Signature of the Presiding Officer: \_\_\_\_\_

Printed Name of the Presiding Officer: \_\_\_\_\_

Name of Governing Body: \_\_\_\_\_

Name of Employer: \_\_\_\_\_

Date: \_\_\_\_\_

BOARD OF ADMINISTRATION  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_  
ARNITA PAIGE  
DIVISION CHIEF, PENSION CONTRACT AND PREFUNDING PROGRAMS  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

To be completed by CalPERS  
The effective date of this Agreement is: \_\_\_\_\_



California Public Employees' Retirement System  
California Employers' Pension Prefunding Trust (CEPPT)  
400 Q Street, Sacramento, CA 95811  
www.calpers.ca.gov

# Delegation of Authority to Request Disbursements California Employers' Pension Prefunding Trust (CEPPT)

## RESOLUTION OF THE

\_\_\_\_\_  
(GOVERNING BODY)

## OF THE

\_\_\_\_\_  
(NAME OF EMPLOYER)

The \_\_\_\_\_ delegates to the incumbents  
(GOVERNING BODY)

in the positions of \_\_\_\_\_ and  
(TITLE)

\_\_\_\_\_, and/or  
(TITLE)

\_\_\_\_\_ authority to request on behalf of the  
(TITLE)

Employer disbursements from the Pension Prefunding Trust and to certify as to the purpose for which the disbursed funds will be used.

By \_\_\_\_\_

Title \_\_\_\_\_

Witness \_\_\_\_\_

Date \_\_\_\_\_

**CITY OF BELVEDERE**

**RESOLUTION NO. 2021-xx**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELVEDERE  
AUTHORIZING A BUDGET AMENDMENT TO TRANSFER FUNDS FROM THE  
GENERAL FUND RESERVE AND PENSION RESERVE  
TO ITS 115 PENSION TRUST RESERVE**

---

**WHEREAS**, the City Council of the City of Belvedere adopted a resolution approving the Annual Operating and Capital Budget for Fiscal Year 2020/2021 on June 8, 2020; and

**WHEREAS**, the City wishes to authorize the transfer of \$1.2 million from the General Fund Reserve to its 115 Pension Trust Reserve; and

**WHEREAS**, the City wishes to authorize the transfer of \$300 thousand from the Pension Reserve Fund reserve to its 115 Pension Trust Reserve; and

**WHEREAS**, the City wishes to transfer these funds in \$100 thousand increments on a monthly basis for fifteen months from April 2021 to June 2022; and

**NOW, THEREFORE BE IT RESOLVED**, by the City Council of the City of Belvedere that the Fiscal Year 2020/2021 Annual Operating and Capital Budget shall be amended to include reflect the above transfers that take place during the year ended June 30, 2021.

**PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Belvedere on April 12, 2021, by the following vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

**APPROVED:**

\_\_\_\_\_  
James Campbell, Mayor

**ATTEST:**

\_\_\_\_\_  
Beth Haener, City Clerk

**CITY OF BELVEDERE**

**RESOLUTION NO. 2021-xx**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELVEDERE  
APPROVING THE FOLLOWING SECTIONS OF THE  
BELVEDERE ADMINISTRATIVE POLICY MANUAL**

---

**WHEREAS**, the Belvedere Administrative Policy Manual is a resource that contains the published statements of the City’s standards, policies, and procedures, and is adopted and amended by City Council Resolution; and

**WHEREAS**, the ad hoc Taskforce on Pensions and Other Post-Employment Benefits (“OPEB”), met over a series of several months, and has developed and recommended City Council approval of certain amendments to the Administrative Policy Manual regarding pension-related reforms (the “Administrative Policy Amendments”); and

**WHEREAS**, on April 12, 2021, the City Council held a regularly scheduled public meeting to consider the Administrative Policy Amendments; and

**WHEREAS**, the City Council finds that the Administrative Policy Amendments are not subject to the California Environmental Quality Act (“CEQA”) because they are not considered a “project” under CEQA Guideline section 15378.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Belvedere that

1. Administrative Policy Manual Section 2.2 “Fund Balance and Reserve Policy” is amended as presented in Exhibit 1.
2. Administrative Policy Manual Section 2.3 “Pension/OPEB Funding” is amended as presented in Exhibit 2.
3. Administrative Policy Manual Section 2.5 “Investments” is amended as presented in Exhibit 3.

**PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Belvedere on April 12, 2021, by the following vote:

Resolution No. 2021-xx

Belvedere City Council

Page 2

**AYES:**            —

**NOES:**           None

**ABSENT:**       None

**ABSTAIN:**      None

**APPROVED:** \_\_\_\_\_

James Campbell, Mayor

**ATTEST:** \_\_\_\_\_

Beth Haener, City Clerk

## **POLICY 2.2**

### **FUND BALANCE AND RESERVE POLICIES**

#### **2.2.1 FUND BALANCE – CLASSIFICATIONS**

The City has adopted the provisions of GASB Statement No. 54, Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification.

The Fund Financial Statements consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below:

Nonspendable: Items that cannot be spent because they are not in spendable form, such as prepaid items, or items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan fund.

Restricted: Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed: Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City and can commit funds through resolutions.

Assigned: Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has the authority to assign funds in Belvedere and can assign funds through the budgetary process.

Unassigned: This category is for any balances that have no restrictions placed upon them. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, 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, it may be necessary to report a negative unassigned fund balance in that fund.

### **2.2.2 FUND RESERVES**

The City Council may elect to establish General Fund Reserve Policy/Guidelines. These Policy/Guidelines may be updated, modified and revised as determined by the Council. At the time of adoption of this Finance Policy, there are three such Policies/Guidelines: General Fund Reserve, 115 Pension Trust Reserve, and Insurance Reserve.

#### **A. General Fund Reserve:**

- **Target:** The City shall endeavor to achieve at year end a General Fund Reserve that totals six months of the current fiscal year’s General Fund expenditures, plus one half of the current fiscal year’s General Fund transfer to the Fire Fund, plus one half of the current fiscal year’s debt service payments. In calculating the six months of the current fiscal year’s expenditures, transfers to the City’s 115 Pension Trust and/or any additional discretionary payments made to CalPERS will not be included because they are discretionary in nature.
- **Purpose:** Funds reserved under this category shall be used in case of catastrophic events, for budget stabilization purposes, or for capital and special projects:
  - **Catastrophic events:** Funds reserved shall be used to mitigate costs associated with unforeseen emergencies, including natural disasters or catastrophic events. Should unforeseen and unavoidable events occur that require the expenditure of City resources beyond those provided for in the annual budget, the City Manager or designee shall have authority to approve Catastrophic General Fund Reserve appropriations. The City Manager or designee shall then present to the City Council a budget amendment confirming the nature of the emergency and authorizing the appropriation of reserve funds.
  - **Budget stabilization:** Funds reserved shall be used to mitigate, should they occur, annual budget revenue shortfalls (actual revenues less than projected revenues) due to changes in the economic environment and/or one-time expenditures that will result in future efficiencies and/or budgetary savings. Examples of “economic triggers” and one-time uses include, but are not limited to:
    - Significant decrease in property tax, or other economically sensitive revenues;
    - Reductions in revenue due to actions by the state/federal government;
    - Workflow/technical system improvements to reduce ongoing, personnel costs and enhance customer service;
    - One-time maintenance of service levels due to significant economic/budget constraints; and
    - One-time transitional costs associated with organizational restructuring to secure long-term personnel cost savings.



- Capital and Special Projects: Funds reserved may be designated by the City Council for key infrastructure and capital/special projects as identified in the City 5-year Capital Improvement Plan, as there is no ongoing funding source to support the City’s capital needs.
- Classification: The General Fund Reserve is classified as “Assigned” in the City’s financial statements.

B. 115 Pension Trust Reserve:

- Target: An annual amount as determined by the funding calculation prescribed in Policy 2.3.1.5.
- Purpose: The purpose of the 115 Pension Trust is to set aside an appropriate level of funds to fully fund accrued pension obligations at a more prudential rate. City Council approval is required to transfer accumulated funds in the 115 Pension Trust to CalPERS as an additional discretionary payment or to offset a portion of the actuarially determined contribution.
- Classification: The 115 Pension Trust Reserve Fund is classified as “Restricted” in the City’s financial statements.

C. Insurance Reserve:

- Target: Reserves shall be maintained between \$50,000 and \$100,000 to allow for emergencies and numerous or large claims. Reserves shall be replenished through subsequent charges to the appropriate user departments.
- Purpose: This Fund is designed to cover claims and deductibles related to property and casualty insurance claims.
- Classification: The Insurance Reserve Fund is classified as “Assigned” in the City’s financial statements.

## **Administrative Policy Manual Amendment [DRAFT]**

Policy 2.3 (Pensions and OPEB) is amended by deleting the section and replacing it with the following:

### **2.3 “PENSION/OPEB FUNDING”**

#### **2.3.1 PENSIONS**

##### 2.3.1.1 Purpose and Goals

The City of Belvedere is committed to fiscal sustainability. In keeping with this principle, it maintains minimal debt and generous reserves to cope with exogenous shocks. The City is also committed to honoring its pension obligations. One of the biggest threats to the City’s ongoing fiscal sustainability is its rising pension costs. The overarching goal of this Policy is to avoid the risk of crowding out vital public services in future years, and to provide balance sheet space to finance essential infrastructure projects in the years ahead, by funding its accrued pension obligations at a more prudential rate. This Policy also formalizes a past practice of using excess reserves to make discretionary payments to CalPERS whenever affordable.

Development of the City’s Pension Funding Policy was guided by the following five tenets:

- The cost of employee benefits should be paid by the generation of taxpayers who receives services.
- Actuarial assumptions should be prudential to ensure that promised benefits can be paid.
- Funding shortfalls should be closed expeditiously. The goal is full funding.
- Large swings in employer contribution rates are undesirable. Smoothing is desirable.
- Funding policies and underlying assumptions should be clearly delineated and regularly reviewed.

##### 2.3.1.2 Policy

The City shall seek to achieve full funding, over twenty years, of its pension obligations. This means that the City shall seek to have assets to cover 100% of accrued pension liabilities valued at a prudential discount rate (CalPERS discount rate adjusted to reflect real anticipated performance) by 2031 and beyond. This calibrates with CalPERS own amortization rules, which allow losses (or gains) to be amortized over 20 years.

##### 2.3.1.3 Establishing and Funding a Section 115 Trust

The City shall establish a Section 115 Trust (“Trust”) into which it will invest funds reserved for future pension-related expenses. The City has elected to participate in the California Employers’ Pension Prefunding Trust (CEPPT) Fund 115 Trust program. The City will provide an initial investment using a dollar average formula into this Trust during a fifteen-month period beginning in Fiscal Year 20/21 and will make annual contributions to the Trust in amounts determined by the Finance Committee and approved by the City Council beginning in Fiscal Year 21/22. Funds set aside by the City for this purpose will be transmitted to the Trust no less than annually. The assets will be managed conservatively; the City has selected CEPPT investment Strategy 1 which reflects the City’s general risk aversion and pension plan maturity.

#### 2.3.1.4 Role of the Finance Committee

The City's Finance Committee will conduct a standing pension funding review at least every five years to reset the discount rate (adjusting for CalPERS' discount rate based on latest available evidence), set annual funding costs, and fix payments until the next review. The Finance Committee will also review the investment strategy utilized in the 115 Pension Trust and recommend changes if deemed appropriate. It may also recommend transferring money from the Trust to CalPERS or making a discretionary payment to the Trust or CalPERS from excess reserves if any exist at that time. The Finance Committee will send its recommendations to the City Council for its consideration.

#### 2.3.1.5 Determination of Funding Amounts

In developing its recommendations to the City Council, the Finance Committee will review CalPERS' current discount rate (i.e. expected rate of return on its investments), CalPERS' actual investment performance during the review period, and other relevant factors. The Committee will set an adjusted discount rate (or putative rate) that it believes to be more realistic than the discount rate set by CalPERS, and will determine the amounts that should be set aside in the Trust to ensure full funding over the requisite period. These amounts will be determined by using the CalPERS Pension Outlook Tool or substantially similar methodology. Should CalPERS require additional payments from the City due to a reduction in CalPERS' discount rate, the City may elect to reduce its transfers to the 115 Trust by an equal amount.

#### 2.3.1.6 Financial Reporting

The City recognizes the importance of ensuring that pension obligations included in the City's financial statements, particularly its Comprehensive Annual Financial Report, are consistent with CalPERS, and will continue to use CalPERS' discount rate for these purposes. This facilitates easy comparison with other agencies and avoids possible negative impacts on *perceived* credit quality. The City equally recognizes the importance of communicating its pension stewardship. It will therefore include an annual pension update, describing its pension funding policy, Trust assets and adjusted funded status in its annual budget report. Appropriate disclosures of the 115 Trust investments will be reported in the City's financial statements, consistent with GASB required standards.

#### 2.3.1.7 Effect on Reserve Requirements

The City maintains a robust minimum reserve policy, with reserves required to equal no less than six months of general fund operating expenses, debt financing costs and fire contract costs net of fire tax revenues. Transfers to the Trust and additional discretionary payments made to CalPERS will be excluded from the reserve requirement calculation (denominator) because they are discretionary in nature. This is consistent with the City's existing treatment of discretionary payments to CalPERS and internal money transfers.

#### 2.3.1.8 Employee Contributions

In accordance with PEPRA guidelines and compatible with other local agencies, the City will work over time to increase Classic employee contribution rates to 8.0% of salary for Miscellaneous employees and to 12.0% of salary for Safety workers.

**2.3.2 OTHER POST EMPLOYMENT BENEFIT (OPEB)**

The City offers OPEB health benefits to employees who meet CalPERS vesting requirements. The benefit provided to City retirees is the minimum amount allowable under the CalPERS health plan, with the exception of certain City Manager retirees, who receive a more generous benefit. This benefit is funded on a pay-go method, with no funds set aside in a trust for this purpose.”

## **POLICY 2.5 INVESTMENTS**

### **2.5.1 PURPOSE**

The Investment Policy provides guidelines for the prudent investment of temporary idle cash, and outlines policies for maximizing the efficiency of the cash management system. Its purpose is to enhance the economic status of the City while protecting its pooled cash. It is intended that this policy cover all funds and investment activities under the direct authority of the City excluding pension trust funds, other post-employment benefit trust funds, and the proceeds of debt issues.

### **2.5.2 OBJECTIVE**

- A. The investment objective is to ensure fund safety, preserve a significant amount of liquidity and achieve yields on City funds that are idle.
- B. The cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City to identify those funds that could be invested without adversely affecting City operations.

### **2.5.4 POLICY**

In order to maximize interest earnings, the City pools the cash from all funds, except those funds held in trust for the City by various financial institutions in accordance with applicable trust agreements related to debt issues. Interest revenue derived from pooled cash is allocated monthly to the participating funds based on the relative cash balance of each fund.

### **2.5.5 INVESTMENT CRITERIA**

Criteria for selecting investments and the order of priority are:

- **Safety**: The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The City only operates in those investments that are considered very safe and are allowable under Government Code Sections 53600 to 53610.

**Liquidity**: This refers to the ability to “cash in” at any moment in time with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality especially when the need for unexpected funds occasionally occurs.

- **Yield**: This is the dollar earnings an investment can provide, and sometimes is described

as the rate of return.

### **2.5.6 INVESTMENT APPROACH**

It is the practice of the City to invest primarily in the Local Agency Investment Fund or in similar low-risk instruments. Longer-term investments of reserve funds or bond proceeds in other instruments may be considered and recommended by the Finance Committee to the City Manager. Any such investments should only be undertaken if the likelihood of the City needing to deploy these funds in the near term is low.

### **2.5.7 OVERSIGHT**

The Finance Committee shall review investments and investment performance on an annual basis. The Committee's findings shall be reported to the City Council through the Councilperson(s) who serve on the Committee. The Finance Committee shall also review this Investment Policy every three years and report any recommendations to the City Council through the Councilperson(s) who serve on the Committee.

## **PROPOSED LANGUAGE FOR BUDGET SECTION ON PENSIONS**

The City contracts with the California Public Employees' Retirement System (CalPERS) for its employee defined-benefit pension plans. The City is statutorily required to pay the Annual Required Contribution (ARC) to CalPERS. The ARC comprises two elements; the Normal Cost (NC), which is the annual cost of service accrual, and the Unfunded Accrued Liability (UAL) Payment, which represents the catch-up portion of costs. CalPERS calculates the NC and the UAL based on a 7.0% discount rate, which mirrors its 7.0% expected return on plan assets. The City recognizes that this 7.0% investment target is ambitious and does not align with actual experience, nor necessarily expected experience. As losses mount, annual catch-up costs accelerate. To address this shortcoming, the City's Pension Funding Policy comprises the following elements:

**Discount Rate:** Commencing FY21-22, the City will use a discount rate of CalPERS' expected return on plan assets minus 100 basis points to value its pension obligations. This will peg the City's discount rate at 6.0% for FY21-22. Recognizing that CalPERS may reduce its own discount rate in coming years, this 6.0% rate will be fixed until the next standing pension funding review (see later). This approach will facilitate sensible budget planning.

**Funding Goal and Timeframe:** The City's goal is full funding. It seeks to have assets to cover 100% of accrued pension liabilities valued at a prudential discount rate (putatively "CalPERS minus 100") within 20 years. This calibrates with CalPERS own amortization rules, which allow losses (or gains) to be amortized over 20 years.

**Funding Calculation:** The City will use CalPERS' Pension Outlook Tool (see "Methodology" below) to calculate what the NC and the annual UAL Payment would be if a 6.0% discount rate were applied to the City's four CalPERS' pension plans instead of CalPERS' discount rate. This additional cost will be smoothed over a five-year period and the annual cost included in the City's budget.

**Funding Vehicle:** The additional funds set aside by the City will be transmitted to a Section 115 pension trust no less than annually. The assets will be managed conservatively, reflecting the City's general risk aversion and pension plan maturity.

**Trust Seeding:** In Fiscal Year 2020/2021, the City seeded its Section 115 trust with \$1.5 million of funds; \$1.2 from excess reserves and \$300,000 from the City's non-binding pension reserve account, which was dissolved.

**Oversight & Review:** The City's Finance Committee will conduct a standing pension funding review at least every five years to reset the discount rate (at an appropriate margin to CalPERS' discount rate based on latest available evidence), adjust annual funding costs and fix payments until the next review. It may also recommend transferring money from the 115 trust to CalPERS or making a discretionary payment to the 115 trust or CalPERS from excess reserves if any exist at that time. The Finance Committee will send its recommendations to the City Council for approval.

### Methodology for Calculating the Impact of a Lower Discount Rate on Annual Pension Costs

The City of Belvedere will use CalPERS’ Pension Outlook Tool to estimate the additional annual pension costs associated with its lower discount rate assumption. The City recognizes the limitations of the tool, notably that outputs are one year off-cycle, and that application of a lower discount rate does not “stick”, so the amortization clock restarts every time the model is run. The City is comfortable with these shortcomings, which skew towards modestly overpaying service accrual and UAL amortization costs in the short term.

The inputs outlined in Exhibit 1 were used to calculate the increase in costs commencing FY21-22 associated with the City’s adoption of a 6.0% discount rate assumption, versus CalPERS’ 7.0% baseline assumption. The City plans to make a \$1.5 million discretionary payment to its Section 115 trust no later than June 30, 2021, which is split 50:50 between Miscellaneous and Safety Pools for modeling purposes. CalPERS generated a 4.7% preliminary investment return for the year ending June 30, 2020 which is used as the Year 1 investment return assumption in the model.

#### Exhibit 1: Modeling Assumptions

The screenshot shows the 'Employer View' interface of the CalPERS Pension Outlook Tool. The page title is 'Employer View at 06/30/2019' with links for 'Terms & Conditions' and 'Log Out'. The 'Select View' dropdown is set to 'Employer'. The 'Employer Name' is 'City of Belvedere' and the 'Valuation Rate Plan' is 'Miscellaneous Pool'. The 'Modeling Assumptions' section includes the following settings:

- Years to Project:** Radio buttons for 10, 20, and 30. The 30-year option is selected.
- Discount Rate % (required):** A text input field containing '6.00'.
- PEPRA:** Radio buttons for 'Yes' and 'No'. The 'Yes' option is selected.
- PEPRA Transition Years:** Radio buttons for 10, 15, and 20. The 15-year option is selected.
- Additional Discretionary Payment:** Radio buttons for 'Yes' and 'No'. The 'Yes' option is selected.
- 1% of UAL is \$0.009M:** A text input field containing '0.750'.
- ADP Amount (\$M) (required):** A text input field containing '1'.
- Number of Annual Payments (required):** A text input field containing '1'.
- Random Investment Scenario:** Radio buttons for 'Yes' and 'No'. The 'No' option is selected.
- Rate % (required):** A table with three rows: 4.700, 6.000, and 6.000.
- Number of Years (required):** A table with three rows: 1, 9, and 20.

At the bottom of the form are two buttons: 'Submit' and 'Reset Modeling Criteria'.

Source: CalPERS’ Pension Outlook Tool

The outputs from the model are shown in Exhibit 2. The Normal Cost increases by an average of \$90,000 and the UAL Payment by an average of \$210,000 per annum over baseline for the five years commencing FY22-23. The City thus intends to transmit \$300,000 per year commencing FY21-22 (one year early) to its Section 115 trust for the next five years, or until the next pension funding review, whichever is sooner. Should CalPERS lower its own discount rate between review periods, the City may transmit a portion of this \$300,000 to CalPERS to compensate for the associated increase in ARC payments. All things being



Attachment G

equal, CalPERS' Pension Outlook Tool will be used again as part of the next standing review (using a newly agreed discount rate), and payments fixed for a further multi-year period.

**Exhibit 2: City of Belvedere Increase in Annual Pension Costs  
Associated with a 6.0% Discount Rate Assumption**

\$ millions	Increase in Normal Cost	Increase in UAL Payment	Total Increase
2022-23	0.10	0.19	0.29
2023-24	0.09	0.20	0.29
2024-25	0.09	0.21	0.30
2025-26	0.09	0.21	0.30
2026-27	0.08	0.22	0.30
Average of Period	0.09	0.21	0.30

Source: CalPERS' Pension Outlook Tool

## **A Sustainable Pensions' Strategy for Belvedere**

### **Introduction**

The City of Belvedere maintains a robust fiscal standing but rising pension and OPEB costs pose concerns. It is important that the trajectory of these costs is understood, and that a strategy is developed to budget appropriately and proactively for them. This paper discusses the City's pension position and is intended as background for the *Taskforce on Pensions and OPEBs* to begin its work.

### **PART 1: CALPERS**

#### **What is CalPERS?**

California Public Employees' Pension System (CalPERS) is a public pension fund that provides retirement benefits for California's state workers and employees of local public agencies. Of the 478 cities in California, 449 of them contract with CalPERS for employee retirement benefits. Larger cities like Los Angeles, San Francisco and San Jose maintain their own pension funds. In total, there are 85 public pension funds operating in California, of which CalPERS is the largest, with 2.0 million members. The other dominant ones include the California State Teachers Retirement System (CalSTRS), the University of California Retirement System, and the county systems that operate outside of CalPERS under the County Employees Retirement Law (CERL). There is reciprocity between the various California public pension systems.

#### **Is it a defined-benefit system?**

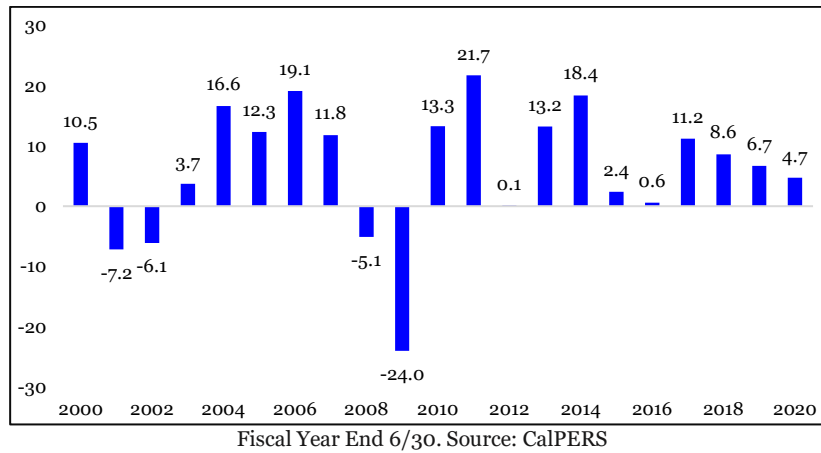
Yes, pensions offered through CalPERS are defined benefit plans. The amount pensioners receive each month is determined by their age at retirement, the number of years worked and highest annual salary. For example, a "2% at 55" plan provides a pension equal to 60% of final salary if the recipient retires at age 55 after 30 years of work. Payments are then indexed to inflation through an annual cost-of-living adjustment (COLA) and continue from retirement until death. Pension rights vest after five years of employment and the minimum retirement age is 50 in most cases. Contracting agencies choose what benefit formula to offer their employees from a set of options provided by CalPERS. Safety workers are typically offered more generous benefits than non-safety workers because of the nature of their work and shorter working lives. Contracting agencies also select their COLA, their highest annual salary formula (one year or three-year average), and various other optional benefits.

#### **Is CalPERS in financial difficulty?**

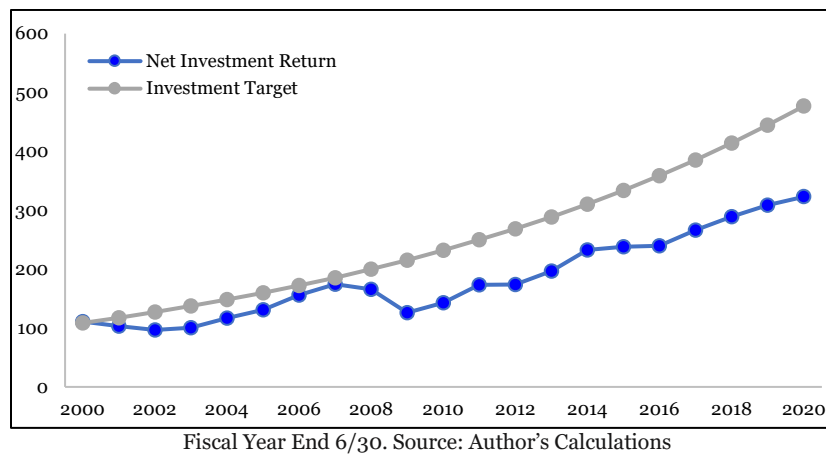
CalPERS was designed to be a prefunded system. Employees and employers make monthly contributions which are invested through CalPERS' investment arm. Assuming investment returns meet expectations, and barring other actuarial surprises, there should be sufficient funds, after expenses, to cover the pensions that contracting agencies will eventually owe.

For much of its existence, CalPERS worked as designed. Indeed, by 1999, CalPERS was significantly overfunded with assets equal to 128% of accrued liabilities, thanks to a booming stock market. As a result, unions pushed the state legislature to pass SB 400, which cut employer payments and increased the generosity of pensions for state employees (local agencies followed suit), both prospectively *and retrospectively*. Under the new "3% at 50" formula, for example, safety workers could retire at age 50 after 30 years of service and receive 90% of final pay for the rest of their lives. The new formulas were based on the premise that CalPERS would produce an 8.25% investment return in perpetuity, keeping the system fully funded. But returns did not live up to these lofty goals, with asset values falling sharply during the Great Recession of 2007-09. Coupled with increased life expectancy, CalPERS has moved from surplus into sustained deficit, with no obvious solutions for closing the gap. It is important to recognize that CalPERS itself is just a managing agency. Ultimately, it is the state and local agencies that contract with CalPERS that bear financial responsibility for the pension commitments they have made.

**Chart 1: CalPERS Net Investment Return, % YOY**



**Chart 2: CalPERS Cumulative Investment Performance Index (1999=100)**



**Can benefits be cut?**

Yes and no. In 2012, the state legislature passed the California Public Employees’ Pension Reform Act (PEPRA) which created a new class of employee for anyone new to the California public pensions system, with less generous benefits, a higher minimum retirement age (new non-safety workers only), and higher contributions. But pension conditions for existing CalPERS members (“classic members”) were left untouched, except for a ban on certain forms of pension spiking. The reforms also provided scope for higher classic employee contribution rates. The act covered the state’s two largest pension systems, CalPERS and CalSTRS, as well as 20 county systems.

**Why are classic employees so protected?**

One key reason PEPRA did not go further in targeting the pension rights of classic employees is the legal ruling known as the **California Rule**, which was established by a 1955 California Supreme Court ruling. This holds that public employees are guaranteed the pension they have accrued to date *and* are entitled to keep earning a pension according to rules that are at least as generous for the remainder of their service. Changes to pension benefits “must bear some material relation to the theory of a pension system and its successful operation” and if they result in disadvantages to employees, they should be accompanied by comparable new advantages. For all intents and purposes, this prevents any reduction in the generosity of pension formulas for existing employees.

In fact, unions sued in the aftermath of PEPRA arguing that the elimination of certain forms of pension spiking for classic members violated the California Rule. The issue was litigated, and in 2020 the California Supreme Court ruled that the changes were permissible and that no offsetting benefit was required because the changes were simply closing loopholes on pension spiking that distorted pension calculations. Nevertheless, the scope of the ruling was narrow, and the core tenets of the California Rule remain intact.

### **What happens to pension obligations if agencies file for bankruptcy?**

Various cash-strapped agencies have filed for bankruptcy over the years, the largest ones being the City of Vallejo in 2008, and Stockton and San Bernardino in 2012. Fast-rising pension costs were a major contributing factor in all three cases. In the Stockton case, the bankruptcy judge opened the door for pension benefit cuts, arguing that under federal law such contract impairment was constitutional, despite the California Rule. Yet Stockton kept pension debt off the table, choosing instead to restructure other debts, cut retiree health insurance benefits, reduce services, cut staff, and impose new voter-approved taxes. It did this to avoid a “risk-free” termination valuation from CalPERS (see page 14) which would have revealed a level of debt so large that restructuring might have become impossible. Nevertheless, smaller, less-complex agencies have subsequently defaulted on their CalPERS obligations. In 2014, the City of Loyalton stopped paying its CalPERS’ bills. Its retirees became the first in California to see their pensions cut by CalPERS, to just 40 cents on the dollar.

### **So how well funded is CalPERS today?**

Despite the PEPRA reforms, and a healthy 8.5% investment performance in the 10 years to June 30, 2020, CalPERS has struggled to close the funding gap that emerged in the wake of the Great Recession. A low starting base, increased life expectancy and modest lowering of the discount rate (see next) have stifled the improvement in funded status. Provisional data for June 30, 2020 shows CalPERS’ contracting agencies with an average funded ratio of 71%. This compares with a low of 61% in 2009 and a peak of 128% in 1999. This amounts to \$160 billion in unfunded pension debt, equal to more than \$12,000 per Californian household. CalPERS is just one of several underfunded public pension systems in California.

**Table 1: CalPERS’ Public Employees Retirement Fund (PERF)**

Year	Total Fund Market Value (US\$ bn)	Funded Status (%)
2011-12	233.4	69.6
2012-13	257.9	69.8
2013-14	300.3	76.3
2014-15	301.9	73.1
2015-16	302.0	68.3
2016-17	326.4	68.0
2017-18	354.0	70.2
2018-19	372.6	71.0*
2019-20	389.0	70.8*

\*Using a 7.0% discount rate. Source: CalPERS

### **Is true funded status worse than officially reported?**

Yes, this is likely true. Let’s back up. Funded status is essentially the ratio of assets (market value of assets) to liabilities (actuarial accrued liability). The UAL (unfunded accrued liability) is the gap between liabilities and assets. Whilst it is easy enough to calculate the market value of assets, calculating the present value of future pension benefits – the accrued actuarial liability – is complicated and relies on a whole bunch of economic and demographic assumptions. At the crux of the calculation is the discount rate, used to discount these future cashflows. A higher discount rate means a lower present value liability. To be conservative and ensure pension commitments are covered, pension models typically use the yield on high investment-grade

municipal bonds as the discount rate i.e., what they are sure to earn by investing employer and employee contributions. But CalPERS uses its expected rate of return on investments as its discount rate. This would be fine if CalPERS met its investment goal, but it has fallen short on a sustained basis, with returns averaging 5.5% since 2000, short of the 8.5% return envisaged when the state legislature enhanced benefits in 1999. CalPERS discount rate currently stands at 7.0%, above what most analysts think it a reasonable long-term investment return. This means that accrued liabilities are understated, and the funding gap is likely wider than officially reported.

**Table 2: CalPERS' Discount Rate**

Valuation Date	Old Rate	New Rate
June 30, 1997	8.50%	8.25%
June 30, 2003	8.25%	7.75%
June 30, 2011	7.75%	7.50%
June 30, 2016	7.50%	7.375%
June 30, 2017	7.375%	7.25%
June 30, 2018	7.25%	7.00%

Source: CalPERS

**Table 3: CalPERS' Net Investment Returns (June 30, 2020)**

Year	Compounded Rate of Return
1 year	4.7%
5 years	6.3%
10 years	8.5%
20 years	5.5%
30 years	8.0%

Source: CalPERS

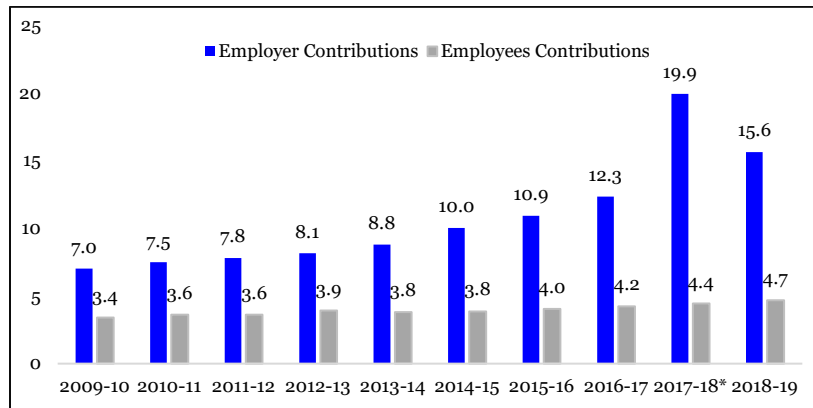
### **Do employers and employees have to pay more to fund the gap?**

Yes, they do. Each year, CalPERS actuaries calculate a plan's annual required contribution, based on actuarial valuations from two years prior (i.e., 2020-21 contributions are based on actuarial valuations as of June 30, 2018), which is the minimum that must be paid. It comprises two elements: the normal cost rate, which is the annual cost of service accrual for current employees, and an annual payment towards the UAL. The former is shared between employer and employee. The latter is paid by the employer **i.e., the cost of past inaccuracies in assumptions is borne entirely by the employer.**

$$\text{Annual Required Contribution} = \text{Normal Cost Rate} + \text{Annual Payment on UAL}$$

Although CalPERS lets the UAL be amortized over 20-30 years, so as not to overwhelm agencies' finances, agencies do have the option of making additional extraordinary payments to pay down their UAL at a faster clip. Those that can afford to often do. All told, employer contributions have surged over the past decade, and are now three to four times as high as employee contributions.

**Chart 3: CalPERS' Contributions History (US\$ billion)**



\*2017-18 employer contribution includes \$6 bn contribution from the state. Source: CalPERS

CalPERS produces a nice catch-all graphic to illustrate the sources of income that fund public employee pensions, and how these sources have evolved, known as *The CalPERS Pension Buck*. The 2020 version, based on the prior 20 years of data, shows the cost split between investment earnings, employer contributions and employee contributions as 55 cents, 32 cents and 13 cents, respectively. In 2015, the split was 65/22/13. The original intent of SB 400 was that investment earnings would contribute 75 cents and the remainder would be split between the employer and employee. The *Pension Buck* is a backward-looking indicator. The respective shares continue to work against employers.

**Chart 4: The CalPERS' Pension Buck 2020**



Based on CalPERS income over the last 20 years (as of June 2020) every dollar spent on public pensions comes from these three sources. Source: CalPERS

**How do we fix the problem?**

Simply put, there are no quick fixes to this complex problem. Optimists hope that a sustained increase in investment returns will make the problem disappear. Others think Sacramento will eventually pass comprehensive pension reform that trims benefits for prospective service, to ensure the pension system’s “successful operation”, as permitted by the California Rule. Even if true, agencies will still carry the cost of unfunded pension benefits already accrued. Proactive agencies – cognizant that pension debt growth is a form of deficit spending – are pursuing various strategies to close the gap. Common elements include:

- More accurately valuing UALs using a lower discount rate.
- Imputing the true cost of pension accruals when budgeting for the year.
- Negotiating with staff to shift a greater share of pension costs onto employees.

- Making lump sum payments, accelerating amortization schedules, and funding special reserves to pay down pension debt at a faster rate.
- Slowing the pace at which new pension obligations accrue, through headcount cuts, trimming pensionable pay and shifting to contract workers.
- Pursuing other cost-cutting measures and/or tax increases to ensure long-term fiscal sustainability.

In truth, none of these are particularly palatable solutions, and the challenge is striking a good balance between responsible pension planning and ongoing delivery of essential public services.

## PART 2: Belvedere's Pension Status

### What does Belvedere's pension plan look like?

The City of Belvedere offers four defined-benefit plans administered by CalPERS, as follows:

- Non-Safety Classic Plan – 2% at 55
- Non-Safety PEPRA Plan – 2% at 62
- Safety Classic Plan – 2% at 50
- Safety PEPRA Plan – 2.7% at 57

It uses a 3-year average of highest compensation to calculate final salary, except for the classic non-safety plan, for which it uses a single-year high. It contracts for a 2% cost-of-living-adjustment for retirees. As of June 30, 2019 (latest available data), Belvedere had 18 active employees: 7 PEPRA members and 11 classic members. This compares with a retirement pool of 53 members, all of whom are classic members.

**Table 4: Belvedere's CalPERS Pool: June 30, 2019**

Membership Type	Active Members	Retired Members
Non-Safety Classic	8	26
Non-Safety PEPRA	5	0
Safety Classic	3	27
Safety PEPRA	2	0
<b>Total</b>	<b>18</b>	<b>53</b>

Data excludes survivors of retired members. Source: CalPERS

Because Belvedere's classic plans are not the most generous offered by CalPERS (see page 12), in 2006 it began offering a Retirement Enhancement Plan, operated by the Public Agency Retirement System (PARS), to long-term city workers to supplement CalPERS. The plan offers an additional benefit factor of up to 0.5% for non-safety workers (with the total benefit factor capped at 2.5%) and 0.3% for safety workers who complete at least 15 years of service for Belvedere, retire directly from the City and CalPERS, and are at least 55 years' old at retirement. The plan has been closed to new employees since January 1, 2012. There are currently 7 retirees collecting this benefit, with 6 active employees likely to meet the eligibility requirements. Contributions into the PARS plan are paid entirely by the employer.

The City also offers employees the option of participating in a 457(b) defined contribution plan. 457(b) plans are the equivalent of 401(k) plans for government employees. Employees can elect to defer compensation into the plan and the City will match up to \$150 per month. Since this is a DC plan, there is no risk borne by the employer.

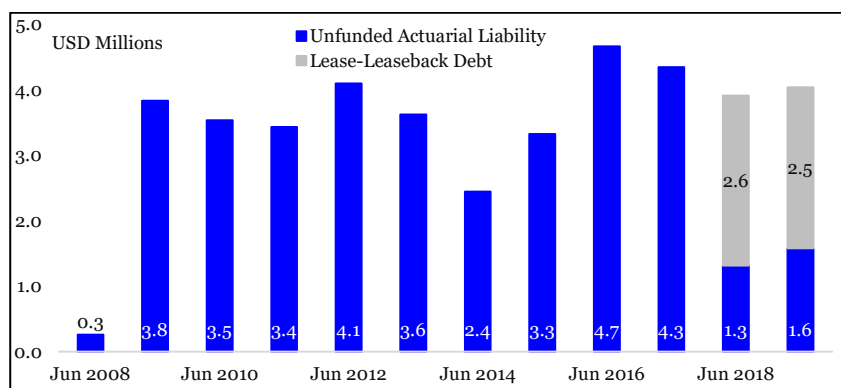
### Does Belvedere have a UAL?

Yes, as with most agencies in California, Belvedere's net pension position moved into sharp deficit following the Great Recession and associated stock market collapse. The combined UAL of its four CalPERS' plans jumped to \$3.8 million as of June 30, 2009. Over the next decade, the City worked hard to pay down its UAL, making a series of payments above and beyond the annual required contribution (\$854,000 in 2013-14, \$300,000 in 2016-17, and \$3.6 million in 2017-18, of which \$2.6 million was financed through a 30-year lease-leaseback of the City's Corporation Yard). Thanks to these extraordinary payments, Belvedere's UAL with CalPERS dropped to \$1.6 million as of June 30, 2019 (latest available data). However, once the outstanding balance of lease-leaseback debt is added back, the UAL rises to \$4.0 million, higher than a decade earlier. Concurrently, the UAL on the City's Retirement Enhancement Plan stood at \$178,065 as of June 30, 2019, bringing total net pension debt to \$4.2 million, an all-in funded ratio of 85%. For context, total City revenues were \$9.0 million and expenditures were \$8.2 million in 2018-19. Growth in the UAL is



expected in the year to June 30, 2020 given the poor investment environment. CalPERS posted a provisional return of 4.7% in 2019-20, against a target of 7%.

**Chart 5: Belvedere's Net Pension Debt**



Excludes PARS UAL. Source: City of Belvedere Finance Department

**Table 5: Belvedere's Net Pension Debt: June 30, 2019**

US\$ Millions	Actuarial Accrued Liability	Market Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio
Non-Safety Classic	13.53	12.67	0.87	93.6%
Non-Safety PEPR	0.23	0.20	0.36	84.7%
Safety Classic	10.01	9.36	0.65	93.5%
Safety PEPR	0.94	0.73	0.21	77.4%
<b>Total CalPERS</b>	<b>23.88</b>	<b>22.30</b>	<b>1.58</b>	<b>93.4%</b>
PARS	0.85	0.68	0.18	79.2%
Lease leaseback debt	2.46	-	2.46	-
<b>Total</b>	<b>27.19</b>	<b>22.97</b>	<b>4.21</b>	<b>84.5%</b>

As of June 30, 2020, PARS' UAL stood at \$199,181 and the outstanding balance on the lease leaseback stood at \$2,325,000.  
Source: CalPERS & City of Belvedere Finance Department

### How much are Belvedere's annual pension costs?

These costs can be broken down into two categories; those shared between the employee and employer, and those borne solely by the employer.

- The normal cost rate – the annual cost of service accrual for current employees – is shared between the employee and employer. The NCR has pushed steadily higher in recent years (see Table 6) because of changes to CalPERS' longevity and discount rate assumptions. Because Belvedere's classic employee contribution rates are fixed by negotiated agreement (7% for non-safety and 9% for safety), the City has picked up a disproportionate share of the growth in the NCR. PEPR employees pay half of their normal cost rate by law.
- The employer-only costs comprise the annual payment towards the UAL, the cost of servicing the lease-leaseback debt and the cost of the City's PARS plan, plus any extraordinary payments towards the City's UAL.

Chart 6 plots the history of the City's annual employer pension costs, excluding the \$2.15 million in net extraordinary UAL payments made since 2013-14. In 2020-21, these costs are estimated to be around 30% of payroll, nearly four times as high as the weighted-average employee contribution rate (8%). This is consistent with statewide trends, despite the City's large paydowns of pension debt. The maturity of

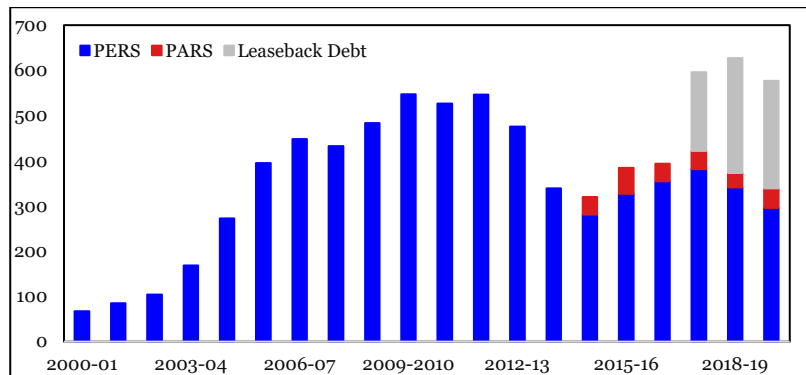
Belvedere’s pension plan i.e., a low ratio of active employees to retirees, exposes the City to large shifts in employer contributions, measured as a percentage of payroll, from investment losses, assumption changes etc., (see page 14 on plan maturity for further explanation).

**Table 6: CalPERS Normal Cost Contribution Rate**

% of Salary	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Classic Safety</b>							
Employee NCR, %	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Employer NCR, %	13.81	14.78	14.97	15.72	16.64	18.15	18.19
<b>Classic Non-Safety</b>							
Employee NCR, %	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Employer NCR, %	8.51	8.88	8.92	9.41	10.22	11.03	10.88
<b>PEPRA Safety</b>							
Employee NCR, %	11.00	12.00	12.00	12.00	12.00	13.00	13.00
Employer NCR, %	11.15	12.08	11.99	12.14	13.03	14.04	13.13
<b>PEPRA Non-Safety</b>							
Employee NCR, %	6.25	6.25	6.25	6.25	6.75	6.75	6.75
Employer NCR, %	6.24	6.56	6.53	6.84	6.98	7.73	7.59

PEPRA employees have an initial contribution rate of 50% of the total normal cost. If the total normal cost changes by more than 1% point, the employee rate must equal 50% of the new normal cost. Source: CalPERS & City of Belvedere Finance Department

**Chart 6: City of Belvedere’s Annual Pension Costs\* (US\$000s)**



\*Excludes \$2.15 million in extraordinary net UAL payments made by the City to CalPERS since 2013-14. Source: City of Belvedere Finance Department

**Is Belvedere’s funded position better than other cities in Marin?**

In truth, it is difficult to make apples-for-apples comparisons of agencies’ net pension debt by simply comparing agencies’ funded status with CalPERS. That is because many agencies, like Belvedere, have Retirement Enhancement Plans outside of CalPERS, or have issued pension obligations bonds (see page 14), or other pension-type debt, adding to their liabilities. On the asset side, some agencies have established Section 115 trusts (see later discussion) or pension reserve funds, excluded from the CalPERS calculation. Moreover, many agencies have contracts with, or membership of, outside public agencies that carry their own unfunded pension obligations. The City of Belvedere, for example, contracts with Tiburon Fire Protection District (TFPD) for fire and emergency medical services and is part of the Belvedere-Tiburon Library Agency JPA. As of June 30, 2019, TFPD’s UAL with CalPERS was \$8.78 million (80% funded status) and the Library’s UAL was \$1.33 million (78% funded status). Although the City has no legal liability for these debts, TFPD will likely require the City to pay higher costs for service as its UAL is amortized, so unless the City can find an alternative provider, these higher costs are contractual. Likewise, the Library will probably ask the City to help subsidize its pension debt repayments, as it struggles with its own finances.

With these caveats in mind, Table 7 provides a comparison of Marin cities' UALs with CalPERS (or MCERA in the case of San Rafael) as of June 30, 2018, as compiled by Stanford's *California Pension Tracker*. The table shows each city's funded status with CalPERS and its funded status adjusted for pension obligation bond issuance or other pension-type debt. On either basis, Belvedere fares well compared to its neighbors.

**Table 7: CalPERS' UAL by City: June 30, 2018**

US\$ million	Actuarial Liability	Market Value of Assets	UAL	Funded Status	POBs/Other Pension Debt	Adj. Funded Status
Belvedere	22.1	20.8	1.3	94%	2.6	82%
Corte Madera	69.8	49.3	20.5	71%	0.0	71%
Fairfax	34.3	28.1	6.2	82%	0.0	82%
Larkspur	63.6	45.9	17.7	72%	3.2	69%
Mill Valley	155.7	112.8	42.9	72%	0.0	72%
Novato	207.0	153.9	53.1	74%	18.6	60%
Ross	25.6	21.4	4.2	84%	0.0	84%
San Anselmo	52.8	36.0	16.8	68%	1.4	64%
San Rafael	584.1	450.0	134.1	77%	0.0	77%
Sausalito	103.5	72.9	30.6	70%	0.0	70%
Tiburon	38.0	28.9	9.1	76%	0.0	76%

Source: California Pension Tracker, Stanford University

### Is there more that Belvedere can do?

Belvedere has worked hard to stay ahead of its pension obligations, but its annual pension costs continue to rise, with further growth expected in the years ahead. Proactive planning would allow the City to manage its unfunded pension obligations on a steady basis and avoid a sharp reduction in operations and personnel as minimum annual payments move higher. The following steps should be considered:

#### 1. Adopt a lower discount rate

First, the City should consider adopting a more realistic discount rate for valuing its pension obligations and lay out a medium-term fiscal plan for systematically paying down the true value of its pension debt to a desired level of funding. This will be a dynamic process, as new growth/or shrinkage in the UAL is possible any year that CalPERS' investment performance undershoots/overshoots the City's adopted discount rate. The lower discount rate should also be used in budgeting for annual workforce costs. Headcounts and service levels might be impacted, and new revenues/taxes might be necessary to create sufficient room in the budget for these higher pension costs. The City's consulting PARS actuary (Milliman, Inc.) suggests a 30-year discount rate of 5.14%. Table 8 shows the size of Belvedere's UAL with CalPERS as of June 30, 2019 using different discount rates. This demonstrates the sizeable impact that a lower discount rate has on debt levels and the extent to which the City has de facto been deficit spending over the past decade.

The City would have to think carefully about if, and when, to recognize a new, lower discount rate on its financial statements (below that of other CalPERS' contracting agencies), as the higher recognized value of pension debt could negatively impact the City's perceived creditworthiness. This is an important consideration if the City decides to seek debt financing for its Seawall Project.

**Table 8: Belvedere's UAL at Different Discount Rates**

As of June 30, 2019	CalPERS' UAL	Funded Status
7.0%	\$1.6 million	93.4%
6.0%	\$4.5 million	83.5%
3.25%	\$17.5 million	56.6%
1.75%	\$26.4 million	46.3%

Refers to the City of Belvedere's UAL with CalPERS only. Source: CalPERS

## 2. Review its amortization schedule

Second, as part of its medium-term fiscal plan, the City should also decide if it can pay down its pension debt at a faster pace than required by CalPERS' amortization schedule. This does not mean the City should alter its contract with CalPERS to re-amortize its pension debt, as this would obligate the City to pay according to the new schedule, which could impact service delivery. An informal arrangement is probably preferred.

## 3. Establish a Section 115 trust

Third, the City should consider establishing a Section 115 trust as an alternative or adjunct to paying down debt (and thus investing) with CalPERS. A Section 115 trust creates ringfenced funds for pensions and allows those funds to be invested in higher risk instruments than general fund monies. Section 115 trusts have various advantages. First, they provide investment diversification vis a vis CalPERS. Second, unlike funds invested with CalPERS, they can be used to assist in meeting annual required payments to CalPERS in bad years, providing rate smoothing. Third, they provide scope for better duration matching of plan liabilities. That said, there are fees associated with Section 115 trusts and investment returns do not necessarily outperform those generated by CalPERS, so this option needs to be carefully studied. It is also important to note that because Section 115 assets can be withdrawn to pay annual required payments, they will not reduce reported net pension debt on agencies' financial statements, as paying additional funds to CalPERS would. Instead, they are reported as a restricted asset, which does improve agencies' overall statement of net position.

## 4. Increase employee cost sharing

Fourth, the City should consider increasing employee contributions for classic members. PEPRAs employees already pay 50% of the normal cost rate, and by law the City can also require classic members to pay 50% of the normal cost, capped at 8% of pay for non-safety members and 12% of pay for safety members. Belvedere's current rates are 7% and 9% respectively. Note that the PEPRAs reforms allow agencies to go further and negotiate with employees to pay part of the *employer's* normal cost rate, but this is often agreed in return for an enhanced benefit. This option should be carefully modeled as it does not necessarily generate savings for the employer. For example, employee groups often ask for a higher COLA in exchange for a higher cost share. Whilst this may lower the employer NCR in the short term, it may increase the employer contribution in the medium term because of the compounding effect of higher salary bases and the additional investment risk.

## 5. Blue skies option

Finally, the City could consider more creative solutions. A key constraint to controlling the long-term trajectory of the City's UAL is the fact that new City employees automatically join the CalPERS class and enjoy the same generous defined-benefit pension plans. Hypothetically, new employees could be hired through a new entity outside of the City of Belvedere (perhaps a new JPA structure) and offered defined contribution plans. This would align City practices with the private sector and younger public agencies (e.g., Marin Clean Energy, the Ranch, Marin Transit). Existing employees would stay in the CalPERS class employed by the City of Belvedere. This option would not affect the pension commitments the City has made to past and present employees, but it would remove the pension risk associated with new hires. It is not clear what legal hurdles this option would face, or whether it would create problems attracting talent.

### PART 3: Policy Wonk Stuff (Optional)

#### Explain how benefit formulas work

In simple terms, the benefit a retiree receives is equal to his “benefit factor” multiplied by his highest annual salary multiplied by his years of service. The benefit factor changes according to number of years worked and age at retirement. For example, using the City’s “2% at 50” classic safety formula, if an employee retires at age 50 after 30 years of work, his benefit factor is 2.0, but if he retires at age 55 after 30 years of work, his benefit factor is 2.7 (statistically he has less years to live). Thus, if his final salary is \$100,000, he will receive \$60,000 per year if he retires at age 50, and \$81,000 per year if he retires at age 55. His pension benefit is upgraded by 2% per year (COLA). Benefits are capped as a percentage of final compensation, albeit at a high level. CalPERS’ various plans offer different benefit factors, escalators and caps, so it is not always easy to assess which offers the richest benefits. Typically, safety formulas are richer than non-safety formulas, as shown by comparing Belvedere’s plans in the tables below. The table on the following page summarizes all plans offered by CalPERS.

**Table 9: Belvedere Classic Safety Benefit Formula: 2% at 50**

Age at Retirement	Benefit Factor	Benefit After 30 Years’ Service
<b>50</b>	<b>2.00%</b>	<b>60.0</b>
51	2.14%	64.2
52	2.28%	68.4
53	2.42%	72.6
54	2.56%	76.8
55 or older	2.70%	81.0

Formula capped at 90% of final compensation. Source: CalPERS

**Table 10: Belvedere Classic Non-Safety Benefit Formula: 2% at 55**

Age at Retirement	Benefit Factor	Benefit After 30 Years’ Service
50	1.426	42.78
51	1.522	45.66
52	1.628	48.84
53	1.742	52.26
54	1.866	55.98
<b>55</b>	<b>2.00</b>	<b>60.00</b>
56	2.052	61.56
57	2.104	63.12
58	2.156	64.68
59	2.210	66.30
60	2.262	67.86
61	2.314	69.42
62	2.366	70.98
63 or older	2.418	72.54

Formula capped at 96.72% of final compensation. Source: CalPERS

**Table 11: Benefit Formulas: Classic and PEPRA Members**

Formula	Min. Retirement Age	Pension @ 30 Yrs' Service <sup>1</sup>	Maximum Pension <sup>2</sup>
<b>Non-Safety/Miscellaneous Employees</b>			
PEPRA Members			
2% at 62	52	60%	100%
Classic Members			
2% at 55	50	60%	96.72%
2.5% at 55	50	75%	95%
2.7% at 55	50	81%	102.6%
2% at 60	50	60%	96.72%
3% at 60	50	90%	120%
<b>Safety Workers</b>			
PEPRA Members			
2% at 57	50	60%	80%
2.5% at 57	50	75%	100%
2.7% at 57	50	81%	108%
Classic Members			
2% at 50	50	60%	90%
3% at 50	50	90%	90%
2% at 55	50	60%	90%
2.5% at 55	50	75%	90%
3% at 55	50	90%	90%

<sup>1</sup>Pension as a % of final compensation assuming retirement takes place after 30 years of service at full retirement age of plan.

<sup>2</sup>Benefit factors are different for each plan and change according to the number of years worked and age at retirement.

Plans are capped at different levels as a percentage of final compensation. Please refer to CalPERS' benefit tables for more details.

Source: CalPERS

### How does CalPERS amortize agencies' pension debt?

Each year, CalPERS requires agencies to pay down a portion of their UAL as part of their annual required contribution. The amount that needs to be paid is determined by CalPERS' amortization policy. CalPERS divides the UAL into what it calls amortization bases. Each year's base is essentially the increase/decrease in a plan's UAL and is broke down by source e.g. investment gains/losses. Different portions of the base are amortized according to different rules, including the number of repayment periods, how the payments are spread over time (dollar flat or rising), and whether there is a ramp up/ramp down in payments. CalPERS recently revised its amortization policy to be more stringent (see Table 13). The rule change takes effect in 2021-22 and applies to new UAL bases created on or after June 30, 2019. UALs established prior to that date will continue to be amortized according to the prior policy.

**Table 12: CalPERS Old Amortization Policy**

Source of UAL	Investment Gain/Loss	Non-Investment Gain/Loss	Assumption/Method Change	Benefit Change
Amortization Period	30 Years	30 Years	20 Years	20 Years
Escalation Rate	Payroll	Payroll	Payroll	Payroll
Ramp Up	5 Years	5 Years	5 Years	0
Ramp Down	5 Years	5 Years	5 Years	0

Source: CalPERS

**Table 13: CalPERS New Amortization Policy**

Source of UAL	Investment Gain/Loss	Non-Investment Gain/Loss	Assumption/Method Change	Benefit Change
Amortization Period	20 Years	20 Years	20 Years	20 Years
Escalation Rate	0%	0%	0%	0%
Ramp Up	5 Years	0	0	0
Ramp Down	0	0	0	0

Source: CalPERS

**What is risk pooling and how does this work at CalPERS?**

Risk pooling refers to the spreading of financial risk evenly among contributors. CalPERS uses risk pooling to reduce fluctuations in employer contribution rates caused by unexpected demographic events e.g., a premature employee death. CalPERS requires all employers with 100 or fewer active employees to participate in risk pools, pooling their assets and liabilities. Participation in risk pools for employers with more than 100 active employees is optional. CalPERS operates two risk pools, one for non-safety groups and one for safety groups.

**Why does plan maturity matter?**

Pension plan maturity is an important consideration in gauging a plan's sensitivity to risk. As a plan's population ages, and more members reach retirement, its obligations become large relative to its source of contributions. The ratio of assets to payroll (leverage ratio) increases as the plan matures and, as a result, investment losses become more costly to the plan. For example, with a leverage ratio of 3.0, a 10% investment loss would be equivalent to 30% of payroll. A 6.0 leverage ratio would mean that the same investment loss would cost 60% of payroll. Thus, agencies with mature plans are exposed to higher volatility in employer contributions, measured as a percentage of payroll. On all measures, Belvedere's two classic pension plans are very mature compared with the CalPERS average.

**Table 14: Maturity Measures for Belvedere's Classic Plans**

As of June 30, 2019	Assets to Payroll Ratio	Active Employee to Retiree Ratio	Retiree Liabilities/Total Liabilities, %
Non-Safety Classic	15.1	0.31	67%
Safety Classic	25.2	0.11	66%

Source: CalPERS

**What are pension obligation bonds?**

Pension Obligation Bonds (POBs) are a tool used by public agencies to "pay down" their unfunded pension liabilities, by replacing one form of debt (the existing UAL) with another (the POB). Agencies often believe that such issuance locks in a lower cost of funding. It does not. Only if the rate of return that CalPERS earns over the life of the bond exceeds the cost of POB funding, does the POB save the agency money. The idea that POBs guarantee a fixed saving assumes that CalPERS consistently and exactly meets its investment target, which it does not. The economics of the City's 2017 lease-leaseback are the same as those of a POB, but the City was able to secure a lower cost of funding (4.46% interest rate, subsequently refinanced at 2.55%) because of the securitized nature of the transaction.

**Why don't agencies just quit CalPERS?**

The California Rule forbids agencies from reducing the generosity of pension benefits for existing employees for past or prospective service. Exiting CalPERS would not change this calculus, but it would allow employers to launch new defined-contribution pension schemes for new employees (no longer



constrained by the CalPERS class system), offering significant potential cost savings. However, to exit CalPERS, agencies must pay a termination fee to relieve themselves of their accrued pension obligations. This termination fee represents the UAL calculated using a “risk-free” discount rate. CalPERS places the liabilities of exited agencies into its Terminated Agency Pool and because no future employer contributions are made into the pool, CalPERS secures these liabilities with risk-free assets, typically high-quality municipal bonds. The lower discount rate significantly increases the UAL of terminated plans, which must be paid on exit, making it prohibitively expensive for most employers to exit CalPERS. As of June 30, 2019, the City of Belvedere’s hypothetical termination liability stood at \$17.5 million using a 3.25% discount rate, or \$26.4 million using a 1.75% discount rate. CalPERS provides two estimates based on the lowest and highest rates available over the surrounding 19-month period.

### **What accounting rules govern public pensions?**

Accounting rules for public agencies are set by the Government Accounting Standards Board (GASB). In 2012, GASB issued two statements, GASB 67 and 68, setting new rules for the measurement and reporting of public pensions data to be used in agencies’ Comprehensive Financial Annual Reports (CAFRs). The new standards, which took effect in FY 2013-14 and 2014-15 respectively, attempted to address concerns about the valuation of pension assets, the use of the expected rate of return as the discount rate to measure pension liabilities, and the fact that agencies did not report unfunded pension liabilities on their balance sheets, but instead reported the cumulative deficiency in their annual required contributions (ARC) since 1997. Going forward, agencies were required to report the market value of their pension assets, use a blended discount rate to measure their pension liabilities (albeit with discretion), and report the full value of their unfunded pension liabilities on balance sheet. Because of pension fund reporting delays, agencies can report pension liability data from the end of the prior fiscal year in their annual statements. Although the new standards improved transparency, agencies have relied on workarounds to avoid (almost entirely) using a lower blended discount rate, thus continue to understate their liabilities.

It is important to note that there is little in common between agencies’ Annual Valuation Reports (AVRs) provided by CalPERS and the pension data included in agencies’ CAFRs. The rules governing, and objectives of, the two reports are different. AVRs detail agencies’ funded status, debt amortization schedules, and changes in minimum annual required contributions, to help in agencies’ budgetary planning. CAFRs are designed for investors to assess trends in agencies’ financial health and solvency. They report agencies’ net financial position on an accrual basis. One confusing element of CAFRs relates to “deferred outflows and inflows of pension resources” which are essentially components of net pension debt that are not recognized as an expense (outflows) or income (inflows) in the year in which they are created. For example, changes in net pension debt resulting from a difference between projected and actual earnings are spread over five years on CAFRs. Again, there is little commonality between AVRs and CAFRs, and AVRs are more relevant for budget planning purposes. The discount rate is even slightly different (CAFRs use CalPERS’ discount rate gross of administrative expenses), leading to discrepancies in reported UALs.