



SAN RAFAEL CITY COUNCIL – MONDAY, NOVEMBER 5, 2018

**REGULAR MEETING
COUNCIL CHAMBERS, CITY HALL
1400 FIFTH AVENUE, SAN RAFAEL, CALIFORNIA**

AGENDA

OPEN SESSION – COUNCIL CHAMBERS, CITY HALL – 5:30 PM

1. Mayor Phillips to announce Closed Session items.

CLOSED SESSION – THIRD FLOOR CONFERENCE ROOM, CITY HALL – 5:30 PM

2. Closed Session:
 - a. Conference with Legal Counsel– Anticipated Litigation
Government Code Section 54956.9(d)(4)- Initiation of Litigation (Two Potential Cases)
 - b. Conference with Legal Counsel–Existing Litigation
Government Code Section 54956.9(d)(1)
Name of cases:
Kassil, et al. v. City of San Rafael, Marin Superior Court No. 1701800
Rotary Manor v. City of San Rafael, Marin Superior Court No. 1702340
Valley Baptist Church v. City of San Rafael, Marin Superior Court No. 1703328

OPEN TIME FOR PUBLIC EXPRESSION – 7:00 PM

The public is welcome to address the City Council at this time on matters not on the agenda that are within its jurisdiction. Please be advised that pursuant to Government Code Section 54954.2, the City Council is not permitted to discuss or take action on any matter not on the agenda unless it determines that an emergency exists, or that there is a need to take immediate action which arose following posting of the agenda. Comments may be no longer than two minutes and should be respectful to the community.

CITY MANAGER’S REPORT:

3. City Manager’s Report

CONSENT CALENDAR:

The opportunity for public comment on consent calendar items will occur prior to the City Council’s vote on the Consent Calendar. The City Council may approve the entire consent calendar with one action. In the alternative, items on the Consent Calendar may be removed by any City Council or staff member, for separate discussion and vote.

4. Consent Calendar Items:
 - a. **Approval of Minutes**
Approval of Minutes of City Council / Successor Agency Regular Meeting of October 15, 2018 (CC)
Recommended Action – Approve as submitted

- b. **2019 Bail Schedule**
Resolution Approving the 2019 Bail Schedule for Violations of the San Rafael Municipal Code (CA)
Recommended Action – Adopt Resolution
- c. **City Quarterly Investment Report**
Acceptance of the City of San Rafael Quarterly Investment Report for the Quarter Ending September 30, 2018 (Fin)
Recommended Action – Accept report
- d. **Street Resurfacing 2016-17 Project Completion**
Accept Completion of the Street Resurfacing 2016-2017 Project (City Project No. 11306), and Authorize the City Clerk to File the Notice of Completion (PW)
Recommended Action – Approve staff recommendation
- e. **Third Street at Hetherton Street Improvements**
Resolution Approving and Authorizing the City Manager to Execute a Professional Services Agreement with Kimley-Horn and Associates, Inc. for Engineering Design Services Associated with the Third Street at Hetherton Street Improvement Project, City Project No. 11320, in an Amount Not to Exceed \$64,903.81 (PW)
Recommended Action – Adopt Resolution

PUBLIC HEARINGS:

- 5. Public Hearings:
 - a. **Amendments to the San Rafael Municipal Code**
Consideration of An Ordinance of the City of San Rafael City Council Amending Title 11 (Public Works), Title 14 (Zoning Ordinance) and the Zoning Maps of the San Rafael Municipal Code to: a) Add a Permit Exemption for Certain Encroachments Into the Public Right of Way; b) Make Minor Clarifications and Corrections of Text; c) Modify Land Use Definitions and Standards; and d) Modify the Zoning District Boundary Line for Three Properties Located at Rice Drive/Francisco Blvd. (APN's 013-041-52, -55, -67) and 2 Properties Located at Lincoln Ave./Prospect Dr. (APN's 011-092-15 and -26) (ZO18-002/ZC18-001) (CD)
Recommended Action – Pass Ordinance to print

OTHER AGENDA ITEMS:

- 6. Other Agenda Items:
 - a. **San Rafael Transit Center Relocation**
Resolution Approving and Authorizing the Mayor to Sign a Letter to the Golden Gate Bridge, Highway & Transportation District Summarizing City Comments on the San Rafael Transit Center Relocation Project Notice of Preparation (CD)
Recommended Action – Adopt Resolution

- b. **Year-End Financial Statements and Related Audit Reports**
Fiscal Year 2017-2018 Annual Financial Report; Gann Appropriations Limit Report; Memorandum on Internal Control; Child Development Program Report; and Single Audit Reports (Fin)
Recommended Action - Accept reports

- c. **Fire Chief Officers' Association Memorandum of Understanding**
Resolution Approving the Memorandum of Understanding Between the City and the San Rafael Fire Chief Officers' Association Pertaining to Compensation and Working Conditions (July 1, 2018 Through June 30, 2020) (HR)
Recommended Action - Adopt Resolution

- d. **Police Mid-Managers' Association Memorandum of Understanding**
Resolution Approving a Memorandum of Understanding Between the City and San Rafael Police Mid-Managers' Association Pertaining to Compensation and Working Conditions (July 1, 2018 Through June 30, 2020) (HR)
Recommended Action - Adopt Resolution

COUNCILMEMBER REPORTS / REQUESTS FOR FUTURE AGENDA ITEMS:

(including AB 1234 Reports on Meetings and Conferences Attended at City Expense)

7. Councilmember Reports:

SAN RAFAEL SUCCESSOR AGENCY:

1. Consent Calendar:

- a. **Successor Agency Quarterly Investment Report**
Acceptance of the San Rafael Successor Agency Quarterly Investment Report for the Quarter Ending September 30, 2018 (Fin)
Recommended Action - Accept report

ADJOURNMENT:

Any records relating to an agenda item, received by a majority or more of the Council less than 72 hours before the meeting, shall be available for inspection in the City Clerk's Office, Room 209, 1400 Fifth Avenue, and placed with other agenda-related materials on the table in front of the Council Chamber prior to the meeting. Sign Language interpreters and assistive listening devices may be requested by calling (415) 485-3198 (TDD) or (415) 485-3066 (voice) at least 72 hours in advance. Copies of documents are available in accessible formats upon request. Public transportation is available through Golden Gate Transit, Line 22 or 23. Paratransit is available by calling Whistlestop. Wheels at (415) 454-0964. To allow individuals with environmental illness or multiple chemical sensitivity to attend the meeting/hearing, individuals are requested to refrain from wearing scented products.

In the Council Chambers of the City of San Rafael, Monday, October 15, 2018



Regular Meeting

San Rafael City Council

Minutes

[How to participate in your City Council meeting PDF](#)

OPEN SESSION – COUNCIL CHAMBERS, CITY HALL – 6:15 PM

1. Mayor Phillips announced Closed Session item

CLOSED SESSION – THIRD FLOOR CONFERENCE ROOM, CITY HALL – 6:15 PM

2. Closed Session:

- a. Conference with Legal Counsel – Anticipated Litigation
Government Code Section 54956.9 (d) (2):
Significant Exposure to Litigation (One potential case)

- City Attorney Robert Epstein announced that no reportable action was taken

OPEN TIME FOR PUBLIC EXPRESSION – 7:00 PM

- Tom Oblatz expressed thanks to the City Council regarding Porchfest; and addressed the City Council regarding Marin Shakespeare's new location
 - Mayor Phillips
- Peter Posert addressed the City Council regarding carbon gas emissions

CITY MANAGER'S REPORT:

3. City Manager's Report:

- City Manager Jim Schutz announced:
 - Transit Center Relocation community meeting Tuesday, October 30th at Whistlestop at 5:30pm;
 - Transit Center Relocation Notice of Preparation scheduled for the November 5th City Council meeting;
 - General Plan 2040 community meetings:
 - Wednesday, October 17th at 7:00pm at Terra Linda Recreation Center
 - Saturday, October 27th at 10:00am at the Al Boro Community Center
 - Park Cleanup event at Boyd Park on Saturday, October 27th, 2018 from 9:00am to 12:00pm
 - Mayor Phillips / City Manager Jim Schutz

CONSENT CALENDAR:

4. Consent Calendar Items:

Councilmember McCullough moved and Councilmember Gamblin seconded to approve the Consent Calendar Items:

- a. **Approval of Minutes**
Approval of Minutes of City Council / Successor Agency Regular and Special Meetings of October 1, 2018 (CC)
[Regular Minutes 2018-10-01](#)
[Special Minutes 2018-10-01](#)

Approved as submitted

- b. **Measure E Transactions and Use Tax Oversight Committee Vacancies**
Call for Applications to Fill Two Four-Year Terms on the San Rafael Measure E Transactions and Use Tax (TUT) Oversight Committee to the End of November 2022 Due to the Expiration of Terms of Jacqueline Schmidt and Lawrence "Larry" Luckham (CC)
[Measure E Transactions and Use Tax Oversight Committee Vacancy](#)

Approved staff recommendation

- c. **Francisco Blvd West Multi-Use Path Funding Request**
Resolution Authorizing the City Manager to Execute a Cooperative Funding Agreement with the Transportation Authority of Marin Allocating \$2.95 Million of Regional Measure 2 Funding to the Second Street to Andersen Drive Multi-Use Pathway (PW)
[Francisco Blvd West Multi-Use Path Funding Request](#)

RESOLUTION 14595 - RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A COOPERATIVE FUNDING AGREEMENT WITH THE TRANSPORTATION AUTHORITY OF MARIN ALLOCATING \$2.95 MILLION OF REGIONAL MEASURE 2 FUNDING TO THE SECOND STREET TO ANDERSEN DRIVE MULTI-USE PATHWAY

AYES: Councilmembers: Bushey, Colin, Gamblin, McCullough & Mayor Phillips
NOES: Councilmembers: None
ABSENT: Councilmembers: None

OTHER AGENDA ITEMS:

5. Other Agenda Items:

- a. **Draft Climate Change Action Plan 2030**
Discussion on the City's Draft Climate Change Action Plan Update to Meet 2030 Greenhouse Gas Reduction Targets (CM)
[Draft Climate Change Action Plan 2030](#)

[Cristine Alilovich, Assistant City Manager, introduced Cory Bytof, Sustainability Coordinator, and Christine O'Rourke, Sustainability Coordinator for the Marin Climate and Energy Partnership \(MCEP\), who presented the staff report](#)

Cory Bytof introduced the staff report and provided an overview of the presentation

Cory Bytof, presented on Energy Efficiency

Councilmember Colin / Cory Bytof

Councilmember Colin / Christine O'Rourke

Mayor Phillips / Cory Bytof

Mayor Phillips / Cory Bytof

Christine O'Rourke presented the Low Carbon Transportation portion of the staff report

Christine O'Rourke presented the Waste Reduction portion of the staff report

Christine O'Rourke presented the Water Conservation portion of the staff report

Christine O'Rourke presented the Sequestration and Adaptation portion of the staff report

Cory Bytof

Mayor Phillips

Councilmember Colin / Cory Bytof

Councilmember Colin / Jim Schutz

Mayor Phillips / Cory Bytof

Mayor Phillips invited public comment

Jeff Rhoads

Mayor Phillips

Bill Carney, Sustainable San Rafael

Roger Roberts

Mayor Phillips

Marv Zauderer, Founder of Extrafood.org

Judy Schriebman

Sarah Loughran, Climate Action Plan Update member

Bruce Livingston, Executive Director of Alcohol Justice

Sustainable Marin and Sustainable San Rafael

Tamra Peters, Director of Resilient Neighborhoods

Chris Yalonis, President of VenturePad

Dale Miller, President of Golden Gate Electric Vehicle Association

Belle Cole, Organizing for Action in Marin, and Lead on Climate Coalition for Marin

Peter Posert

Jim Bitter

Jerry Belletto

Maika Llorens-Gulati, San Rafael City Schools Board of Education Vice-President

There being no further comment from the audience, Mayor Phillips closed the public comment period

Cory Bytof

Christine O'Rourke

Cory Bytof

Mayor Phillips / Cory Bytof

Mayor Phillips / Cory Bytof / Councilmember Colin

Cory Bytof

Councilmember McCullough

Councilmember Bushey

Mayor Phillips

Councilmember Gamblin / Cory Bytof / Christine O'Rourke / Cory Bytof

Councilmember Colin

Mayor Phillips

Councilmember Colin moved and Councilmember Bushey seconded to accept the report

Accepted report and provided feedback to staff

AYES: Councilmembers: Bushey, Colin, Gamblin, McCullough & Mayor Phillips

NOES: Councilmembers: None

ABSENT: Councilmembers: None

- b. **Fire Chief Officers' Association Memorandum of Understanding Discussion and Consideration of a Memorandum of Understanding Pertaining to Compensation and Working Conditions for San Rafael Fire Chief Officers' Association (SRFCOA) (July 1, 2018 Through June 30, 2020) (HR)**

[Fire Chief Officers' Association Memorandum of Understanding](#)

Sylvia Gonzalez, Human Resources Coordinator, presented the staff report

Mayor Phillips invited public comment; however, there was none

Mayor Phillips

Councilmember Bushey moved and Councilmember Colin seconded to direct staff to return with a resolution adopting the MOU

Directed staff to return with Resolution adopting MOU

AYES: Councilmembers: Bushey, Colin, Gamblin & Mayor Phillips

NOES: Councilmembers: McCullough

ABSENT: Councilmembers: None

- c. **Police Mid-Managers' Association Memorandum of Understanding Discussion and Consideration of a Memorandum of Understanding Pertaining to Compensation and Working Conditions for San Rafael Police Mid-Managers' Association (SRPMMA) (July 1, 2018 Through June 30, 2020) (HR)**

[Police Mid-Managers' Association Memorandum of Understanding](#)

Sylvia Gonzalez, Human Resources Coordinator, presented the staff report

Mayor Phillips

Mayor Phillips invited public comment; however, there was none

Councilmember Bushey moved and Councilmember Colin seconded to direct staff to return with a resolution adopting the MOU

Directed staff to return with Resolution adopting MOU

AYES: Councilmembers: Bushey, Colin, Gamblin & Mayor Phillips
NOES: Councilmembers: McCullough
ABSENT: Councilmembers: None

- d. **Amended Compensation for Executive Management Employees**
Second Amended Resolution Establishing the Compensation and Working Conditions for Unrepresented Executive Management Employees (July 1, 2018 through June 30, 2020) (HR)
[Amended Compensation for Executive Management Employees](#)

Sylvia Gonzalez, Human Resources Coordinator, presented the staff report

Mayor Phillips invited public comment; however, there was none

Councilmember Bushey moved and Councilmember Colin seconded to adopt the Resolution

RESOLUTION 14596 - SECOND AMENDED RESOLUTION ESTABLISHING THE COMPENSATION AND WORKING CONDITIONS FOR UNREPRESENTED EXECUTIVE MANAGEMENT EMPLOYEES (JULY 1, 2018 THROUGH JUNE 30, 2020)

AYES: Councilmembers: Bushey, Colin, Gamblin, McCullough & Mayor Phillips
NOES: Councilmembers: None
ABSENT: Councilmembers: None

COUNCILMEMBER REPORTS / REQUESTS FOR FUTURE AGENDA ITEMS:
(including AB 1234 Reports on Meetings and Conferences Attended at City Expense)

6. Councilmember Reports:

- Councilmember Colin reported on Marin County Council of Mayors and Councilmembers (MCCMC) Homeless Committee
- Mayor Phillips

SAN RAFAEL SUCCESSOR AGENCY:

1. Consent Calendar: - None.

ADJOURNMENT:

Mayor Phillips adjourned the meeting at 9:14 p.m.

LINDSAY LARA, City Clerk

APPROVED THIS ____ DAY OF _____, 2018

GARY O. PHILLIPS, Mayor



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: CITY ATTORNEY

**Prepared by: Lisa Goldfien
Assistant City Attorney**

City Manager Approval: _____

TOPIC: CITY'S 2019 BAIL SCHEDULE

SUBJECT: RESOLUTION APPROVING THE 2019 BAIL SCHEDULE FOR VIOLATIONS OF THE SAN RAFAEL MUNICIPAL CODE

RECOMMENDATION:

Adopt a resolution approving the 2019 bail schedule.

BACKGROUND:

The Marin County Superior Court annually asks each Marin County city to submit a "bail schedule" that lists the "bail" or penalty amounts the Court should impose for violations of the cities' respective municipal codes. Final approval of the proposed bail schedules must be given by the Marin County Superior Court judges.

The Courts use a city's approved bail schedule when a person is charged with a municipal code violation. If that person chooses not to contest the citation, or is convicted after trial, the Courts will refer to the bail schedule to determine the penalty to be imposed. The bail schedule enables the Courts to impose substantially the same penalties on different persons violating the same municipal ordinance.

If a city does not set a base bail amount for a specific municipal code violation, the Courts rely on a "default" base bail amount of \$35 for infractions and \$185 for misdemeanors. However, this is not the total bail amount payable by the violator. Due to the addition of fees and penalties imposed by the State of California and the County of Marin, the amount that the offender must pay is substantially higher.

For at least the past 10 years, the City's bail schedule has established base bail amounts identical to the Court's default bail amounts. When the City Council considered the bail schedule last year, Councilmembers commented that the default amounts seemed too low to act as an effective deterrent to potential violators. Staff committed to revisiting the bail recommendations with that in mind.

The bail schedule is used only for criminal prosecutions of municipal code violations. While the City sometimes pursues criminal code enforcement, the City's code enforcement efforts continue to

FOR CITY CLERK ONLY

File No.: _____

Council Meeting: _____

Disposition: _____

emphasize administrative enforcement by administrative citations and administrative orders authorized by Chapters 1.44 and 1.46 of the Municipal Code, which do not rely on the criminal bail schedule.

ANALYSIS:

Under the City’s Charter and state law, the maximum penalties that may be imposed by the City for infraction and misdemeanor violations are as follows:

Infractions (per Government Code §36900(b):	
1 st offense	\$100
2 nd offense in same year	\$200
3 rd and subsequent offenses in same year	\$500
Misdemeanors (per San Rafael Charter Art. III §54):	\$500

Pursuant to the City’s municipal code, most code violations may be charged by the City either as infractions or as misdemeanors.

Like San Rafael, other Marin County cities and towns also generally set bail amounts consistent with the Court’s default bail amounts; however, some bail amounts are set as high as the maximums set forth above. Since San Rafael’s base bail amounts have not been raised in many years, Staff believes an increase is appropriate, and recommends that the base bail amounts be set at \$100 for infractions and \$500 for misdemeanors. These bail amounts should have a greater deterrent effect, as desired by the City Council.

Staff also proposes to eliminate from the 2019 bail schedule the bail amounts for violations of certain Municipal Code regulations currently under review by the City Attorney’s office for consistency with recent changes to state or federal law. These include regulations on camping on public property, habitation of vehicles, and mobile and sidewalk peddlers. If these regulations are determined to comply with current law, bail amounts for violations of these regulations can be added back into the bail schedule next year.

FISCAL IMPACT:

By statute, the City receives approximately 87 percent of the base bail amounts for City code violations, and the State and County receive the additional assessments making up the “total bail”. The proposed City bail schedule, if adopted by the Marin County Superior Court, will result in larger base bail amounts; therefore, it is expected that the City will receive somewhat higher bail/penalty payments from the Court in connection with Municipal Code violations.

OPTIONS:

The City Council has the following options to consider on this matter:

1. Adopt the resolution approving the 2019 bail schedule as presented;
2. Adopt the resolution approving a modified 2019 bail schedule;
3. Take no action. This will result in the Marin County Superior Court relying on the City’s 2018 bail schedule (Attachment 2).

ACTION REQUIRED:

Adopt the attached resolution approving the 2019 bail schedule for violations of the San Rafael Municipal Code.

ATTACHMENTS:

1. Resolution with attached Exhibit “A”, 2019 San Rafael Bail Schedule
2. Adopted 2018 San Rafael Bail Schedule

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL APPROVING THE 2019 BAIL SCHEDULE FOR VIOLATIONS OF THE SAN RAFAEL MUNICIPAL CODE

WHEREAS, Penal Code Section 1269(b) requires the Marin County Superior Court to adopt an annual countywide bail schedule which includes bail amounts for Municipal Code violations; and

WHEREAS, the Marin County Superior Court has requested the City of San Rafael to advise the Court of any proposed changes to the bail schedule for violations of the San Rafael Municipal Code for inclusion in the 2019 countywide bail schedule; and

WHEREAS, the City of San Rafael bail schedule's base bail amounts of \$35 for infractions and \$185 for misdemeanors have not been increased in the past ten years; and

WHEREAS, the City Council finds that the current base bail amounts in the City's bail schedule are not an adequate deterrent to potential violators and should be increased within the maximum amounts allowed by law; and

WHEREAS, the maximum penalty for infractions pursuant to Gov. Code §36900(b) is \$100 for a first violation; and

WHEREAS, pursuant to the Charter of the City of San Rafael, the maximum monetary penalty for a municipal code violation is \$500 per violation;

NOW THEREFORE, be it resolved by the City Council as follows:

1. That the Marin County Superior Court is requested to accept the 2019 Bail Schedule attached hereto as Exhibit "A" and incorporated herein by reference, for violations of provisions of the San Rafael Municipal Code.

2. That the City Clerk is directed to forthwith transmit a copy of this Resolution to the Administrator of the Marin County Superior Court.

I, LINDSAY LARA, City Clerk of the City of San Rafael, hereby certify that this Resolution was duly and regularly introduced and adopted at a regular meeting of said City Council held on the 5th day of November 2018 by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

LINDSAY LARA, City Clerk

SAN RAFAEL CITY ORDINANCES – JANUARY 2018
BAIL SCHEDULE

SECTION	OFFENSE	BASE FINE	PENALTY ASSESSMENTS & SURCHARGES	* TOTAL BAIL
4.08.020-100	I/M Fire Code Violations	35/185	123/588	\$158/773
4.12.030	I/M Vegetation Management Standards	35/185	123/588	\$158/773
5.12.050	I Unauthorized Person Directing Traffic	35	123	\$158
5.32.030	I Vehicle Driven on Sidewalk	35	123	\$158
5.34.010	I/M Skateboards, Roller Skates, Bicycles and Electronic Personal Assistive Mobility Devices in Prohibited Areas	35/185	123/588	\$158/773
5.34.030	I/M Skateboards, Roller Skates, Bicycles and Electronic Personal Assistive Mobility Devices Violating Right-of-Way of Vehicles or Pedestrians	35/185	123/588	\$158/773
5.36.020	I/M Pedestrian Failing to Use Crosswalk	35/185	123/588	\$158/773
5.36.030	I/M Crossing Roadway at Other Than Right Angles	35/185	123/588	\$158/773
5.36.040	I/M Standing in Roadway	35/185	123/588	\$158/773
5.40.040(1)	I/M Repairing/Washing Vehicle on City Street Prohibited	35/185	123/588	\$158/773
5.40.220	I Removal of Parking Regulations Marks	35	123	\$158
5.64.020	M Vehicle on Fire Road, Open Space or Parklands Without Permit	185	588	\$773
6.10.010	I Marin County Animal Code § 8.04.179			
	I First Offense	35	123	\$158
	M Second and Subsequent Offenses Within One Year Period	185	588	\$773
	M Marin County Animal Code §§ 8.04.180, 8.04.181, 8.04.182, 8.04.185, 8.04.200, 8.04.225, 8.04.226, 8.04.230, 8.04.240, 8.04.245, 8.04.250, 8.04.252, 8.08.010, 8.08.020, 8.12.010, 8.12.020	185	588	\$773
6.10.030	I Leash Violation	35	123	\$158
6.10.040	I Dogs Prohibited at Downtown Farmer’s Market and Other Special Events	35	123	\$158
8.10.020	I/M Use of City Parks/Buildings Without Permit	35/185	123/588	\$158/773
8.10.080A	I/M Use of City Parks/Buildings After Hours	35/185	123/588	\$158/773
8.10.090A	I/M Use of Amplified Sound in City Parks/Buildings Without Permit	35/185	123/588	\$158/773
8.10.090C (1)	I/M Maintenance of Fire Outside Fire Pit of Park Barbecue	35/185	123/588	\$158/773
8.10.090C (2)	I/M Leaving a Fire on City Property Without Being Extinguished	35/185	123/588	\$158/773
8.10.090C (3)	I/M Possessing or Igniting Fireworks on City Property	35/185	123/588	\$158/773
8.10.090D (1)	I/M Camping in City Parks/Buildings	35/185	123/588	\$158/773
8.10.090D (2)	I/M Storing Camp Facilities or Paraphernalia in City Parks/Buildings	35/185	123/588	\$158/773

SAN RAFAEL CITY ORDINANCES – JANUARY 2018
BAIL SCHEDULE

SECTION	OFFENSE	BASE FINE	PENALTY ASSESSMENTS & SURCHARGES	* TOTAL BAIL
8.10.090E	I/M Possession of Dangerous Weapon in City Parks/Buildings	35/185	123/588	\$158/773
8.10.090F	I/M Operation of Motorized Boats or Planes in City Parks/Buildings	35/185	123/588	\$158/773
8.10.090G	I/M Swimming/Wading Outside Designated Areas in City Parks	35/185	123/588	\$158/773
8.10.090H	I/M Golfing in City Parks/Buildings	35/185	123/588	\$158/773
8.10.090I	I/M Commercial Activities in City Park or Building Without Permit	35/185	123/588	\$158/773
8.10.090J	I/M Smoking in City Building or Within 100 Feet of Playground	35/185	123/588	\$158/773
8.10.090K	I/M Posting of Advertisements in City Parks/Buildings	35/185	123/588	\$158/773
8.10.090L	I/M Gambling in City Parks/Buildings	35/185	123/588	\$158/773
8.10.090M	I/M Disorderly Conduct in City Parks/Buildings	35/185	123/588	\$158/773
8.10.090N	I/M Lawn Darts/Horseshoes Outside Designated Areas in City Parks	35/185	123/588	\$158/773
8.10.100A-I	I/M Regulations Involving Injury or Misuse of City Parks/Buildings	35/185	123/588	\$158/773
8.10.120A-F	I/M Regulations Involving Animals in City Parks/Buildings	35/185	123/588	\$158/773
8.10.130A-D	I/M Regulations Involving Alcohol in City Parks/Buildings	35/185	123/588	\$158/773
8.10.140A-J	I/M Regulations Involving Vehicles in City Parks	35/185	123/588	\$158/773
8.10.150A-D	I/M Regulations Involving Refuse/Pollution in City Parks/Buildings	35/185	123/588	\$158/773
8.10.160	I/M Entering or Remaining in City Parks/Buildings Noticed as Closed	35/185	123/588	\$158/773
8.10.170	I/M Violation of City Parks/Building Regulations	35/185	123/588	\$158/773
8.10.90A-E	I/M Regulations Involving Dogs and Pets in City Parks/Buildings	35/185	123/588	\$158/773
8.12.080	I/M Bill - Posting and Political Signs on Public Property Prohibited	35/185	123/588	\$158/773
8.12.110	I/M Unlawful to Place Obstruction on Sidewalks	35/185	123/588	\$158/773
8.12.120	I/M Duty to Trim Sidewalk Trees and Hedges	35/185	123/588	\$158/773
8.12.170	I/M Discharge of Guns, Pistols & Other Weapons Prohibited	35/185	123/588	\$158/773
8.12.210	I/M Trespassing Upon Private Property Prohibited	35/185	123/588	\$158/773
8.13.030	I/M Loud or Unusual Noises Prohibited	35/185	123/588	\$158/773
8.13.040	I/M Violation of General Noise Limits	35/185	123/588	\$158/773
8.13.050	I/M Construction - Prohibited Hours/Days	35/185	123/588	\$158/773
8.14.50-110	I Smoking Ordinance Violation			
	First Offense	35	123	\$158
	Second Offense	75	247	\$322
	Third and Additional Offense	185	588	\$773

SAN RAFAEL CITY ORDINANCES – JANUARY 2018
BAIL SCHEDULE

SECTION	OFFENSE	BASE FINE	PENALTY ASSESSMENTS & SURCHARGES	* TOTAL BAIL
8.18.020	I/M Possession of Open Container of Alcoholic Beverage Near Liquor Stores	35/185	123/588	\$158/773
8.18.030	I/M Consumption of an Alcoholic Beverage or Possession of an Open Container of an Alcoholic Beverage on City Public Property	35/185	123/588	\$158/773
8.18.050	I/M Consumption of an Alcoholic Beverage or Possession of an Open Container of an Alcoholic Beverage on Parking Lots or Landscaped Areas on Private Property	35/185	123/588	\$158/773
8.19.050	I/M Unruly Gatherings	35/185	123/588	\$158/773
8.30.020	I Human Habitation of a Vehicle			
	First Offense	35	123	\$158
	Second and Subsequent Offenses Within One Year Period	75	247	\$322
8.35.030	I/M Graffiti Prohibited	35/185	123/588	\$158/773
8.35.040	I/M Sale & Possession of Graffiti Implements Prohibited	35/185	123/588	\$158/773
8.35.050	I/M Retail Seller Signs for Aerosol Containers/Graffiti Implements	35/185	123/588	\$158/773
9.04.050	I/M Prohibition of Smoking in Public Places, Places of Employment, and Certain Other Areas	35/185	123/588	\$158/773
9.04.060	I/M Nonsmoking Buffer Zones	35/185	123/588	\$158/773
9.04.070	I/M Smoking Restrictions in New and Existing Units in Duplexes and Multi-Family Residences	35/185	123/588	\$158/773
9.04.100	I/M Smoking Prohibited by Law in Units and Common Areas	35/185	123/588	\$158/773
9.04.110	I/M Other Smoking Requirements and Prohibitions	35/185	123/588	\$158/773
9.12.020	M Discharge Into San Rafael Canal and Tributaries	185	588	\$773
9.12.030	I/M Deposit/Maintenance of Offensive Substances	35/185	123/588	\$158/773
9.12.034	I/M Littering in Public Places	35/185	123/588	\$158/773
9.12.036	I/M Merchant's Duty to Keep Sidewalks Free of Litter	35/185	123/588	\$158/773
9.12.040	I/M Maintenance of Weeds/Deleterious Growth Prohibited	35/185	123/588	\$158/773
9.19.050	I/M Dumping/Burying of Solid Waste Prohibited	35/185	123/588	\$158/773
9.19.060	I/M Accumulation of Solid Waste Prohibited	35/185	123/588	\$158/773
9.19.070	I/M Burning of Solid Waste Prohibited	35/185	123/588	\$158/773
9.19.090	I/M Obligation of Disposal With Authorized Refuse Agent	35/185	123/588	\$158/773
9.19.100	I/M Unauthorized Removal of Recyclables	35/185	123/588	\$158/773

SAN RAFAEL CITY ORDINANCES – JANUARY 2018
BAIL SCHEDULE

SECTION	OFFENSE	BASE FINE	PENALTY ASSESSMENTS & SURCHARGES	* TOTAL BAIL
9.19.180	I/M Tampering With Sidewalk Containers/Recyclables	35/185	123/588	\$158/773
9.19.190	I/M Weekly Garbage Service Required	35/185	123/588	\$158/773
9.20.020	M Dumping of Pollutants Into Water Pollution Control System Prohibited	185	588	\$773
9.22.050	I/M Refusal to Pay Household Hazardous Waste Fee, or Falsification of Household Hazardous Waste	35/185	123/588	\$158/773
9.23.050	I/M Falsification of Conditionally Exempt Small Quantity Generator Waste	35/185	123/588	\$158/773
9.30.060	I/M Discharge of Pollutants Prohibited	35/185	123/588	\$158/773
9.30.090	I/M Illicit Connection and Discharge to Storm Drains Prohibited	35/185	123/588	\$158/773
9.30.90-110	I/M Littering	35/185	123/588	\$158/773
9.30.120	I/M Maintenance of Sidewalks	35/185	123/588	\$158/773
9.30.190	I/M Watercourses - Prohibited Actions	35/185	123/588	\$158/773
10.04.210	I/M Business License Required	35/185	123/588	\$158/773
10.48.030	I/M Peddling in Building Where No Peddling Sign is Posted	35/185	123/588	\$158/773
10.48.040	I/M Peddling Without Permit	35/185	123/588	\$158/773
10.48.120	I/M Peddling From Fixed Location on Public Property Prohibited	35/185	123/588	\$158/773
10.48.130C	I/M Peddling in Manner Which Interferes With Pedestrians or Vehicles	35/185	123/588	\$158/773
10.48.140	I/M Peddling after 7:00PM or 1/2 Hour After Sunset, and Before 8:00 AM	35/185	123/588	\$158/773
10.48.150A	I/M Peddling With Required Identification Card in Plain Sight	35/185	123/588	\$158/773
10.48.150B	I/M Peddling From Motor Vehicle/Mobile Unit Without Required Identification Emblem	35/185	123/588	\$158/773
10.48.160	I/M Garbage Disposal by Peddlers on Public or Private Property	35/185	123/588	\$158/773
10.48.180A1, A2, A3, B, C	I/M Parking and Stopping Restrictions for Peddling From Motor Vehicle/Mobile Units	35/185	123/588	\$158/773
10.60.020-110	I/M Taxicab Regulations	35/185	123/588	\$158/773
10.90.020-110	I/M Massage Therapy Regulations	35/185	123/588	\$158/773
10.92.020	I/M Prohibition on Polystyrene Foam Disposable Food Packaging by Retail Food Vendors	35/185	123/588	\$158/773
11.04.030.010	I/M Encroachment Permit Required	35/185	123/588	\$158/773
11.12.050	I/M Injury to/Removal of Street Tree	35/185	123/588	\$158/773
12.12.010	I/M California Building Code Violations	35/185	123/588	\$158/773

SAN RAFAEL CITY ORDINANCES – JANUARY 2018
BAIL SCHEDULE

SECTION	OFFENSE	BASE FINE	PENALTY ASSESSMENTS & SURCHARGES	* TOTAL BAIL
12.13.010	I/M California Residential Code Violations	35/185	123/588	\$158/773
12.14.010	I/M California Mechanical Code Violations	35/185	123/588	\$158/773
12.16.010	I/M California Plumbing Code Violations	35/185	123/588	\$158/773
12.20.010	I/M California Electric Code Violations	35/185	123/588	\$158/773
12.21.010	I/M Property Maintenance Code Violations	35/185	123/588	\$158/773
12.22.010	I/M California Existing Building Code Violations	35/185	123/588	\$158/773
12.23.010	I/M California Green Building Standards Code Violations	35/185	123/588	\$158/773
12.46.030	I/M Diversion of Construction & Demolition Debris from Landfill	35/185	123/588	\$158/773
14.04.020	I/M Second Dwelling Unit Without Use Permit	35/185	123/588	\$158/773
14.16.020	I/M Accessory Structures	35/185	123/588	\$158/773
14.16.140	I/M Fences - Heights / Locations / Materials	35/185	123/588	\$158/773
14.16.220	I/M Home Occupation Ordinance	35/185	123/588	\$158/773
14.16.250	I/M Motor Vehicle Maintenance & Storage in Residential Districts	35/185	123/588	\$158/773
14.17.020	I/M Animal Keeping	35/185	123/588	\$158/773
14.18.190	I/M RV Parking in Residential Districts	35/185	123/588	\$158/773
14.19.041	I/M Sign Permit Requirement	35/185	123/588	\$158/773
14.19.053	I/M Location, Placement and Design of Signs	35/185	123/588	\$158/773
14.19.070	I/M Temporary Sign Standards	35/185	123/588	\$158/773
14.19.080	I/M Prohibited Signs	35/185	123/588	\$158/773
17.10.030	I/M Prohibitions on Dumping, Excavating, Construction, in Designated (a)-(c) Tidelands	35/185	123/588	\$158/773
17.20.050	M Anchoring and Mooring Prohibited	185	588	\$773
17.20.060	M Obstructions in Waters and Sunken Vessels	185	588	\$773
17.20.070	M Dangerous and Disabled Vessels	185	588	\$773
17.30.010	I/M Vessel Speed Restrictions	35/185	123/588	\$158/773
17.40.030	I/M Dock Safety and Maintenance Standards for Vessels in Marinas and (a)-(h) Private Docks	35/185	123/588	\$158/773
17.40.040	I/M Sanitation Equipment and Standards for Vessels, Marinas and Private Docks	35/185	123/588	\$158/773
19.10.060	I/M Open Space Regulations	35/185	123/588	\$158/773

* A \$40 court operations fee and a conviction assessment (\$35/infraction and \$30/misdemeanor) are collected for each offense.



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Finance Department

Prepared by: Nadine Hade
Finance Director

City Manager Approval: _____

A handwritten signature in black ink, appearing to be 'AS', written over a horizontal line.

TOPIC: QUARTERLY INVESTMENT REPORT

SUBJECT: ACCEPTANCE OF CITY OF SAN RAFAEL QUARTERLY INVESTMENT REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2018

RECOMMENDATION: Accept investment report for the quarter ending September 30, 2018, as presented.

BACKGROUND: Pursuant to the State of California Government Code Section 53601, and the City's investment policy, last approved by the City Council on June 18, 2018, staff provides the City Council a quarterly report on the City's investment activities and liquidity. Included in the report are the cost of each investment, the interest rates (yield), maturity dates, and market value. Separate reports are prepared for the City and the Successor Agency to San Rafael Redevelopment Agency.

The City invests a portion of its pooled funds in the Local Agency Investment Fund (LAIF), a State-run investment pool. Beginning in March 2014, the City incorporated an investment strategy that added purchases of securities outside of LAIF with the assistance of its investment advisor, Insight Investment.

In addition to operational funds the City manages, the City is also directing the investment of funds held by a Trustee for the Essential Public Safety Facilities. As of September 30, 2018, the balance was \$50,182,304 and the portfolio had a yield of 2.14 percent.

ANALYSIS: As of June 30, 2018, the primary LAIF account had a balance of \$4,437,136. The other LAIF account holding housing funds for future administrative expenses contained \$147,475. Portfolio returns on LAIF deposits were 2.05% for the quarter. The remaining investment assets included the \$1,387,200 balance of Pt. San Pedro Assessment District bonds, and \$23,255,920 in government agency securities and corporate bonds (including US Bancorp, Pepsico Inc., Berkshire Hathaway Inc., Toyota Motor Credit Corp., and Caterpillar Financial Services). The overall total portfolio returns for the quarter ended September 30, 2018 were 1.80%.

The City's Westamerica account had a balance of \$13,643,362 at quarter end.

FOR CITY CLERK ONLY

Council Meeting:

Disposition:

Exhibit A is composed of four parts: (1) Quarterly Investment Portfolio Report; (2) Historical Activity By Quarter summarizing the City's investments; (3) the three monthly investment reports from Insight Investment for the quarter; and (4) the two CAMP Lease Revenue Bonds Series 2018 Project Fund Account 7023-001 and Capitalized Interest Account 7023-002 for the month ending September 2018.

FISCAL IMPACT: No financial impact occurs by adopting the report. The City continues to meet the priority principles of investing - safety, liquidity and yield in respective order. The portfolio remains conservatively invested. Sufficient liquidity exists to meet daily operating and capital project requirements for the next six months. Operating funds, as defined for this report, exclude cash held with fiscal agents for the payment of bond principal and interest.

RECOMMENDATION: Accept investment report for the quarter ending September 30, 2018, as presented.

ATTACHMENTS:

1. Quarterly Investment Portfolio Report
2. Historical Activity by Quarter Report
3. Insight Investment Statements, July through September 2018
4. CAMP Lease Revenue Bonds Series 2018 Project Fund & Capitalize Interest Statements for the Month Ending September 30, 2018

I CERTIFY THAT ALL INVESTMENTS MADE ARE IN CONFORMANCE WITH THE CITY'S APPROVED INVESTMENT POLICY AND STATE INVESTMENT REGULATIONS. THE CITY HAS SUFFICIENT LIQUIDITY TO MEET ALL OF THE OBLIGATIONS REQUIRED DURING THE NEXT SIX-MONTH PERIOD.

NADINE HADE
FINANCE DIRECTOR

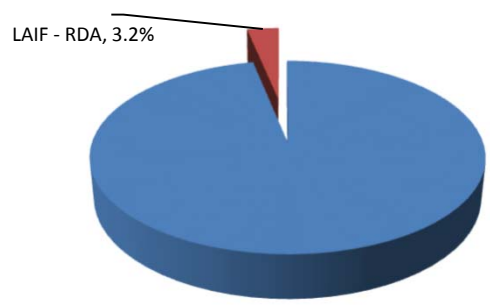
City of Rafael

Quarterly Investment Portfolio Report

September 30, 2018

Internally Managed Assets	%	Return
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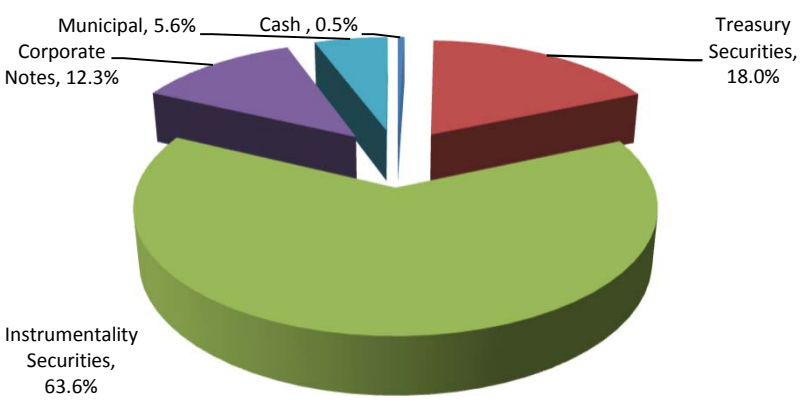
LAIF	\$ 4,437,136	96.8%	2.05%
LAIF - RDA	\$ 147,475	3.2%	2.05%
Total Internally Managed	\$ 4,584,611	15.7%	



Weighted Average Yield	2.05%
Effective Average Duration - Internal	1
Weighted Average Maturity - Internal	1

Externally Managed Assets	%	Return
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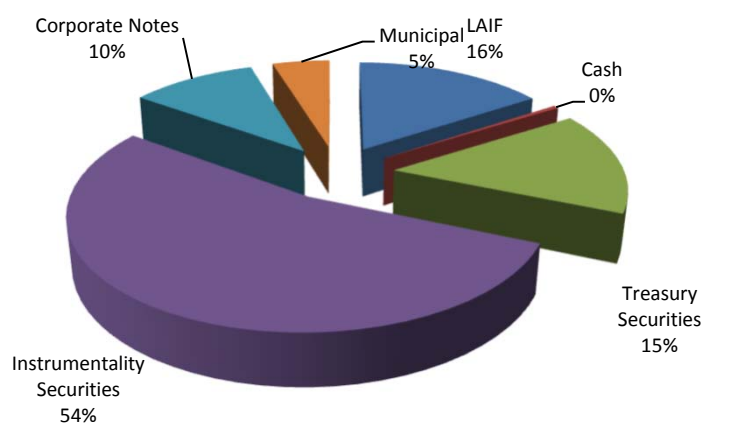
Cash	\$ 129,216	0.5%	0.00%
Treasury Securities	\$ 4,432,186	18.0%	1.61%
Instrumentality Securities	\$ 15,662,144	63.6%	1.48%
Corporate Notes	\$ 3,032,374	12.3%	1.88%
Municipal	\$ 1,387,200	5.6%	5.25%
Total Externally Managed	\$ 24,643,120	84.3%	



Weighted Average Yield	1.76%
Effective Average Duration - External	1.51
Weighted Average Maturity - External	1.74

Total Portfolio Assets	%	Return
------------------------	---	--------

LAIF	\$ 4,584,611	15.7%	2.05%
Cash	\$ 129,216	0.4%	0.00%
Treasury Securities	\$ 4,432,186	15.2%	1.61%
Instrumentality Securities	\$ 15,662,144	53.6%	1.48%
Corporate Notes	\$ 3,032,374	10.4%	1.88%
Municipal	\$ 1,387,200	4.7%	5.25%
Total Portfolio Assets	\$ 29,227,731		



Weighted Average Yield	1.80%
Effective Average Duration - Total	1.27
Weighted Average Maturity - Total	1.47

Based on Market Values

City of San Rafael Historical Activity-By Quarter

	September 30, 2018			June 30, 2018			March 31, 2018			December 31, 2017			September 30, 2017		
		%	Return		%	Return		%	Return		%	Return		%	Return
Internally Managed Assets															
LAIF	\$ 4,437,136	96.8%	2.05%	\$ 19,345,352	99.2%	1.85%	\$ 19,257,368	99.2%	1.43%	\$ 24,197,411	99.4%	1.18%	\$ 26,120,827	99.4%	1.08%
LAIF - Housing	\$ 147,475	3.2%	2.05%	\$ 146,778	0.8%	1.85%	\$ 146,234	0.8%	1.43%	\$ 145,792	0.6%	1.18%	\$ 145,398	0.6%	1.08%
Total Internally Managed	\$ 4,584,611	15.7%		\$ 19,492,130	44.2%		\$ 19,403,602	44.1%		\$ 24,343,203	49.8%		\$ 26,266,225	51.7%	
Weighted Average Yield		2.05%			1.85%			1.43%			1.18%			1.08%	
Externally Managed Assets															
Cash	\$ 129,216	0.5%	0.00%	\$ 170,357	11.7%	0.00%	\$ 115,317	0.5%	0.00%	\$ 95,875	0.4%	0.00%	\$ 132,133	0.5%	0.00%
Commercial Paper	\$ -	0.0%	0.00%	\$ -	0.0%	0.00%	\$ -	0.0%	0.00%	\$ -	0.0%	0.00%	\$ -	0.0%	0.00%
Treasury Securities	\$ 4,432,186	18.0%	1.61%	\$ 4,434,357	18.0%	1.61%	\$ 4,439,353	18.1%	1.61%	\$ 4,465,904	18.2%	1.33%	\$ 4,390,921	17.9%	1.21%
Instrumentality Securities	\$ 15,662,144	63.6%	1.48%	\$ 15,515,087	63.0%	1.41%	\$ 15,006,092	61.1%	1.38%	\$ 14,476,033	59.0%	1.28%	\$ 14,554,167	59.2%	1.17%
Corporate Notes	\$ 3,032,374	12.3%	1.88%	\$ 3,034,526	12.3%	1.35%	\$ 3,529,912	14.4%	1.32%	\$ 4,040,998	16.5%	1.34%	\$ 4,053,171	16.5%	1.34%
Municipal/Assessment District	\$ 1,387,200	5.6%	5.25%	\$ 1,455,700	5.9%	5.25%	\$ 1,455,700	5.9%	5.25%	\$ 1,455,700	5.9%	5.25%	\$ 1,455,700	5.9%	5.25%
Total Externally Managed	\$ 24,643,120	84.3%		\$ 24,610,027	55.8%		\$ 24,546,375	55.9%		\$ 24,534,510	50.2%		\$ 24,586,091	48.3%	
Weighted Average Yield		1.76%			1.66%			1.64%			1.53%			1.44%	
		Years			Years			Years			Years			Years	
Effective Average Duration - External		1.51			1.68			1.91			2.00			1.98	
Weighted Average Maturity - External		1.74			1.96			2.20			2.31			2.37	
Total Portfolio Assets															
LAIF	\$ 4,584,611	15.7%	2.05%	\$ 19,492,130	44.2%	1.85%	\$ 19,403,602	44.1%	1.43%	\$ 24,343,203	49.8%	1.18%	\$ 26,266,225	51.7%	1.08%
Cash	\$ 129,216	0.4%	0.00%	\$ 170,357	0.4%	0.00%	\$ 115,317	0.3%	0.00%	\$ 95,875	0.2%	0.00%	\$ 132,133	0.3%	0.00%
Treasury Securities	\$ 4,432,186	15.2%	1.61%	\$ 4,434,357	10.1%	0.00%	\$ 4,439,353	10.1%	1.61%	\$ 4,465,904	9.1%	1.33%	\$ 4,390,921	8.6%	1.21%
Instrumentality Securities	\$ 15,662,144	53.6%	1.48%	\$ 15,515,087	35.2%	1.61%	\$ 15,006,092	34.1%	1.38%	\$ 14,476,033	29.6%	1.28%	\$ 14,554,167	28.6%	1.17%
Corporate Notes	\$ 3,032,374	10.4%	1.88%	\$ 3,034,526	6.9%	1.41%	\$ 3,529,912	8.0%	1.32%	\$ 4,040,998	8.3%	1.34%	\$ 4,053,171	8.0%	1.34%
Municipal/Assessment District	\$ 1,387,200	4.7%	5.25%	\$ 1,455,700	3.3%	1.35%	\$ 1,455,700	3.3%	5.25%	\$ 1,455,700	3.0%	5.25%	\$ 1,455,700	2.9%	5.25%
Total Portfolio Assets	\$ 29,227,731			\$ 44,102,157			\$ 43,949,978			\$ 48,877,713			\$ 50,852,316		
Weighted Average Yield		1.80%			1.74%			1.55%			1.36%			1.25%	
		Years			Years			Years			Years			Years	
Effective Average Duration - Total		1.27			0.94			1.07			1.01			0.96	
Weighted Average Maturity - Total		1.47			1.09			1.23			1.16			1.15	

Performance Recap

- The weighted average quarterly portfolio yield increased from 1.74% to 1.80% during the past quarter. The yield has increased over the past year, from 1.25% in the quarter ended June 30, 2017 to 1.80% in the most recent quarter. This trend is reflective of the general increase in interest rates that occurred throughout the year.
- The effective average duration has increased, from .94 to 1.27 years since last quarter due to a reduction in cash. However, the City is still shortening its investments in preparation of higher interest rates.
- The total portfolio assets decreased by approximately \$15 million during the quarter. This is due to the spending down of funds while we await a drawdown of bond proceeds related to the Essential Facilities Project scheduled for October and property tax receipts expected in late December.

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SAN RAFAEL

July 2018

Part of  BNY MELLON

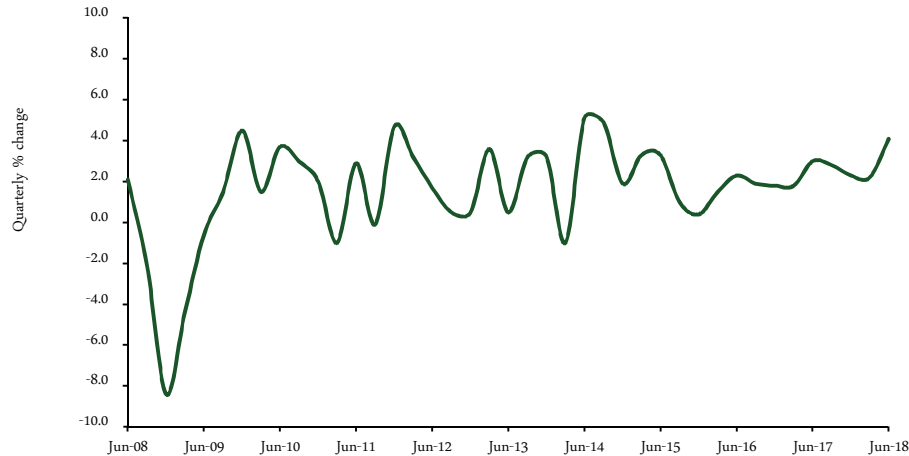


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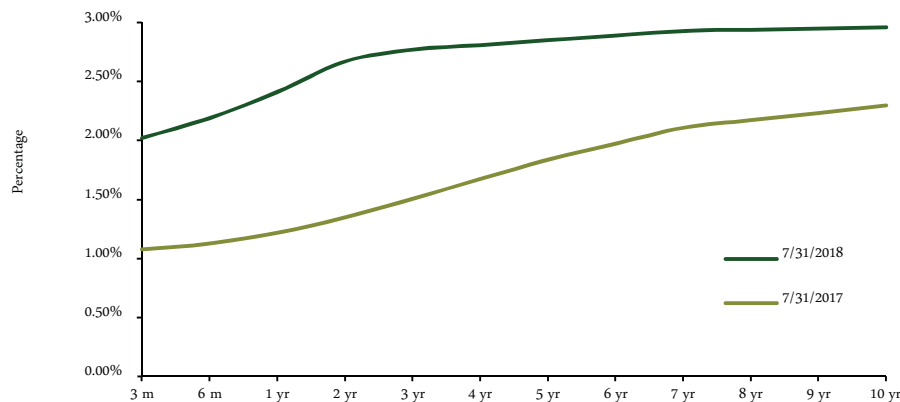
As of July 31, 2018

Chart 1: Gross Domestic Product: 6/30/2008—6/30/2018



Source: Bloomberg Finance LP, July 21, 2018.

Chart 2: Treasury yield curve: 7/31/2017 and 7/31/2018



Source: Bloomberg Finance LP, July 31, 2018.

Economic Indicators and Monetary Policy

The economic backdrop in the US continues to be one of robust growth and the Federal Reserve remains on track to gradually tighten monetary policy further. Some easing in global trade tensions followed a meeting between President Trump and representatives from the European Union in July and US 10-year Treasury yields have increased back towards the 3% level. Moves above this level could be met by demand from US pension funds.

The employment report released on July 6 showed employers hired 213,000 workers in June, better than expectations for 195,000 jobs added and job gains for May were revised upward to 244,000 from 223,000. The unemployment rate and the underemployment rate each increased 0.2% to 4.0% and 7.8% respectively. The Labor Force Participation Rate increased to 62.9% in June from 62.7% as more workers entered the labor force. Average hourly earnings were unchanged at 2.7% year-over-year in June, less than expectations for 2.8% growth.

The Consumer Price Index (CPI) data released on July 12 increased 0.1% at the headline level and 0.2% excluding food and energy in June. Year-over-year, the CPI was 2.9% including food and energy and the core CPI was 2.3%. On July 11, the Producer Price Index (PPI) data was released. The headline and core readings each increased 0.3% in June and year-over-year the PPI rose 3.4% at the headline level and 2.8% at the core level excluding food and energy.

On July 27, the first estimate of second quarter Gross Domestic Product (GDP) was released showing 4.1% growth, the fastest since 2014. The GDP reading was less than forecasts for 4.2% growth and higher than the first quarter reading of 2.2%. Personal consumption, net exports and business investment contributed to the strong GDP estimate for second quarter activity while decreases in inventories were a drag on the GDP estimate, subtracting 1% from growth. (See Chart 1).

Interest Rate Summary

At the end of July, the 3-month US Treasury bill yielded 2.02%, the 6-month US Treasury bill yielded 2.19%, the 2-year US Treasury note yielded 2.67%, the 5-year US Treasury note yielded 2.85% and the 10-year US Treasury note yielded 2.96%. (See Chart 2).

ACTIVITY AND PERFORMANCE SUMMARY

For the period July 1, 2018 - July 31, 2018

Amortized Cost Basis Activity Summary

Opening balance		24,882,987.52
Income received	36,851.17	
Total receipts		36,851.17
Expenses paid	(144.71)	
Total disbursements		(144.71)
Interportfolio transfers	0.00	
Total Interportfolio transfers		0.00
Realized gain (loss)		0.00
Total amortization expense		(3,894.90)
Total OID/MKT accretion income		2,344.31
Return of capital		0.00
Closing balance		24,918,143.39
Ending fair value		24,641,927.41
Unrealized gain (loss)		(276,215.98)

Detail of Amortized Cost Basis Return

	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Cash and Cash Equivalents	188.67	0.00	0.00	188.67
Corporate Bonds	4,520.82	(930.40)	0.00	3,590.42
Government Agencies	20,255.38	(1,116.15)	0.00	19,139.23
Government Bonds	5,641.13	495.96	0.00	6,137.09
Municipal/Provincial Bonds	6,580.98	0.00	0.00	6,580.98
Total	37,186.98	(1,550.59)	0.00	35,636.39

Comparative Rates of Return (%)

	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	1.45	0.83	0.16
Overnight Repo	1.45	0.85	0.16
Merrill Lynch 3m US Treas Bill	1.46	0.88	0.16
Merrill Lynch 6m US Treas Bill	1.60	0.95	0.18
ML 1 Year US Treasury Note	1.84	1.08	0.20
ML 2 Year US Treasury Note	2.05	1.19	0.22
ML 5 Year US Treasury Note	2.37	1.34	0.23

* rates reflected are cumulative

Summary of Amortized Cost Basis Return for the Period

	Total portfolio
Interest earned	37,186.98
Accretion (amortization)	(1,550.59)
Realized gain (loss) on sales	0.00
Total income on portfolio	35,636.39
Average daily amortized cost	24,897,402.01
Period return (%)	0.14
YTD return (%)	0.97
Weighted average final maturity in days	684

ACTIVITY AND PERFORMANCE SUMMARY

For the period July 1, 2018 - July 31, 2018

<u>Fair Value Basis Activity Summary</u>		
Opening balance		24,610,026.50
Income received	36,851.17	
Total receipts		36,851.17
Expenses paid	(144.71)	
Total disbursements		(144.71)
Interportfolio transfers	0.00	
Total Interportfolio transfers		0.00
Unrealized gain (loss) on security movements		0.00
Return of capital		0.00
Change in fair value for the period		(4,805.55)
Ending fair value		24,641,927.41

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Cash and Cash Equivalents	188.67	0.00	188.67
Corporate Bonds	4,520.82	681.50	5,202.32
Government Agencies	20,255.38	(2,770.40)	17,484.98
Government Bonds	5,641.13	(2,716.65)	2,924.48
Municipal/Provincial Bonds	6,580.98	0.00	6,580.98
Total	37,186.98	(4,805.55)	32,381.43

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	1.45	0.83	0.16
Overnight Repo	1.45	0.85	0.16
ICE ML 3m US Treas Bill	1.43	0.85	0.16
ICE ML 6m US Treas Bill	1.46	0.86	0.17
ICE ML 1 Year US Treasury Note	0.92	0.73	0.13
ICE ML US Treasury 1-3	(0.14)	0.38	0.00
ICE ML US Treasury 1-5	(0.72)	0.23	(0.09)

* rates reflected are cumulative

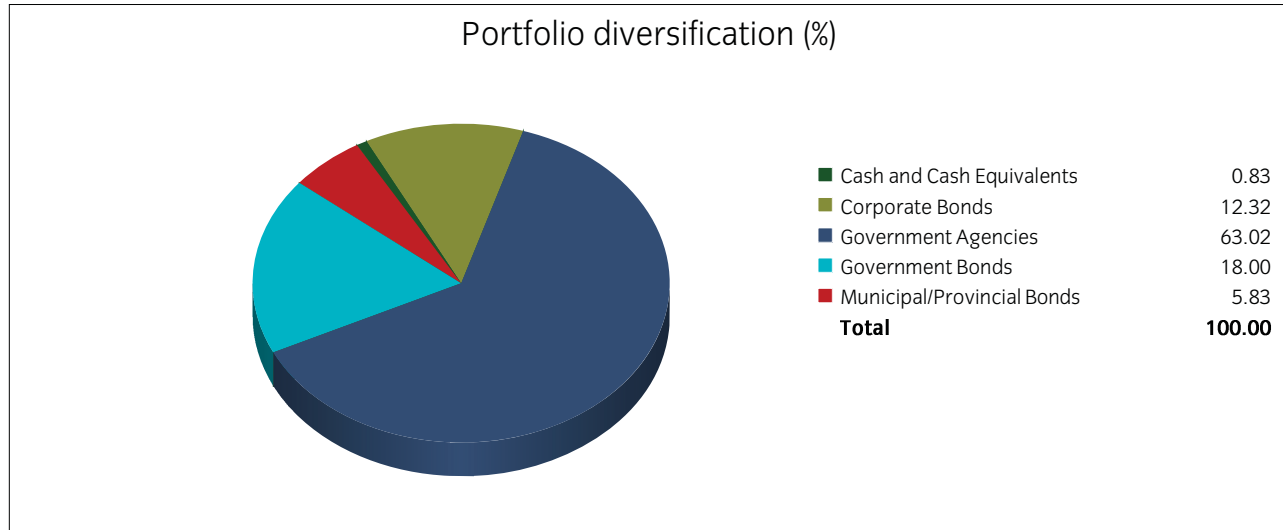
<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	37,186.98
Change in fair value	(4,805.55)
Total income on portfolio	32,381.43
Average daily total value *	24,742,557.05
Period return (%)	0.13
YTD return (%)	0.63
Weighted average final maturity in days	684

* Total value equals market value and accrued interest

RECAP OF SECURITIES HELD

As of July 31, 2018

	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Weighted average final maturity (days)	Percent of portfolio	Weighted average effective duration (years)
Cash and Cash Equivalents	207,063.26	207,063.26	207,063.26	0.00	1	0.83	0.00
Corporate Bonds	3,073,451.50	3,055,285.32	3,035,207.45	(20,077.87)	199	12.32	0.53
Government Agencies	15,728,410.14	15,705,608.26	15,512,316.40	(193,291.86)	422	63.02	1.13
Government Bonds	4,491,687.51	4,494,486.55	4,431,640.30	(62,846.25)	516	18.00	1.38
Municipal/Provincial Bonds	1,455,700.00	1,455,700.00	1,455,700.00	0.00	5,147	5.83	9.69
Total	24,956,312.41	24,918,143.39	24,641,927.41	(276,215.98)	684	100.00	1.59

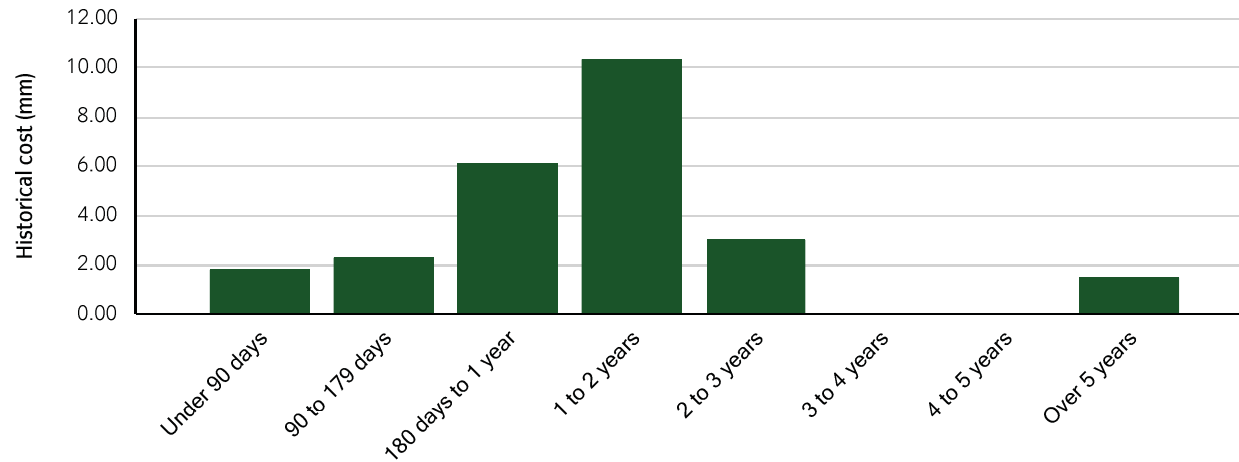


MATURITY DISTRIBUTION OF SECURITIES HELD

As of July 31, 2018

Maturity	Historic cost	Percent
Under 90 days	1,763,266.76	7.07
90 to 179 days	2,262,203.75	9.07
180 days to 1 year	6,127,276.00	24.55
1 to 2 years	10,339,523.71	41.43
2 to 3 years	3,008,342.19	12.05
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	1,455,700.00	5.83
	24,956,312.41	100.00

Maturity distribution



SECURITIES HELD

As of July 31, 2018

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Cash and Cash Equivalents											
Cash and Cash Equivalents	0.000		207,063.26	207,063.26 0.00	207,063.26 0.00	207,063.26 0.00	0.00	0.00	0.00	0.00	0.83
Total Cash and Cash Equivalents			207,063.26	207,063.26 0.00	207,063.26 0.00	207,063.26 0.00	0.00	0.00	0.00	0.00	0.83
Corporate Bonds											
084670BX5 BERKSHIRE HATHAWAY INC 1.15% 15AUG2018	1.150	08/15/2018	500,000.00	500,355.00 0.00	500,007.34 (14.69)	499,755.50 426.50	(251.84)	0.00	495.14	2,651.39	2.00
25468PDD5 WALT DISNEY COMPANY/THE 1.5% 17SEP2018	1.500	09/17/2018	550,000.00	555,351.50 0.00	550,347.40 (221.75)	549,416.45 555.50	(930.95)	0.00	710.41	3,070.83	2.23
91159HHE3 US BANCORP 1.95% 15NOV2018 (CALLABLE 15OCT18)	1.950	11/15/2018 10/15/2018	500,000.00	509,425.00 0.00	501,209.81 (345.66)	499,217.00 277.00	(1,992.81)	0.00	839.58	2,058.33	2.04
713448CK2 PEPSICO INC 2.25% 07JAN2019 (CALLABLE 07DEC18)	2.250	01/07/2019 12/07/2018	500,000.00	505,530.00 0.00	501,325.51 (253.28)	499,471.50 280.50	(1,854.01)	5,625.00	968.75	750.00	2.03
14912L6R7 CATERPILLAR FINL SERVICE 1.35% 18MAY2019	1.350	05/18/2019	500,000.00	498,245.00 0.00	499,459.42 56.31	494,945.00 720.00	(4,514.42)	0.00	581.25	1,368.75	2.00
89236TCF0 TOYOTA MOTOR CREDIT CORP 2.15% 12MAR2020	2.150	03/12/2020	500,000.00	504,545.00 0.00	502,935.84 (151.33)	492,402.00 (1,578.00)	(10,533.84)	0.00	925.69	4,150.69	2.02
Total Corporate Bonds			3,050,000.00	3,073,451.50 0.00	3,055,285.32 (930.40)	3,035,207.45 681.50	(20,077.87)	5,625.00	4,520.82	14,049.99	12.32

SECURITIES HELD

As of July 31, 2018

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Agencies											
3133EGFQ3 FEDERAL FARM CREDIT BANK 0.875% 14SEP2018	0.875	09/14/2018	500,000.00	500,497.00 0.00	500,027.06 (18.46)	499,290.00 385.00	(737.06)	0.00	376.74	1,664.93	2.01
3133EGM69 FEDERAL FARM CREDIT BANK 1.1% 05DEC2018	1.100	12/05/2018	1,250,000.00	1,247,248.75 0.00	1,249,523.01 114.47	1,245,175.00 1,012.50	(4,348.01)	0.00	1,184.03	2,138.89	5.00
3135G0H63 FANNIE MAE 1.375% 28JAN2019	1.375	01/28/2019	1,000,000.00	1,012,490.00 0.00	1,002,495.20 (420.54)	995,556.00 487.00	(6,939.20)	6,875.00	1,184.02	114.58	4.06
3133782M2 FEDERAL HOME LOAN BANK 1.5% 08MAR2019	1.500	03/08/2019	1,000,000.00	1,014,124.28 0.00	1,003,307.30 (455.13)	995,420.00 470.00	(7,887.30)	0.00	1,291.66	5,958.33	4.06
3133X72S2 FEDERAL HOME LOAN BANK 5.375% 15MAY2019	5.375	05/15/2019	500,000.00	515,625.00 0.00	511,906.75 (1,253.34)	511,620.00 (1,275.00)	(286.75)	0.00	2,314.23	5,673.61	2.07
313379EE5 FEDERAL HOME LOAN BANK 1.625% 14JUN2019	1.625	06/14/2019	1,000,000.00	993,180.00 0.00	995,314.05 447.70	993,120.00 378.00	(2,194.05)	0.00	1,399.31	2,121.53	3.98
3135G0L76 FANNIE MAE 1.075% 11JUL2019 (CALLABLE 11OCT18)	1.075	07/11/2019 10/11/2018	600,000.00	599,100.00 0.00	599,695.84 26.76	592,410.00 330.00	(7,285.84)	3,225.00	555.41	358.33	2.40
3133EGSCO FEDERAL FARM CREDIT BANK 1% 26AUG2019	1.000	08/26/2019	1,000,000.00	1,000,610.00 0.00	1,000,217.21 (16.89)	984,170.00 110.00	(16,047.21)	0.00	861.12	4,305.56	4.01
313380FB8 FEDERAL HOME LOAN BANK 1.375% 13SEP2019	1.375	09/13/2019	1,000,000.00	1,011,510.00 0.00	1,004,351.34 (323.92)	987,500.00 (530.00)	(16,851.34)	0.00	1,184.02	5,270.83	4.05
3134G3M49 FREDDIE MAC 1.5% 26SEP2019 CALLABLE	1.500	09/26/2019	1,000,000.00	1,001,001.00 0.00	1,000,524.45 (37.82)	987,840.00 1,390.00	(12,684.45)	0.00	1,291.66	5,208.33	4.01

SECURITIES HELD

As of July 31, 2018

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Agencies											
3137EADM8 FREDDIE MAC 1.25% 02OCT2019	1.250	10/02/2019	1,000,000.00	993,010.00 0.00	995,786.03 299.57	985,195.00 389.00	(10,591.03)	0.00	1,076.38	4,131.94	3.98
3135G0R39 FANNIE MAE 1% 24OCT2019	1.000	10/24/2019	600,000.00	589,095.11 0.00	592,387.15 514.38	588,425.40 (152.40)	(3,961.75)	0.00	516.67	1,616.67	2.36
3130ABCH7 FEDERAL HOME LOAN BANK 1.5% 04NOV2019	1.500	11/04/2019	750,000.00	750,030.00 0.00	750,015.95 (1.05)	739,665.00 (502.50)	(10,350.95)	0.00	968.75	2,718.75	3.01
3133ECEY6 FEDERAL FARM CREDIT BANK 1.45% 11FEB2020	1.450	02/11/2020	1,000,000.00	1,003,130.00 0.00	1,001,476.57 (80.39)	982,600.00 (380.00)	(18,876.57)	0.00	1,248.61	6,847.22	4.02
3134G3K58 FREDDIE MAC 1.5% 19MAR2020 CALLABLE	1.500	03/19/2020	500,000.00	498,289.00 0.00	499,020.62 49.88	490,835.00 (80.00)	(8,185.62)	0.00	645.83	2,750.00	2.00
313383HU8 FEDERAL HOME LOAN BANK 1.75% 12JUN2020	1.750	06/12/2020	1,000,000.00	996,870.00 0.00	997,703.76 102.52	982,605.00 (1,122.00)	(15,098.76)	0.00	1,506.94	2,381.94	3.99
3133EHVX8 FEDERAL FARM CREDIT BANK 1.5% 24AUG2020	1.500	08/24/2020	1,000,000.00	999,190.00 0.00	999,433.08 22.86	974,950.00 (1,750.00)	(24,483.08)	0.00	1,291.67	6,541.67	4.00
3135G0RM7 FANNIE MAE 1.63% 30OCT2020 CALLABLE	1.630	10/30/2020	1,000,000.00	1,003,410.00 0.00	1,002,422.89 (86.75)	975,940.00 (1,930.00)	(26,482.89)	0.00	1,358.33	4,075.00	4.02
Total Government Agencies			15,700,000.00	15,728,410.14 0.00	15,705,608.26 (1,116.15)	15,512,316.40 (2,770.40)	(193,291.86)	10,100.00	20,255.38	63,878.11	63.02
Government Bonds											
912828WLO USA TREASURY 1.5% 31MAY2019	1.500	05/31/2019	500,000.00	501,230.47 0.00	500,458.41 (46.75)	496,367.00 136.50	(4,091.41)	0.00	635.25	1,250.00	2.01

SECURITIES HELD

As of July 31, 2018

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Bonds											
912828WS5 USA TREASURY 1.625% 30JUN2019	1.625	06/30/2019	1,000,000.00	993,281.25 0.00	995,410.92 425.94	992,617.00 (78.00)	(2,793.92)	8,125.00	1,368.89	1,368.89	3.98
912828TV2 USA TREASURY 1.25% 31OCT2019	1.250	10/31/2019	650,000.00	649,009.77 0.00	649,510.24 33.22	639,869.10 50.70	(9,641.14)	0.00	684.44	2,031.25	2.60
912828H52 USA TREASURY 1.25% 31JAN2020	1.250	01/31/2020	750,000.00	745,869.14 0.00	747,622.81 134.23	735,264.00 (380.25)	(12,358.81)	4,687.50	802.83	0.00	2.99
912828X96 USA TREASURY 1.5% 15MAY2020	1.500	05/15/2020	600,000.00	596,554.69 0.00	597,542.82 116.47	587,953.20 (843.60)	(9,589.62)	0.00	758.15	1,883.15	2.39
912828XM7 USA TREASURY 1.625% 31JUL2020	1.625	07/31/2020	1,000,000.00	1,005,742.19 0.00	1,003,941.35 (167.15)	979,570.00 (1,602.00)	(24,371.35)	8,125.00	1,391.57	0.00	4.03
Total Government Bonds			4,500,000.00	4,491,687.51 0.00	4,494,486.55 495.96	4,431,640.30 (2,716.65)	(62,846.25)	20,937.50	5,641.13	6,533.29	18.00
Municipal/Provincial Bonds											
888599LS4 PT. SAN ASSESS DISTRICT 5.25% 144A 02SEP2032 SANRAF\$01	5.250	09/02/2032	1,455,700.00	1,455,700.00 0.00	1,455,700.00 0.00	1,455,700.00 0.00	0.00	0.00	6,580.98	31,631.15	5.83
Total Municipal/Provincial Bonds			1,455,700.00	1,455,700.00 0.00	1,455,700.00 0.00	1,455,700.00 0.00	0.00	0.00	6,580.98	31,631.15	5.83
Grand total			24,912,763.26	24,956,312.41 0.00	24,918,143.39 (1,550.59)	24,641,927.41 (4,805.55)	(276,215.98)	36,662.50	36,998.31	116,092.54	100.00

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of July 31, 2018

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal Home Loan Banks												
3133782M2	FEDERAL HOME LOAN	1.500	03/08/2019		AA+	Aaa	1,000,000.00	1,014,124.28	4.06	995,420.00	4.04	0.59
3133X72S2	FEDERAL HOME LOAN	5.375	05/15/2019		AA+	Aaa	500,000.00	515,625.00	2.07	511,620.00	2.08	0.77
313379EE5	FEDERAL HOME LOAN	1.625	06/14/2019		AA+	Aaa	1,000,000.00	993,180.00	3.98	993,120.00	4.03	0.86
313380FB8	FEDERAL HOME LOAN	1.375	09/13/2019		AA+	Aaa	1,000,000.00	1,011,510.00	4.05	987,500.00	4.01	1.09
3130ABCH7	FEDERAL HOME LOAN	1.500	11/04/2019		AA+	Aaa	750,000.00	750,030.00	3.01	739,665.00	3.00	1.24
313383HU8	FEDERAL HOME LOAN	1.750	06/12/2020		AA+	Aaa	1,000,000.00	996,870.00	3.99	982,605.00	3.99	1.82
Issuer total							5,250,000.00	5,281,339.28	21.16	5,209,930.00	21.14	1.08
Federal Farm Credit Banks												
3133EGFQ3	FEDERAL FARM CREDIT	0.875	09/14/2018		AA+	Aaa	500,000.00	500,497.00	2.01	499,290.00	2.03	0.12
3133EGM69	FEDERAL FARM CREDIT	1.100	12/05/2018		AA+	Aaa	1,250,000.00	1,247,248.75	5.00	1,245,175.00	5.05	0.34
3133EGSCO	FEDERAL FARM CREDIT	1.000	08/26/2019		AA+	Aaa	1,000,000.00	1,000,610.00	4.01	984,170.00	3.99	1.05
3133ECEY6	FEDERAL FARM CREDIT	1.450	02/11/2020		AA+	Aaa	1,000,000.00	1,003,130.00	4.02	982,600.00	3.99	1.49
3133EHVX8	FEDERAL FARM CREDIT	1.500	08/24/2020		AA+	Aaa	1,000,000.00	999,190.00	4.00	974,950.00	3.96	2.01
Issuer total							4,750,000.00	4,750,675.75	19.04	4,686,185.00	19.02	1.06
United States Treasury Note/Bond												
912828WL0	USA TREASURY 1.5%	1.500	05/31/2019		AA+	Aaa	500,000.00	501,230.47	2.01	496,367.00	2.01	0.82
912828WS5	USA TREASURY 1.625%	1.625	06/30/2019		AA+	Aaa	1,000,000.00	993,281.25	3.98	992,617.00	4.03	0.90
912828TV2	USA TREASURY 1.25%	1.250	10/31/2019		AA+	Aaa	650,000.00	649,009.77	2.60	639,869.10	2.60	1.23
912828H52	USA TREASURY 1.25%	1.250	01/31/2020		AA+	Aaa	750,000.00	745,869.14	2.99	735,264.00	2.98	1.47
912828X96	USA TREASURY 1.5%	1.500	05/15/2020		AA+	Aaa	600,000.00	596,554.69	2.39	587,953.20	2.39	1.74
912828XM7	USA TREASURY 1.625%	1.625	07/31/2020		AA+	Aaa	1,000,000.00	1,005,742.19	4.03	979,570.00	3.98	1.95
Issuer total							4,500,000.00	4,491,687.51	18.00	4,431,640.30	17.98	1.38

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

SAN RAFAEL

As of July 31, 2018

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal National Mortgage Association												
3135G0H63	FANNIE MAE 1.375%	1.375	01/28/2019		AA+	Aaa	1,000,000.00	1,012,490.00	4.06	995,556.00	4.04	0.49
3135G0L76	FANNIE MAE 1.075%	1.075	07/11/2019	10/11/2018	AA+	Aaa	600,000.00	599,100.00	2.40	592,410.00	2.40	0.93
3135G0R39	FANNIE MAE 1%	1.000	10/24/2019		AA+	Aaa	600,000.00	589,095.11	2.36	588,425.40	2.39	1.21
3135G0RM7	FANNIE MAE 1.63%	1.630	10/30/2020		AA+	Aaa	1,000,000.00	1,003,410.00	4.02	975,940.00	3.96	2.18
Issuer total							3,200,000.00	3,204,095.11	12.84	3,152,331.40	12.79	1.23
Federal Home Loan Mortgage Corp												
3134G3M49	FREDDIE MAC 1.5%	1.500	09/26/2019		AA+	Aaa	1,000,000.00	1,001,001.00	4.01	987,840.00	4.01	1.13
3137EADM8	FREDDIE MAC 1.25%	1.250	10/02/2019		AA+	Aaa	1,000,000.00	993,010.00	3.98	985,195.00	4.00	1.15
3134G3K58	FREDDIE MAC 1.5%	1.500	03/19/2020		AA+	Aaa	500,000.00	498,289.00	2.00	490,835.00	1.99	1.59
Issuer total							2,500,000.00	2,492,300.00	9.99	2,463,870.00	10.00	1.23
Pt. San Assess District												
888599LS4	PT. SAN ASSESS	5.250	09/02/2032		NR	NR	1,455,700.00	1,455,700.00	5.83	1,455,700.00	5.91	9.69
Issuer total							1,455,700.00	1,455,700.00	5.83	1,455,700.00	5.91	9.69
Walt Disney Co/The												
25468PDD5	WALT DISNEY	1.500	09/17/2018		A+	A2	550,000.00	555,351.50	2.23	549,416.45	2.23	0.13
Issuer total							550,000.00	555,351.50	2.23	549,416.45	2.23	0.13
Berkshire Hathaway Inc												
084670BX5	BERKSHIRE HATHAWAY	1.150	08/15/2018		AA	Aa2	500,000.00	500,355.00	2.00	499,755.50	2.03	0.04
Issuer total							500,000.00	500,355.00	2.00	499,755.50	2.03	0.04
PepsiCo Inc												
713448CK2	PEPSICO INC 2.25%	2.250	01/07/2019	12/07/2018	A+	A1	500,000.00	505,530.00	2.03	499,471.50	2.03	0.43
Issuer total							500,000.00	505,530.00	2.03	499,471.50	2.03	0.43

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

SAN RAFAEL

As of July 31, 2018

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
US Bancorp												
91159HHE3	US BANCORP 1.95%	1.950	11/15/2018	10/15/2018	A+	A1	500,000.00	509,425.00	2.04	499,217.00	2.03	0.29
Issuer total							500,000.00	509,425.00	2.04	499,217.00	2.03	0.29
Caterpillar Financial Services Corp												
14912L6R7	CATERPILLAR FINL	1.350	05/18/2019		A	A3	500,000.00	498,245.00	2.00	494,945.00	2.01	0.78
Issuer total							500,000.00	498,245.00	2.00	494,945.00	2.01	0.78
Toyota Motor Credit Corp												
89236TCF0	TOYOTA MOTOR CREDIT	2.150	03/12/2020		AA-	Aa3	500,000.00	504,545.00	2.02	492,402.00	2.00	1.56
Issuer total							500,000.00	504,545.00	2.02	492,402.00	2.00	1.56
Cash and Cash Equivalents												
	INVESTED CASH	0.000					207,063.26	207,063.26	0.83	207,063.26	0.84	0.00
Issuer total							207,063.26	207,063.26	0.83	207,063.26	0.84	0.00
Grand total							24,912,763.26	24,956,312.41	100.00	24,641,927.41	100.00	1.59

TRANSACTION REPORT

For the period July 1, 2018 - July 31, 2018

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
06/30/2018 06/30/2018	912828W55	Income	Government Bonds	USA TREASURY 1.625%	06/30/2019	1,000,000.00	0.00	0.00	8,125.00	8,125.00
07/07/2018 07/07/2018	713448CK2	Income	Corporate Bonds	PEPSICO INC 2.25% 07JAN2019	01/07/2019	500,000.00	0.00	0.00	5,625.00	5,625.00
07/11/2018 07/11/2018	3135G0L76	Income	Government Agencies	FANNIE MAE 1.075% 11JUL2019	07/11/2019	600,000.00	0.00	0.00	3,225.00	3,225.00
07/28/2018 07/28/2018	3135G0H63	Income	Government Agencies	FANNIE MAE 1.375%	01/28/2019	1,000,000.00	0.00	0.00	6,875.00	6,875.00
07/31/2018 07/31/2018	912828H52	Income	Government Bonds	USA TREASURY 1.25%	01/31/2020	750,000.00	0.00	0.00	4,687.50	4,687.50
07/31/2018 07/31/2018	912828XM7	Income	Government Bonds	USA TREASURY 1.625%	07/31/2020	1,000,000.00	0.00	0.00	8,125.00	8,125.00
07/31/2018		Income	Cash and Cash Equivalents	Cash		0.00	0.00	0.00	188.67	188.67

ADDITIONAL INFORMATION

As of July 31, 2018

Past performance is not a guide to future performance. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes) and investors may not get back the amount invested. Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. The information contained herein is for your reference only and is being provided in response to your specific request and has been obtained from sources believed to be reliable; however, no representation is made regarding its accuracy or completeness. This document must not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or otherwise not permitted. This document should not be duplicated, amended, or forwarded to a third party without consent from Insight. This is a marketing document intended for professional clients only and should not be made available to or relied upon by retail clients.

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Where indicated, performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. INA charges management fees on all portfolios managed and these fees will reduce the returns on the portfolios. For example, assume that \$30 million is invested in an account with INA, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be \$38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. INA's investment advisory fees are discussed in Part 2A of its Form ADV.

Unless otherwise stated, the source of information is Insight. Any forecasts or opinions are Insights own at the date of this document (or as otherwise specified) and may change. Material in this publication is for general information only and is not advice, investment advice, or the recommendation of any purchase or sale of any security. Insight makes no implied or expressed recommendations concerning the manner in which an account should or would be handled, as appropriate investment strategies depend upon specific investment guidelines and objectives and should not be construed to be an assurance that any particular security in a strategy will remain in any fund, account, or strategy, or that a previously held security will not be repurchased. It should not be assumed that any of the security transactions or holdings referenced herein have been or will prove to be profitable or that future investment decisions will be profitable or will equal or exceed the past investment performance of the securities listed.

For trading activity the Clearing broker will be reflected. In certain cases the Clearing broker will differ from the Executing broker.

In calculating ratings distributions and weighted average portfolio quality, Insight assigns U.S Treasury and U.S agency securities a quality rating based on the methodology used within the respective benchmark index. When Moodys, S&P and Fitch rate a security, Bank of America and Merrill Lynch indexes assign a simple weighted average statistic while Barclays indexes assign the median statistic. Insight assigns all other securities the lower of Moodys and S&P ratings.

Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index and the indices represented do not take into account trading commissions and/or other brokerage or custodial costs. The volatility of the indices may be materially different from that of the strategy. In addition, the strategys holdings may differ substantially from the securities that comprise the indices shown.

The BofA Merrill Lynch 3 Mo US T-Bill index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income.

The BofA Merrill Lynch 6 Mo US T-Bill index measures the performance of Treasury bills with time to maturity of less than 6 months.

The BofA Merrill Lynch Current 1-Year US Treasury Index is a one-security index comprised of the most recently issued 1-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 1-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 3-Year US Treasury Index is a one-security index comprised of the most recently issued 3-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 3-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 5-Year US Treasury Index is a one-security index comprised of the most recently issued 5-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 5-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch 1-3 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

The BofA Merrill Lynch 1-5 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than five years.

Insight does not provide tax or legal advice to its clients and all investors are strongly urged to consult their tax and legal advisors regarding any potential strategy or investment.

ADDITIONAL INFORMATION

As of July 31, 2018

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SAN RAFAEL

August 2018

Part of  BNY MELLON

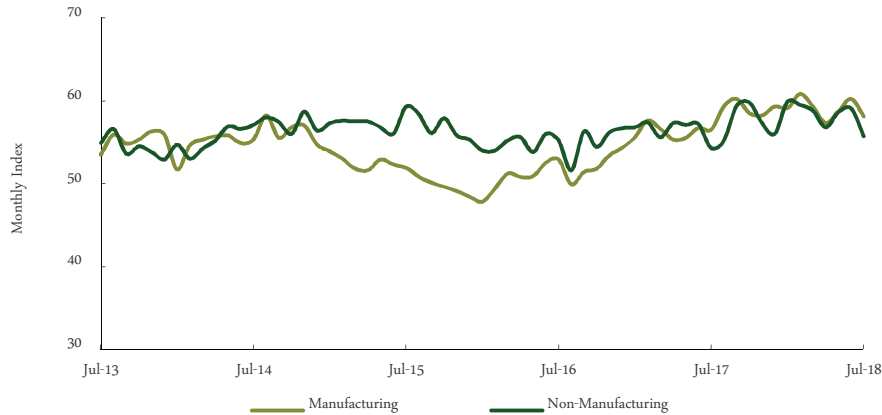


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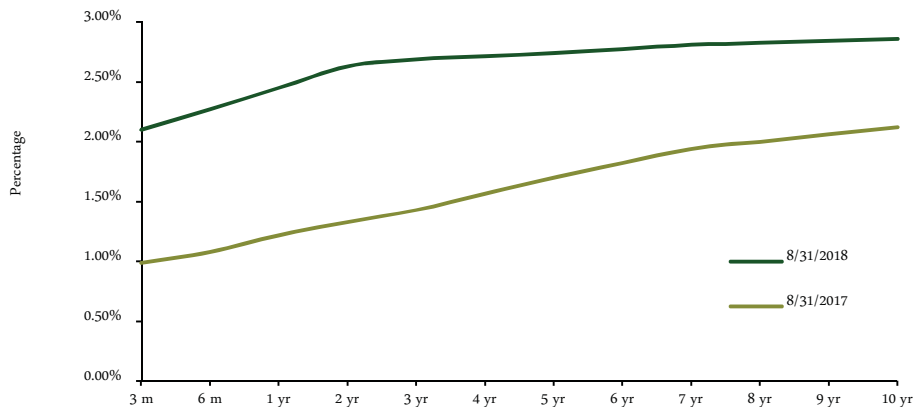
As of August 31, 2018

Chart 1: ISM Manufacturing & Non-Manufacturing Indices: 7/31/2013—7/31/2018



Source: Bloomberg Finance LP, August 31, 2018.

Chart 2: Treasury yield curve: 8/31/2017 and 8/31/2018



Source: Bloomberg Finance LP, August 31, 2018.

Economic Indicators and Monetary Policy

Turbulence in emerging markets helped to anchor Treasury yields in August as investors sought a safe haven. Concerns continued regarding trade tensions and policy issues impacting China and Turkey. Some relief was provided at month-end when the US and Mexico announced a preliminary bilateral agreement as part of the NAFTA renegotiation, with notable measures impacting the regional auto sector.

The Federal Open Market Committee (FOMC) concluded a two day meeting on August 1 and voted unanimously to maintain the target range for the federal funds rate at 1.75% to 2%. The FOMC statement described the target rate as accommodative and supportive of strong labor market conditions and a return to a 2% inflation environment on a sustained basis. The minutes from this meeting released on August 22 signaled that the FOMC is likely to raise rates at its next meeting on September 26.

The employment report released on August 3 showed employers hired 157,000 workers in July, fewer than expectations for 193,000. The June payroll report was revised up to 248,000 jobs added from an original reading of 213,000. The July unemployment rate decreased to 3.9% from 4% and the underemployment rate fell 0.3% to 7.5%. Average hourly earnings were unchanged at 2.7% year-over-year in July.

The Institute for Supply Management Indices showed some softening in July. The Manufacturing Index was released August 1 at 58.1, a three month low and below expectations of 59.4. The Non-Manufacturing Index was released two days later at 55.7, an 11 month low and below expectations of 58.6. Both readings remain above 50, which indicate an expanding environment. (See Chart 1).

On August 29, the second estimate of second quarter Gross Domestic Product was released showing 4.2% growth, up 0.1% from the original estimate. The revision reflected a higher contribution from net exports and a decrease in consumer spending to 3.8% from an original estimate of 4%.

Interest Rate Summary

At the end of August, the 3-month US Treasury bill yielded 2.10%, the 6-month US Treasury bill yielded 2.27%, the 2-year US Treasury note yielded 2.63%, the 5-year US Treasury note yielded 2.74% and the 10-year US Treasury note yielded 2.86%. (See Chart 2).

ACTIVITY AND PERFORMANCE SUMMARY

For the period August 1, 2018 - August 31, 2018

<u>Amortized Cost Basis Activity Summary</u>		
Opening balance		24,918,143.39
Income received	22,536.28	
Total receipts		22,536.28
Expenses paid	(144.91)	
Total disbursements		(144.91)
Interportfolio transfers	0.00	
Total Interportfolio transfers		0.00
Realized gain (loss)		0.00
Total amortization expense		(3,890.52)
Total OID/MKT accretion income		2,630.14
Return of capital		0.00
Closing balance		24,939,274.38
Ending fair value		24,691,638.08
Unrealized gain (loss)		(247,636.30)

<u>Detail of Amortized Cost Basis Return</u>				
	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Cash and Cash Equivalents	233.50	0.00	0.00	233.50
Corporate Bonds	4,441.67	(637.22)	0.00	3,804.45
Government Agencies	19,645.84	(1,119.13)	0.00	18,526.71
Government Bonds	5,605.35	495.97	0.00	6,101.32
Municipal/Provincial Bonds	6,368.69	0.00	0.00	6,368.69
Total	36,295.05	(1,260.38)	0.00	35,034.67

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	1.51	0.88	0.16
Overnight Repo	1.53	0.92	0.17
Merrill Lynch 3m US Treas Bill	1.54	0.93	0.17
Merrill Lynch 6m US Treas Bill	1.69	1.00	0.18
ML 1 Year US Treasury Note	1.95	1.14	0.21
ML 2 Year US Treasury Note	2.17	1.25	0.22
ML 5 Year US Treasury Note	2.45	1.37	0.23

* rates reflected are cumulative

<u>Summary of Amortized Cost Basis Return for the Period</u>	
	Total portfolio
Interest earned	36,295.05
Accretion (amortization)	(1,260.38)
Realized gain (loss) on sales	0.00
Total income on portfolio	35,034.67
Average daily amortized cost	24,926,195.96
Period return (%)	0.14
YTD return (%)	1.11
Weighted average final maturity in days	659

ACTIVITY AND PERFORMANCE SUMMARY

For the period August 1, 2018 - August 31, 2018

<u>Fair Value Basis Activity Summary</u>		
Opening balance		24,641,927.41
Income received	22,536.28	
Total receipts		22,536.28
Expenses paid	(144.91)	
Total disbursements		(144.91)
Interportfolio transfers	0.00	
Total Interportfolio transfers		0.00
Unrealized gain (loss) on security movements		0.00
Return of capital		0.00
Change in fair value for the period		27,319.30
Ending fair value		24,691,638.08

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Cash and Cash Equivalents	233.50	0.00	233.50
Corporate Bonds	4,441.67	4,858.95	9,300.62
Government Agencies	19,645.84	16,375.50	36,021.34
Government Bonds	5,605.35	6,084.85	11,690.20
Municipal/Provincial Bonds	6,368.69	0.00	6,368.69
Total	36,295.05	27,319.30	63,614.35

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	1.51	0.88	0.16
Overnight Repo	1.53	0.92	0.17
ICE ML 3m US Treas Bill	1.52	0.93	0.18
ICE ML 6m US Treas Bill	1.51	0.98	0.19
ICE ML 1 Year US Treasury Note	1.04	0.92	0.22
ICE ML US Treasury 1-3	(0.01)	0.73	0.32
ICE ML US Treasury 1-5	(0.64)	0.78	0.42

* rates reflected are cumulative

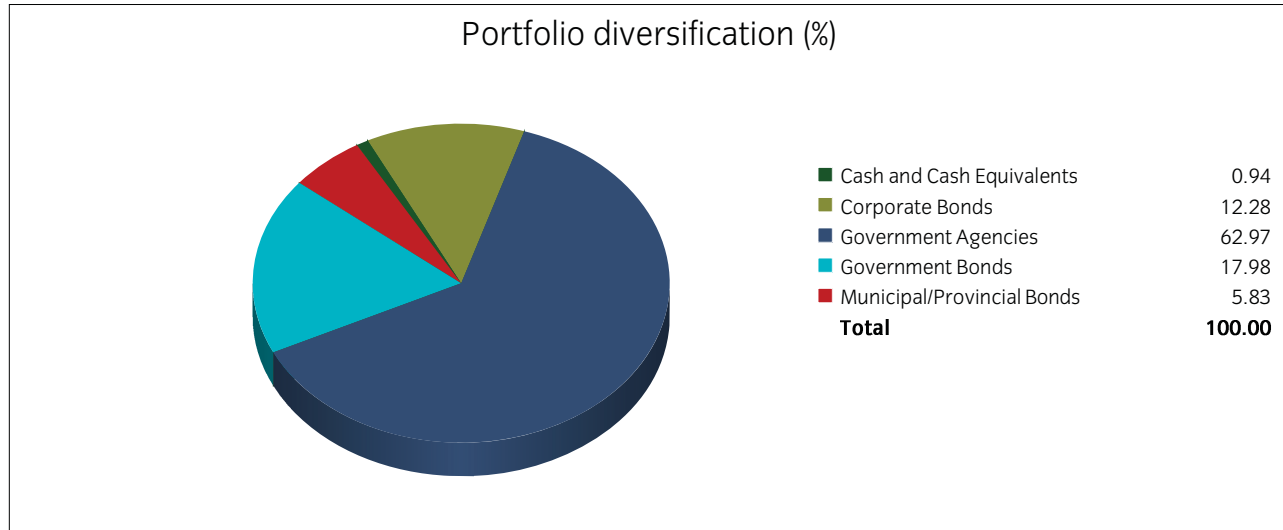
<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	36,295.05
Change in fair value	27,319.30
Total income on portfolio	63,614.35
Average daily total value *	24,794,023.04
Period return (%)	0.26
YTD return (%)	0.89
Weighted average final maturity in days	659

* Total value equals market value and accrued interest

RECAP OF SECURITIES HELD

As of August 31, 2018

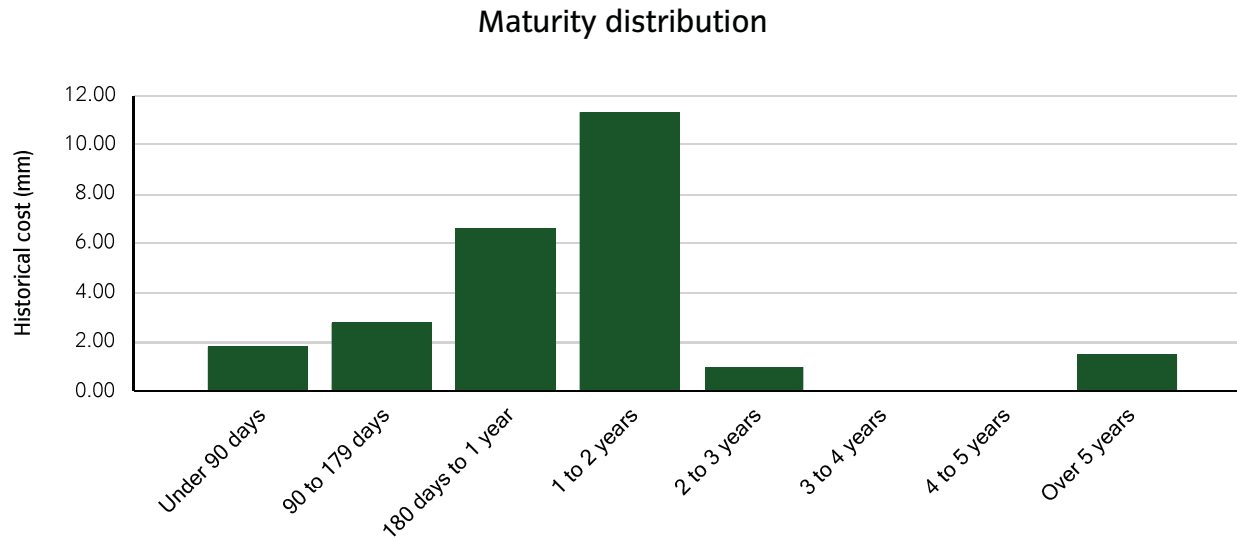
	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Weighted average final maturity (days)	Percent of portfolio	Weighted average effective duration (years)
Cash and Cash Equivalents	234,964.63	234,964.63	234,964.63	0.00	1	0.94	0.00
Corporate Bonds	3,067,586.50	3,049,138.10	3,034,556.40	(14,581.70)	225	12.28	0.60
Government Agencies	15,728,410.14	15,704,489.13	15,528,691.90	(175,797.23)	391	62.97	1.05
Government Bonds	4,491,687.51	4,494,982.52	4,437,725.15	(57,257.37)	485	17.98	1.30
Municipal/Provincial Bonds	1,455,700.00	1,455,700.00	1,455,700.00	0.00	5,116	5.83	9.60
Total	24,978,348.78	24,939,274.38	24,691,638.08	(247,636.30)	659	100.00	1.53



MATURITY DISTRIBUTION OF SECURITIES HELD

As of August 31, 2018

Maturity	Historic cost	Percent
Under 90 days	1,800,238.13	7.21
90 to 179 days	2,765,268.75	11.07
180 days to 1 year	6,609,886.00	26.46
1 to 2 years	11,343,845.90	45.42
2 to 3 years	1,003,410.00	4.02
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	1,455,700.00	5.83
	24,978,348.78	100.00



SECURITIES HELD

As of August 31, 2018

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Cash and Cash Equivalents											
Cash and Cash Equivalents	0.000		234,964.63	234,964.63 0.00	234,964.63 0.00	234,964.63 0.00	0.00	0.00	0.00	0.00	0.94
Total Cash and Cash Equivalents			234,964.63	234,964.63 0.00	234,964.63 0.00	234,964.63 0.00	0.00	0.00	0.00	0.00	0.94
Corporate Bonds											
25468PDD5 WALT DISNEY COMPANY/THE 1.5% 17SEP2018	1.500	09/17/2018	550,000.00	555,351.50 0.00	550,125.66 (221.74)	549,861.40 444.95	(264.26)	0.00	687.50	3,758.33	2.22
91159HHE3 US BANCORP 1.95% 15NOV2018 (CALLABLE 15OCT18)	1.950	11/15/2018 10/15/2018	500,000.00	509,425.00 0.00	500,864.15 (345.66)	499,680.00 463.00	(1,184.15)	0.00	812.50	2,870.83	2.04
713448CK2 PEPSICO INC 2.25% 07JAN2019 (CALLABLE 07DEC18)	2.250	01/07/2019 12/07/2018	500,000.00	505,530.00 0.00	501,072.23 (253.28)	499,704.00 232.50	(1,368.23)	0.00	937.50	1,687.50	2.02
14912L6R7 CATERPILLAR FINL SERVICE 1.35% 18MAY2019	1.350	05/18/2019	500,000.00	498,245.00 0.00	499,515.73 56.31	495,605.00 660.00	(3,910.73)	0.00	562.50	1,931.25	1.99
69353REX2 PNC BANK NA 1.45% 29JUL2019 (CALLABLE 29JUN19)	1.450	07/29/2019 06/29/2019	500,000.00	494,490.00 (322.22)	494,775.82 285.82	494,746.00 256.00	(29.82)	0.00	322.22	644.44	1.98
89236TCF0 TOYOTA MOTOR CREDIT CORP 2.15% 12MAR2020	2.150	03/12/2020	500,000.00	504,545.00 0.00	502,784.51 (151.33)	494,960.00 2,558.00	(7,824.51)	0.00	895.84	5,046.53	2.02
Total Corporate Bonds			3,050,000.00	3,067,586.50 (322.22)	3,049,138.10 (629.88)	3,034,556.40 4,614.45	(14,581.70)	0.00	4,218.06	15,938.88	12.28

SECURITIES HELD

As of August 31, 2018

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Agencies											
3133EGFQ3 FEDERAL FARM CREDIT BANK 0.875% 14SEP2018	0.875	09/14/2018	500,000.00	500,497.00 0.00	500,008.61 (18.45)	499,815.00 525.00	(193.61)	0.00	364.58	2,029.51	2.00
3133EGM69 FEDERAL FARM CREDIT BANK 1.1% 05DEC2018	1.100	12/05/2018	1,250,000.00	1,247,248.75 0.00	1,249,637.49 114.48	1,246,275.00 1,100.00	(3,362.49)	0.00	1,145.83	3,284.72	4.99
3135G0H63 FANNIE MAE 1.375% 28JAN2019	1.375	01/28/2019	1,000,000.00	1,012,490.00 0.00	1,002,074.66 (420.54)	996,430.00 874.00	(5,644.66)	0.00	1,145.84	1,260.42	4.05
3133782M2 FEDERAL HOME LOAN BANK 1.5% 08MAR2019	1.500	03/08/2019	1,000,000.00	1,014,124.28 0.00	1,002,852.16 (455.14)	995,950.00 530.00	(6,902.16)	0.00	1,250.00	7,208.33	4.06
3133X72S2 FEDERAL HOME LOAN BANK 5.375% 15MAY2019	5.375	05/15/2019	500,000.00	515,625.00 0.00	510,653.41 (1,253.34)	510,010.00 (1,610.00)	(643.41)	0.00	2,239.58	7,913.19	2.06
313379EE5 FEDERAL HOME LOAN BANK 1.625% 14JUN2019	1.625	06/14/2019	1,000,000.00	993,180.00 0.00	995,761.75 447.70	994,087.00 967.00	(1,674.75)	0.00	1,354.16	3,475.69	3.98
3135G0L76 FANNIE MAE 1.075% 11JUL2019 (CALLABLE 11OCT18)	1.075	07/11/2019 10/11/2018	600,000.00	599,100.00 0.00	599,722.60 26.76	592,920.00 510.00	(6,802.60)	0.00	537.50	895.83	2.40
3133EGSCO FEDERAL FARM CREDIT BANK 1% 26AUG2019	1.000	08/26/2019	1,000,000.00	1,000,610.00 0.00	1,000,200.33 (16.88)	985,570.00 1,400.00	(14,630.33)	5,000.00	833.33	138.89	4.01
313380FB8 FEDERAL HOME LOAN BANK 1.375% 13SEP2019	1.375	09/13/2019	1,000,000.00	1,011,510.00 0.00	1,004,027.42 (323.92)	988,640.00 1,140.00	(15,387.42)	0.00	1,145.84	6,416.67	4.05
3134G3M49 FREDDIE MAC 1.5% 26SEP2019 CALLABLE	1.500	09/26/2019	1,000,000.00	1,001,001.00 0.00	1,000,486.63 (37.82)	988,900.00 1,060.00	(11,586.63)	0.00	1,250.00	6,458.33	4.01

SECURITIES HELD

As of August 31, 2018

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Agencies											
3137EADM8 FREDDIE MAC 1.25% 02OCT2019	1.250	10/02/2019	1,000,000.00	993,010.00 0.00	996,085.60 299.57	986,676.00 1,481.00	(9,409.60)	0.00	1,041.67	5,173.61	3.98
3135G0R39 FANNIE MAE 1% 24OCT2019	1.000	10/24/2019	600,000.00	589,095.11 0.00	592,901.53 514.38	589,799.40 1,374.00	(3,102.13)	0.00	500.00	2,116.67	2.36
3130ABCH7 FEDERAL HOME LOAN BANK 1.5% 04NOV2019	1.500	11/04/2019	750,000.00	750,030.00 0.00	750,014.89 (1.06)	741,007.50 1,342.50	(9,007.39)	0.00	937.50	3,656.25	3.00
3133ECEY6 FEDERAL FARM CREDIT BANK 1.45% 11FEB2020	1.450	02/11/2020	1,000,000.00	1,003,130.00 0.00	1,001,396.17 (80.40)	983,640.00 1,040.00	(17,756.17)	7,250.00	1,208.34	805.56	4.02
3134G3K58 FREDDIE MAC 1.5% 19MAR2020 CALLABLE	1.500	03/19/2020	500,000.00	498,289.00 0.00	499,070.51 49.89	491,295.00 460.00	(7,775.51)	0.00	625.00	3,375.00	1.99
313383HU8 FEDERAL HOME LOAN BANK 1.75% 12JUN2020	1.750	06/12/2020	1,000,000.00	996,870.00 0.00	997,806.27 102.51	983,877.00 1,272.00	(13,929.27)	0.00	1,458.34	3,840.28	3.99
3133EHVX8 FEDERAL FARM CREDIT BANK 1.5% 24AUG2020	1.500	08/24/2020	1,000,000.00	999,190.00 0.00	999,455.94 22.86	976,520.00 1,570.00	(22,935.94)	7,500.00	1,250.00	291.67	4.00
3135G0RM7 FANNIE MAE 1.63% 30OCT2020 CALLABLE	1.630	10/30/2020	1,000,000.00	1,003,410.00 0.00	1,002,333.16 (89.73)	977,280.00 1,340.00	(25,053.16)	0.00	1,358.33	5,433.33	4.02
Total Government Agencies			15,700,000.00	15,728,410.14 0.00	15,704,489.13 (1,119.13)	15,528,691.90 16,375.50	(175,797.23)	19,750.00	19,645.84	63,773.95	62.97
Government Bonds											
912828WLO USA TREASURY 1.5% 31MAY2019	1.500	05/31/2019	500,000.00	501,230.47 0.00	500,411.66 (46.75)	496,758.00 391.00	(3,653.66)	0.00	635.25	1,885.25	2.01

SECURITIES HELD

As of August 31, 2018

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
Government Bonds											
912828WS5 USA TREASURY 1.625% 30JUN2019	1.625	06/30/2019	1,000,000.00	993,281.25 0.00	995,836.85 425.93	993,438.00 821.00	(2,398.85)	0.00	1,368.88	2,737.77	3.98
912828TV2 USA TREASURY 1.25% 31OCT2019	1.250	10/31/2019	650,000.00	649,009.77 0.00	649,543.47 33.23	640,706.95 837.85	(8,836.52)	0.00	684.44	2,715.69	2.60
912828H52 USA TREASURY 1.25% 31JAN2020	1.250	01/31/2020	750,000.00	745,869.14 0.00	747,757.04 134.23	736,494.00 1,230.00	(11,263.04)	0.00	789.74	789.74	2.99
912828X96 USA TREASURY 1.5% 15MAY2020	1.500	05/15/2020	600,000.00	596,554.69 0.00	597,659.29 116.47	588,961.20 1,008.00	(8,698.09)	0.00	758.15	2,641.30	2.39
912828XM7 USA TREASURY 1.625% 31JUL2020	1.625	07/31/2020	1,000,000.00	1,005,742.19 0.00	1,003,774.21 (167.14)	981,367.00 1,797.00	(22,407.21)	0.00	1,368.89	1,368.89	4.03
Total Government Bonds			4,500,000.00	4,491,687.51 0.00	4,494,982.52 495.97	4,437,725.15 6,084.85	(57,257.37)	0.00	5,605.35	12,138.64	17.98
Municipal/Provincial Bonds											
888599LS4 PT. SAN ASSESS DISTRICT 5.25% 144A 02SEP2032 SANRAF\$01	5.250	09/02/2032	1,455,700.00	1,455,700.00 0.00	1,455,700.00 0.00	1,455,700.00 0.00	0.00	0.00	6,368.69	37,999.84	5.83
Total Municipal/Provincial Bonds			1,455,700.00	1,455,700.00 0.00	1,455,700.00 0.00	1,455,700.00 0.00	0.00	0.00	6,368.69	37,999.84	5.83
Grand total			24,940,664.63	24,978,348.78 (322.22)	24,939,274.38 (1,253.04)	24,691,638.08 27,074.80	(247,636.30)	19,750.00	35,837.94	129,851.31	100.00

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of August 31, 2018

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal Home Loan Banks												
3133782M2	FEDERAL HOME LOAN	1.500	03/08/2019		AA+	Aaa	1,000,000.00	1,014,124.28	4.06	995,950.00	4.03	0.51
3133X72S2	FEDERAL HOME LOAN	5.375	05/15/2019		AA+	Aaa	500,000.00	515,625.00	2.06	510,010.00	2.07	0.68
313379EE5	FEDERAL HOME LOAN	1.625	06/14/2019		AA+	Aaa	1,000,000.00	993,180.00	3.98	994,087.00	4.03	0.77
313380FB8	FEDERAL HOME LOAN	1.375	09/13/2019		AA+	Aaa	1,000,000.00	1,011,510.00	4.05	988,640.00	4.00	1.01
3130ABCH7	FEDERAL HOME LOAN	1.500	11/04/2019		AA+	Aaa	750,000.00	750,030.00	3.00	741,007.50	3.00	1.15
313383HU8	FEDERAL HOME LOAN	1.750	06/12/2020		AA+	Aaa	1,000,000.00	996,870.00	3.99	983,877.00	3.98	1.73
Issuer total							5,250,000.00	5,281,339.28	21.14	5,213,571.50	21.11	0.99
Federal Farm Credit Banks												
3133EGFQ3	FEDERAL FARM CREDIT	0.875	09/14/2018		AA+	Aaa	500,000.00	500,497.00	2.00	499,815.00	2.02	0.04
3133EGM69	FEDERAL FARM CREDIT	1.100	12/05/2018		AA+	Aaa	1,250,000.00	1,247,248.75	4.99	1,246,275.00	5.05	0.26
3133EGSCO	FEDERAL FARM CREDIT	1.000	08/26/2019		AA+	Aaa	1,000,000.00	1,000,610.00	4.01	985,570.00	3.99	0.97
3133ECEY6	FEDERAL FARM CREDIT	1.450	02/11/2020		AA+	Aaa	1,000,000.00	1,003,130.00	4.02	983,640.00	3.98	1.42
3133EHVX8	FEDERAL FARM CREDIT	1.500	08/24/2020		AA+	Aaa	1,000,000.00	999,190.00	4.00	976,520.00	3.95	1.94
Issuer total							4,750,000.00	4,750,675.75	19.02	4,691,820.00	19.00	0.98
United States Treasury Note/Bond												
912828WL0	USA TREASURY 1.5%	1.500	05/31/2019		AA+	Aaa	500,000.00	501,230.47	2.01	496,758.00	2.01	0.74
912828WS5	USA TREASURY 1.625%	1.625	06/30/2019		AA+	Aaa	1,000,000.00	993,281.25	3.98	993,438.00	4.02	0.82
912828TV2	USA TREASURY 1.25%	1.250	10/31/2019		AA+	Aaa	650,000.00	649,009.77	2.60	640,706.95	2.59	1.14
912828H52	USA TREASURY 1.25%	1.250	01/31/2020		AA+	Aaa	750,000.00	745,869.14	2.99	736,494.00	2.98	1.39
912828X96	USA TREASURY 1.5%	1.500	05/15/2020		AA+	Aaa	600,000.00	596,554.69	2.39	588,961.20	2.39	1.66
912828XM7	USA TREASURY 1.625%	1.625	07/31/2020		AA+	Aaa	1,000,000.00	1,005,742.19	4.03	981,367.00	3.97	1.87
Issuer total							4,500,000.00	4,491,687.51	17.98	4,437,725.15	17.97	1.30

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

SAN RAFAEL

As of August 31, 2018

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal National Mortgage Association												
3135G0H63	FANNIE MAE 1.375%	1.375	01/28/2019		AA+	Aaa	1,000,000.00	1,012,490.00	4.05	996,430.00	4.04	0.41
3135G0L76	FANNIE MAE 1.075%	1.075	07/11/2019	10/11/2018	AA+	Aaa	600,000.00	599,100.00	2.40	592,920.00	2.40	0.85
3135G0R39	FANNIE MAE 1%	1.000	10/24/2019		AA+	Aaa	600,000.00	589,095.11	2.36	589,799.40	2.39	1.13
3135G0RM7	FANNIE MAE 1.63%	1.630	10/30/2020		AA+	Aaa	1,000,000.00	1,003,410.00	4.02	977,280.00	3.96	2.10
Issuer total							3,200,000.00	3,204,095.11	12.83	3,156,429.40	12.78	1.15
Federal Home Loan Mortgage Corp												
3134G3M49	FREDDIE MAC 1.5%	1.500	09/26/2019		AA+	Aaa	1,000,000.00	1,001,001.00	4.01	988,900.00	4.00	1.05
3137EADM8	FREDDIE MAC 1.25%	1.250	10/02/2019		AA+	Aaa	1,000,000.00	993,010.00	3.98	986,676.00	4.00	1.06
3134G3K58	FREDDIE MAC 1.5%	1.500	03/19/2020		AA+	Aaa	500,000.00	498,289.00	1.99	491,295.00	1.99	1.51
Issuer total							2,500,000.00	2,492,300.00	9.98	2,466,871.00	9.99	1.15
Pt. San Assess District												
888599LS4	PT. SAN ASSESS	5.250	09/02/2032		NR	NR	1,455,700.00	1,455,700.00	5.83	1,455,700.00	5.90	9.60
Issuer total							1,455,700.00	1,455,700.00	5.83	1,455,700.00	5.90	9.60
Walt Disney Co/The												
25468PDD5	WALT DISNEY	1.500	09/17/2018		A+	A2	550,000.00	555,351.50	2.22	549,861.40	2.23	0.05
Issuer total							550,000.00	555,351.50	2.22	549,861.40	2.23	0.05
PepsiCo Inc												
713448CK2	PEPSICO INC 2.25%	2.250	01/07/2019	12/07/2018	A+	A1	500,000.00	505,530.00	2.02	499,704.00	2.02	0.34
Issuer total							500,000.00	505,530.00	2.02	499,704.00	2.02	0.34
US Bancorp												
91159HHE3	US BANCORP 1.95%	1.950	11/15/2018	10/15/2018	A+	A1	500,000.00	509,425.00	2.04	499,680.00	2.02	0.20
Issuer total							500,000.00	509,425.00	2.04	499,680.00	2.02	0.20

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

SAN RAFAEL

As of August 31, 2018

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Caterpillar Financial Services Corp												
14912L6R7	CATERPILLAR FINL	1.350	05/18/2019		A	A3	500,000.00	498,245.00	1.99	495,605.00	2.01	0.70
Issuer total							500,000.00	498,245.00	1.99	495,605.00	2.01	0.70
Toyota Motor Credit Corp												
89236TCF0	TOYOTA MOTOR CREDIT	2.150	03/12/2020		AA-	Aa3	500,000.00	504,545.00	2.02	494,960.00	2.00	1.48
Issuer total							500,000.00	504,545.00	2.02	494,960.00	2.00	1.48
PNC Bank NA												
69353REX2	PNC BANK NA 1.45%	1.450	07/29/2019	06/29/2019	A	A2	500,000.00	494,490.00	1.98	494,746.00	2.00	0.89
Issuer total							500,000.00	494,490.00	1.98	494,746.00	2.00	0.89
Cash and Cash Equivalents												
	INVESTED CASH	0.000					234,964.63	234,964.63	0.94	234,964.63	0.95	0.00
Issuer total							234,964.63	234,964.63	0.94	234,964.63	0.95	0.00
Grand total							24,940,664.63	24,978,348.78	100.00	24,691,638.08	100.00	1.53

SECURITIES PURCHASED

For the period August 1, 2018 - August 31, 2018

Cusip / Description / Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Unit cost	Principal cost	Accrued interest purchased
Corporate Bonds							
69353REX2	08/13/2018	1.450	07/29/2019	500,000.00	98.90	(494,490.00)	(322.22)
PNC BANK NA 1.45% 29JUL2019 (CALLABLE 29JUN19)	08/15/2018		06/29/2019				
BANK OF AMERICA, N.A.							
Total Corporate Bonds				500,000.00		(494,490.00)	(322.22)
Grand total				500,000.00		(494,490.00)	(322.22)

SECURITIES SOLD AND MATURED

For the period August 1, 2018 - August 31, 2018

Cusip/ Description/ Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Historical cost	Amortized cost at sale or maturity /Accr (amort)	Price	Fair value at sale or maturity / Chg.in fair value	Realized gain (loss)	Accrued interest sold	Interest received	Interest earned
Corporate Bonds												
084670BX5 BERKSHIRE HATHAWAY 1.15% DUE 08-15-2018	08/15/2018 08/15/2018	1.150		(500,000.00)	500,355.00	500,000.00 (7.34)	0.00	500,000.00 244.50	0.00	0.00	2,875.00	223.61
Total (Corporate Bonds)				(500,000.00)	500,355.00	500,000.00 (7.34)		500,000.00 244.50	0.00	0.00	2,875.00	223.61
Grand total				(500,000.00)	500,355.00	500,000.00 (7.34)		500,000.00 244.50	0.00	0.00	2,875.00	223.61

TRANSACTION REPORT

For the period August 1, 2018 - August 31, 2018

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
08/11/2018 08/11/2018	3133ECEY6	Income	Government Agencies	FEDERAL FARM CREDIT BANK	02/11/2020	1,000,000.00	0.00	0.00	7,250.00	7,250.00
08/13/2018 08/15/2018	69353REX2	Bought	Corporate Bonds	PNC BANK NA 1.45%	07/29/2019	500,000.00	0.00	(494,490.00)	(322.22)	(494,812.22)
08/15/2018 08/15/2018	084670BX5	Income	Corporate Bonds	BERKSHIRE HATHAWAY 1.15%	08/15/2018	500,000.00	0.00	0.00	2,875.00	2,875.00
08/15/2018 08/15/2018	084670BX5	Capital Change	Corporate Bonds	BERKSHIRE HATHAWAY 1.15%	08/15/2018	(500,000.00)	0.00	500,000.00	0.00	500,000.00
08/24/2018 08/24/2018	3133EHVX8	Income	Government Agencies	FEDERAL FARM CREDIT BANK	08/24/2020	1,000,000.00	0.00	0.00	7,500.00	7,500.00
08/26/2018 08/26/2018	3133EGSC0	Income	Government Agencies	FEDERAL FARM CREDIT BANK	08/26/2019	1,000,000.00	0.00	0.00	5,000.00	5,000.00
08/31/2018		Income	Cash and Cash Equivalents	Cash		0.00	0.00	0.00	233.50	233.50

ADDITIONAL INFORMATION

As of August 31, 2018

Past performance is not a guide to future performance. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes) and investors may not get back the amount invested. Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. The information contained herein is for your reference only and is being provided in response to your specific request and has been obtained from sources believed to be reliable; however, no representation is made regarding its accuracy or completeness. This document must not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or otherwise not permitted. This document should not be duplicated, amended, or forwarded to a third party without consent from Insight. This is a marketing document intended for professional clients only and should not be made available to or relied upon by retail clients.

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Where indicated, performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. INA charges management fees on all portfolios managed and these fees will reduce the returns on the portfolios. For example, assume that \$30 million is invested in an account with INA, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be \$38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. INA's investment advisory fees are discussed in Part 2A of its Form ADV.

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For trading activity the Clearing broker will be reflected. In certain cases the Clearing broker will differ from the Executing broker.

In calculating ratings distributions and weighted average portfolio quality, Insight assigns U.S Treasury and U.S agency securities a quality rating based on the methodology used within the respective benchmark index. When Moodys, S&P and Fitch rate a security, Bank of America and Merrill Lynch indexes assign a simple weighted average statistic while Barclays indexes assign the median statistic. Insight assigns all other securities the lower of Moodys and S&P ratings.

Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index and the indices represented do not take into account trading commissions and/or other brokerage or custodial costs. The volatility of the indices may be materially different from that of the strategy. In addition, the strategys holdings may differ substantially from the securities that comprise the indices shown.

The BofA Merrill Lynch 3 Mo US T-Bill index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income.

The BofA Merrill Lynch 6 Mo US T-Bill index measures the performance of Treasury bills with time to maturity of less than 6 months.

The BofA Merrill Lynch Current 1-Year US Treasury Index is a one-security index comprised of the most recently issued 1-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 1-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 3-Year US Treasury Index is a one-security index comprised of the most recently issued 3-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 3-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 5-Year US Treasury Index is a one-security index comprised of the most recently issued 5-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 5-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch 1-3 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

The BofA Merrill Lynch 1-5 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than five years.

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ADDITIONAL INFORMATION

As of August 31, 2018

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SAN RAFAEL

September 2018

Part of  BNY MELLON



SECURITIES HELD

As of September 30, 2018

Cusip	Description	Coupon	Maturity	Par value or shares	Historical cost	Trade date	Purchase yield	% Portfolio hist cost
Cash and Cash Equivalents								
	Cash and Cash Equivalents			129,216.22	129,216.22			0.52
Total Cash and Cash Equivalents				129,216.22	129,216.22			0.52
Corporate Bonds								
91159HHE3	US BANCORP/MN	1.950	11/15/2018	500,000.00	509,425.00	08/08/2016	1.10	2.04
713448CK2	PEPSICO INC	2.250	01/07/2019	500,000.00	505,530.00	03/13/2017	1.62	2.03
14912L6R7	CATERPILLAR FINANCIAL SERVICES	1.350	05/18/2019	500,000.00	498,245.00	10/14/2016	1.49	2.00
69353REX2	PNC BANK NA	1.450	07/29/2019	500,000.00	494,490.00	08/13/2018	2.63	1.98
084670BL1	BERKSHIRE HATHAWAY INC	2.100	08/14/2019	550,000.00	547,453.50	09/13/2018	2.62	2.20
89236TCF0	TOYOTA MOTOR CREDIT CORP	2.150	03/12/2020	500,000.00	504,545.00	09/12/2017	1.78	2.02
Total Corporate Bonds				3,050,000.00	3,059,688.50		1.88	12.27
Government Agencies								
3133EGM69	FEDERAL FARM CREDIT BANKS	1.100	12/05/2018	1,250,000.00	1,247,248.75	12/05/2016	1.21	5.00
3135G0H63	FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.375	01/28/2019	1,000,000.00	1,012,490.00	08/08/2016	0.86	4.06
3133782M2	FEDERAL HOME LOAN BANKS	1.500	03/08/2019	1,000,000.00	1,014,124.28	08/08/2016	0.94	4.07
3133X72S2	FEDERAL HOME LOAN BANKS	5.375	05/15/2019	500,000.00	515,625.00	05/02/2018	2.30	2.07
313379EE5	FEDERAL HOME LOAN BANKS	1.625	06/14/2019	1,000,000.00	993,180.00	03/08/2018	2.17	3.98
3135G0L76	FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.075	07/11/2019	600,000.00	599,100.00	09/23/2016	1.13	2.40
3133EGSC0	FEDERAL FARM CREDIT BANKS	1.000	08/26/2019	1,000,000.00	1,000,610.00	08/23/2016	0.98	4.01
313380FB8	FEDERAL HOME LOAN BANKS	1.375	09/13/2019	1,000,000.00	1,011,510.00	09/28/2016	0.98	4.06
3134G3M49	FEDERAL HOME LOAN MORTGAGE CORP	1.500	09/26/2019	1,000,000.00	1,001,001.00	07/13/2017	1.45	4.01
3137EADM8	FEDERAL HOME LOAN MORTGAGE CORP	1.250	10/02/2019	1,000,000.00	993,010.00	10/23/2017	1.62	3.98
3137EADM8	FEDERAL HOME LOAN MORTGAGE CORP	1.250	10/02/2019	650,000.00	641,030.00	09/13/2018	2.59	2.57
3135G0R39	FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.000	10/24/2019	600,000.00	589,095.11	01/19/2018	2.06	2.36
3130ABCH7	FEDERAL HOME LOAN BANKS	1.500	11/04/2019	750,000.00	750,030.00	06/21/2017	1.50	3.01
3133ECEY6	FEDERAL FARM CREDIT BANKS	1.450	02/11/2020	1,000,000.00	1,003,130.00	11/14/2016	1.35	4.02
3134G3K58	FEDERAL HOME LOAN MORTGAGE CORP	1.500	03/19/2020	500,000.00	498,289.00	05/11/2017	1.62	2.00
313383HU8	FEDERAL HOME LOAN BANKS	1.750	06/12/2020	1,000,000.00	996,870.00	11/27/2017	1.88	4.00
3133EHVX8	FEDERAL FARM CREDIT BANKS	1.500	08/24/2020	1,000,000.00	999,190.00	09/12/2017	1.53	4.01
3135G0RM7	FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.630	10/30/2020	1,000,000.00	1,003,410.00	08/31/2017	1.52	4.02
Total Government Agencies				15,850,000.00	15,868,943.14		1.48	63.64
Government Bonds								
912828WL0	UNITED STATES TREASURY NOTE/BOND	1.500	05/31/2019	500,000.00	501,230.47	03/06/2017	1.39	2.01
912828WS5	UNITED STATES TREASURY NOTE/BOND	1.625	06/30/2019	1,000,000.00	993,281.25	02/26/2018	2.14	3.98
912828TV2	UNITED STATES TREASURY NOTE/BOND	1.250	10/31/2019	650,000.00	649,009.77	04/20/2017	1.31	2.60

SECURITIES HELD

As of September 30, 2018

Cusip	Description	Coupon	Maturity	Par value or shares	Historical cost	Trade date	Purchase yield	% Portfolio hist cost
912828H52	UNITED STATES TREASURY NOTE/BOND	1.250	01/31/2020	750,000.00	745,869.14	06/21/2017	1.47	2.99
912828X96	UNITED STATES TREASURY NOTE/BOND	1.500	05/15/2020	600,000.00	596,554.69	11/10/2017	1.74	2.39
912828XM7	UNITED STATES TREASURY NOTE/BOND	1.625	07/31/2020	1,000,000.00	1,005,742.19	08/31/2017	1.42	4.03
Total Government Bonds				4,500,000.00	4,491,687.51		1.61	18.01
Municipal/Provincial Bonds								
888599LS4	PT. SAN ASSESS DISTRICT	5.250	09/02/2032	1,387,200.00	1,387,200.00	03/01/2014	5.25	5.56
Total Municipal/Provincial Bonds				1,387,200.00	1,387,200.00		5.25	5.56
Grand Total				24,916,416.22	24,936,735.37		1.75	100.00

ADDITIONAL INFORMATION

As of September 30, 2018

Past performance is not a guide to future performance. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes) and investors may not get back the amount invested. Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. The information contained herein is for your reference only and is being provided in response to your specific request and has been obtained from sources believed to be reliable; however, no representation is made regarding its accuracy or completeness. This document must not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or otherwise not permitted. This document should not be duplicated, amended, or forwarded to a third party without consent from Insight. This is a marketing document intended for professional clients only and should not be made available to or relied upon by retail clients.

Investment advisory services in North America are provided through two different SEC-registered investment advisers using the brand Insight Investment: Insight North America LLC (INA) and Insight Investment International Limited (IIL). The North American investment advisers are associated with a broader group of global investment managers that also (individually and collectively) use the corporate brand Insight Investment and may be referred to as Insight, Insight Group or Insight Investment.

INA is an investment adviser registered with the Securities and Exchange Commission (SEC), under the Investment Advisers Act of 1940, as amended. Registration with the SEC does not imply a certain level of skill or training. You may request, without charge, additional information about Insight. Moreover, specific information relating to Insights strategies, including investment advisory fees, may be obtained from INA's Form ADV Part 2A, which is available without charge upon request.

Where indicated, performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. INA charges management fees on all portfolios managed and these fees will reduce the returns on the portfolios. For example, assume that \$30 million is invested in an account with INA, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be \$38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. INA's investment advisory fees are discussed in Part 2A of its Form ADV.

Unless otherwise stated, the source of information is Insight. Any forecasts or opinions are Insights own at the date of this document (or as otherwise specified) and may change. Material in this publication is for general information only and is not advice, investment advice, or the recommendation of any purchase or sale of any security. Insight makes no implied or expressed recommendations concerning the manner in which an account should or would be handled, as appropriate investment strategies depend upon specific investment guidelines and objectives and should not be construed to be an assurance that any particular security in a strategy will remain in any fund, account, or strategy, or that a previously held security will not be repurchased. It should not be assumed that any of the security transactions or holdings referenced herein have been or will prove to be profitable or that future investment decisions will be profitable or will equal or exceed the past investment performance of the securities listed.

For trading activity the Clearing broker will be reflected. In certain cases the Clearing broker will differ from the Executing broker.

In calculating ratings distributions and weighted average portfolio quality, Insight assigns U.S Treasury and U.S agency securities a quality rating based on the methodology used within the respective benchmark index. When Moodys, S&P and Fitch rate a security, Bank of America and Merrill Lynch indexes assign a simple weighted average statistic while Barclays indexes assign the median statistic. Insight assigns all other securities the lower of Moodys and S&P ratings.

Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index and the indices represented do not take into account trading commissions and/or other brokerage or custodial costs. The volatility of the indices may be materially different from that of the strategy. In addition, the strategies holdings may differ substantially from the securities that comprise the indices shown.

The BofA Merrill Lynch 3 Mo US T-Bill index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income.

The BofA Merrill Lynch 6 Mo US T-Bill index measures the performance of Treasury bills with time to maturity of less than 6 months.

The BofA Merrill Lynch Current 1-Year US Treasury Index is a one-security index comprised of the most recently issued 1-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 1-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 3-Year US Treasury Index is a one-security index comprised of the most recently issued 3-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 3-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 5-Year US Treasury Index is a one-security index comprised of the most recently issued 5-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 5-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch 1-3 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

The BofA Merrill Lynch 1-5 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than five years.

Insight does not provide tax or legal advice to its clients and all investors are strongly urged to consult their tax and legal advisors regarding any potential strategy or investment.

ADDITIONAL INFORMATION

As of September 30, 2018

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Account Statement - Transaction Summary

For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001

CAMP Pool	
Opening Market Value	14,687,391.52
Purchases	39,645.78
Redemptions	(30,183.09)
Unsettled Trades	0.00
Change in Value	0.00

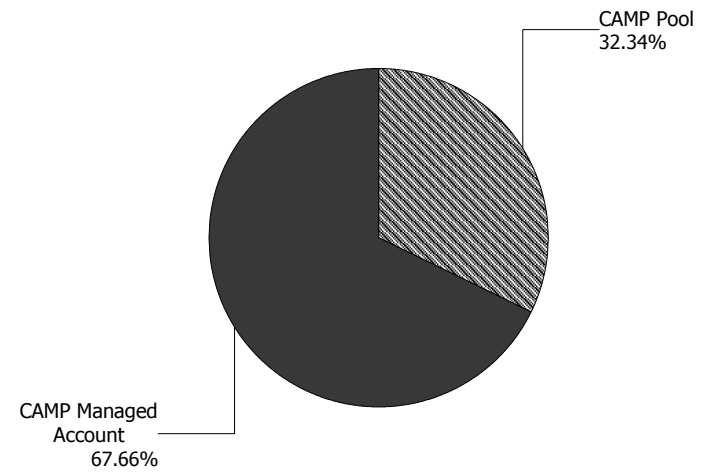
Closing Market Value	\$14,696,854.21
Cash Dividends and Income	25,831.98

CAMP Managed Account	
Opening Market Value	30,779,664.60
Purchases	0.00
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	(27,054.81)

Closing Market Value	\$30,752,609.79
Cash Dividends and Income	33,970.05

Asset Summary		
	September 30, 2018	August 31, 2018
CAMP Pool	14,696,854.21	14,687,391.52
CAMP Managed Account	30,752,609.79	30,779,664.60
Total	\$45,449,464.00	\$45,467,056.12

Asset Allocation





Managed Account Summary Statement

For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Transaction Summary - Money Market		Transaction Summary - Managed Account		Account Total	
Opening Market Value	\$14,687,391.52	Opening Market Value	\$30,779,664.60	Opening Market Value	\$45,467,056.12
Purchases	39,645.78	Maturities/Calls	0.00		
Redemptions	(30,183.09)	Principal Dispositions	0.00		
		Principal Acquisitions	0.00		
		Unsettled Trades	0.00		
		Change in Current Value	(27,054.81)		
Closing Market Value	\$14,696,854.21	Closing Market Value	\$30,752,609.79	Closing Market Value	\$45,449,464.00
Dividend	25,831.98				

Earnings Reconciliation (Cash Basis) - Managed Account	
Interest/Dividends/Coupons Received	33,970.05
Less Purchased Interest Related to Interest/Coupons	0.00
Plus Net Realized Gains/Losses	0.00
Total Cash Basis Earnings	\$33,970.05

Cash Balance	
Closing Cash Balance	\$0.00

Earnings Reconciliation (Accrual Basis)	Managed Account	Total
Ending Amortized Value of Securities	30,803,236.85	45,500,091.06
Ending Accrued Interest	131,675.49	131,675.49
Plus Proceeds from Sales	0.00	30,183.09
Plus Proceeds of Maturities/Calls/Principal Payments	0.00	0.00
Plus Coupons/Dividends Received	33,970.05	33,970.05
Less Cost of New Purchases	0.00	(39,645.78)
Less Beginning Amortized Value of Securities	(30,788,627.45)	(45,476,018.97)
Less Beginning Accrued Interest	(119,292.27)	(119,292.27)
Dividends	0.00	25,831.98
Total Accrual Basis Earnings	\$60,962.67	\$86,794.65

Cash Transactions Summary- Managed Account	
Maturities/Calls	0.00
Sale Proceeds	0.00
Coupon/Interest/Dividend Income	33,970.05
Principal Payments	0.00
Security Purchases	0.00
Net Cash Contribution	(33,970.05)
Reconciling Transactions	0.00



Portfolio Summary and Statistics

For the Month Ending **September 30, 2018**

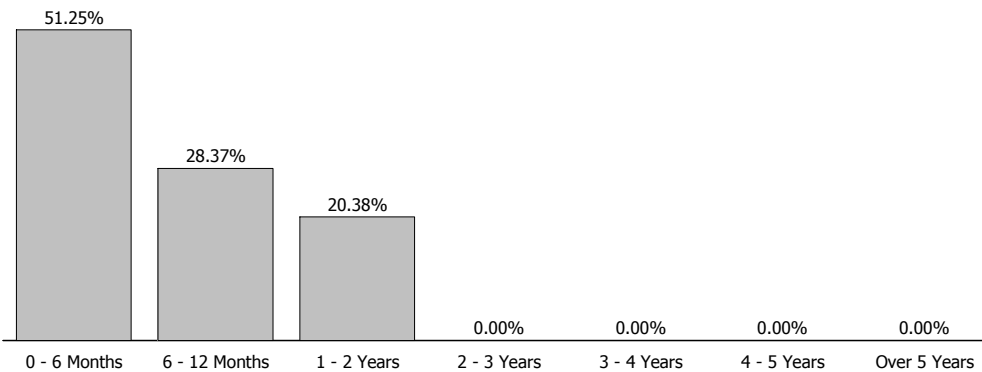
City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Account Summary

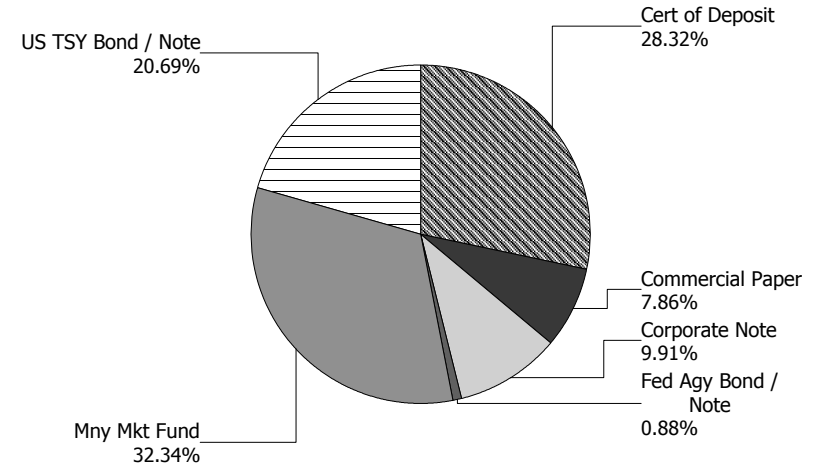
Description	Par Value	Market Value	Percent
U.S. Treasury Bond / Note	9,495,000.00	9,404,596.98	20.69
Federal Agency Bond / Note	400,000.00	398,144.00	0.88
Corporate Note	4,535,000.00	4,505,176.15	9.91
Commercial Paper	3,620,000.00	3,574,165.20	7.86
Certificate of Deposit	12,900,000.00	12,870,527.46	28.32
Managed Account Sub-Total	30,950,000.00	30,752,609.79	67.66%
Accrued Interest		131,675.49	
Total Portfolio	30,950,000.00	30,884,285.28	
CAMP Pool	14,696,854.21	14,696,854.21	32.34
Total Investments	45,646,854.21	45,581,139.49	100.00%

Unsettled Trades **0.00** **0.00**

Maturity Distribution



Sector Allocation



Characteristics

Yield to Maturity at Cost	2.52%
Yield to Maturity at Market	2.62%
Duration to Worst	0.75
Weighted Average Days to Maturity	282



Managed Account Issuer Summary

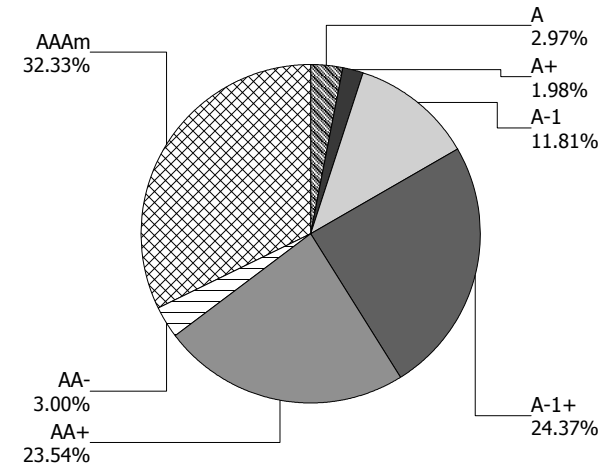
For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Issuer Summary

Issuer	Market Value of Holdings	Percent
AMERICAN HONDA FINANCE	448,834.75	0.99
ANZ BANKING GROUP LTD	1,998,808.34	4.40
APPLE INC	897,280.93	1.97
BNP PARIBAS	1,389,963.43	3.06
CAMP Pool	14,696,854.21	32.33
CANADIAN IMPERIAL BANK OF COMMERCE	2,247,439.60	4.94
CATERPILLAR INC	450,083.27	0.99
CHEVRON CORPORATION	898,311.96	1.98
CISCO SYSTEMS INC	464,111.83	1.02
CREDIT AGRICOLE SA	1,349,607.33	2.97
DEXIA GROUP	1,370,406.56	3.02
FREDDIE MAC	398,144.00	0.88
HONEYWELL INTERNATIONAL	448,433.44	0.99
NATIONAL RURAL UTILITIES CO FINANCE CORP	449,098.65	0.99
NORDEA BANK AB	2,259,409.42	4.97
PEPSICO INC	449,021.32	0.99
RABOBANK NEDERLAND	378,354.30	0.83
ROYAL BANK OF CANADA	999,514.23	2.20
TORONTO-DOMINION BANK	2,247,430.81	4.94
TOYOTA MOTOR CORP	2,203,758.64	4.85
UNITED STATES TREASURY	9,404,596.98	20.69
Total	\$45,449,464.00	100.00%

Credit Quality (S&P Ratings)





Managed Account Detail of Securities Held

For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY N/B DTD 03/31/2017 1.250% 03/31/2019	912828W97	3,225,000.00	AA+	Aaa	07/30/18	07/31/18	3,202,828.13	2.29	110.75	3,208,450.17	3,206,104.73
US TREASURY NOTES DTD 05/15/2009 3.125% 05/15/2019	912828KQ2	1,830,000.00	AA+	Aaa	08/07/18	08/08/18	1,840,365.23	2.37	21,600.71	1,838,413.99	1,837,005.24
US TREASURY NOTES DTD 10/31/2014 1.500% 10/31/2019	912828F62	650,000.00	AA+	Aaa	07/25/18	07/26/18	641,773.44	2.52	4,080.16	642,948.14	641,798.95
US TREASURY NOTES DTD 12/31/2012 1.125% 12/31/2019	912828UF5	760,000.00	AA+	Aaa	07/25/18	07/26/18	744,710.94	2.57	2,160.73	746,634.61	745,245.36
US TREASURY N/B NOTES DTD 01/31/2018 2.000% 01/31/2020	9128283S7	820,000.00	AA+	Aaa	07/25/18	07/26/18	813,017.19	2.58	2,763.04	813,848.28	812,184.58
US TREASURY NOTES DTD 05/31/2013 1.375% 05/31/2020	912828VF4	1,150,000.00	AA+	Aaa	07/25/18	07/26/18	1,123,810.55	2.65	5,314.04	1,126,360.08	1,123,540.80
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	1,060,000.00	AA+	Aaa	07/25/18	07/26/18	1,039,835.16	2.64	4,353.06	1,041,703.02	1,038,717.32
Security Type Sub-Total		9,495,000.00					9,406,340.64	2.45	40,382.49	9,418,358.29	9,404,596.98
Federal Agency Bond / Note											
FHLMC NOTES DTD 04/19/2018 2.500% 04/23/2020	3137EAEM7	400,000.00	AA+	Aaa	07/25/18	07/26/18	398,772.40	2.68	4,500.00	398,902.96	398,144.00
Security Type Sub-Total		400,000.00					398,772.40	2.68	4,500.00	398,902.96	398,144.00
Corporate Note											
HONEYWELL INTERNATIONAL CORP NOTES DTD 10/31/2016 1.400% 10/30/2019	438516BJ4	215,000.00	A	A2	07/25/18	07/27/18	211,504.10	2.72	1,262.53	211,992.74	211,897.12
HONEYWELL INTERNATIONAL CORP NOTES DTD 10/31/2016 1.400% 10/30/2019	438516BJ4	240,000.00	A	A2	07/25/18	07/27/18	236,092.80	2.72	1,409.33	236,638.92	236,536.32
CATERPILLAR FINL SERVICE CORPORATE BOND DTD 11/29/2017 2.000% 11/29/2019	14913O2F5	455,000.00	A	A3	07/25/18	07/27/18	450,809.45	2.70	3,083.89	451,361.05	450,083.27



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note												
PEPSICO, INC NOTES DTD 01/14/2010 4.500% 01/15/2020		713448BN7	440,000.00	A+	A1	07/25/18	07/27/18	451,444.40	2.68	4,180.00	450,076.68	449,021.32
CISCO SYSTEMS INC CORP NOTE DTD 11/17/2009 4.450% 01/15/2020		17275RAH5	455,000.00	AA-	A1	07/27/18	07/31/18	465,728.90	2.78	4,274.47	464,506.06	464,111.83
NATIONAL RURAL UTIL COOP CORP NOTES DTD 01/27/2015 2.000% 01/27/2020		637432NC5	455,000.00	A	A1	07/25/18	07/27/18	449,289.75	2.86	1,617.78	449,956.93	449,098.65
CHEVRON CORP (CALLABLE) NOTES DTD 03/03/2015 1.961% 03/03/2020		166764AR1	910,000.00	AA-	Aa2	07/25/18	07/27/18	897,924.30	2.81	1,387.95	899,251.85	898,311.96
AMERICAN HONDA FINANCE CORP NOTES DTD 03/13/2015 2.150% 03/13/2020		02665WAU5	455,000.00	A+	A2	07/25/18	07/27/18	449,248.80	2.95	489.13	449,870.90	448,834.75
APPLE INC CORP NOTE DTD 05/13/2015 2.000% 05/06/2020		037833BD1	910,000.00	AA+	Aa1	07/25/18	07/27/18	898,224.60	2.75	6,976.67	899,388.10	897,280.93
Security Type Sub-Total			4,535,000.00					4,510,267.10	2.78	24,681.75	4,513,043.23	4,505,176.15
Commercial Paper												
TOYOTA MOTOR CREDIT CORP COMM PAPER DTD 07/25/2018 0.000% 12/24/2018		89233HMQ4	600,000.00	A-1+	P-1	07/25/18	07/26/18	594,035.50	2.39	0.00	596,682.00	596,663.40
DEXIA CREDIT LOCAL SA NY COMM PAPER DTD 07/25/2018 0.000% 04/15/2019		25214PK44	1,390,000.00	A-1+	P-1	07/25/18	07/26/18	1,364,105.46	2.60	0.00	1,370,702.16	1,370,406.56
TOYOTA MOTOR CREDIT CORP COMM PAPER DTD 07/19/2018 0.000% 04/15/2019		89233HRF3	1,630,000.00	A-1+	P-1	07/25/18	07/26/18	1,599,515.38	2.61	0.00	1,607,281.42	1,607,095.24
Security Type Sub-Total			3,620,000.00					3,557,656.34	2.57	0.00	3,574,665.58	3,574,165.20
Certificate of Deposit												
BNP PARIBAS NY BRANCH CERT DEPOS DTD 08/01/2018 2.330% 12/03/2018		05582W6S8	1,390,000.00	A-1	P-1	07/30/18	08/01/18	1,390,000.00	2.33	5,487.80	1,390,000.00	1,389,963.43



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit											
CREDIT AGRICOLE CIB NY CERT DEPOS DTD 07/30/2018 2.360% 12/28/2018	22534H6H9	1,350,000.00	A-1	P-1	07/27/18	07/30/18	1,350,000.00	2.36	5,575.50	1,350,000.00	1,349,607.33
AUST & NZ BANKING GRP NY CERT DEPOS DTD 07/06/2018 2.350% 01/10/2019	05252WPJ6	2,000,000.00	A-1+	P-1	08/01/18	08/02/18	1,999,963.34	2.34	11,358.33	1,999,977.00	1,998,808.34
NORDEA BK AB (PUBL)/NY CERT DEPOS DTD 07/27/2018 2.400% 01/28/2019	65590AA30	2,260,000.00	A-1+	P-1	07/27/18	07/27/18	2,260,000.00	2.40	9,944.00	2,260,000.00	2,259,409.42
ROYAL BANK OF CANADA CERT DEPOS DTD 07/30/2018 2.420% 01/30/2019	78012UFP5	1,000,000.00	A-1+	P-1	08/03/18	08/06/18	999,945.86	2.42	4,235.00	999,962.99	999,514.23
COOPERATIEVE RABOBANK U.A. CERT DEPOS DTD 10/03/2017 1.780% 04/03/2019	21684B3H5	380,000.00	A-1	P-1	07/30/18	07/31/18	377,763.00	2.63	3,344.42	378,326.80	378,354.30
CANADIAN IMP BK COMM NY CERT DEPOS DTD 07/26/2018 2.640% 07/24/2019	13606BZU3	2,260,000.00	A-1	P-1	07/25/18	07/26/18	2,260,000.00	2.64	11,104.13	2,260,000.00	2,247,439.60
TORONTO DOMINION BANK NY CERT DEPOS DTD 07/26/2018 2.630% 07/25/2019	89113X7H1	2,260,000.00	A-1+	P-1	07/25/18	07/26/18	2,260,000.00	2.63	11,062.07	2,260,000.00	2,247,430.81
Security Type Sub-Total		12,900,000.00					12,897,672.20	2.47	62,111.25	12,898,266.79	12,870,527.46
Managed Account Sub-Total		30,950,000.00					30,770,708.68	2.52	131,675.49	30,803,236.85	30,752,609.79
Money Market Mutual Fund											
CAMP Pool		14,696,854.21	AAAm	NR			14,696,854.21		0.00	14,696,854.21	14,696,854.21
Money Market Sub-Total		14,696,854.21					14,696,854.21		0.00	14,696,854.21	14,696,854.21
Securities Sub-Total		\$45,646,854.21					\$45,467,562.89	2.52%	\$131,675.49	\$45,500,091.06	\$45,449,464.00
Accrued Interest											\$131,675.49
Total Investments											\$45,581,139.49



Managed Account Fair Market Value & Analytics

For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Security Type/Description				Next Call	Market	Market	Unreal G/L	Unreal G/L	Effective	Duration	YTM
Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Date	Price	Value	On Cost	Amort Cost	Duration	to Worst	at Mkt
U.S. Treasury Bond / Note											
US TREASURY N/B	912828W97	3,225,000.00	CITIGRP		99.41	3,206,104.73	3,276.60	(2,345.44)	0.49	0.49	2.44
DTD 03/31/2017 1.250% 03/31/2019											
US TREASURY NOTES	912828KQ2	1,830,000.00	NOMURA		100.38	1,837,005.24	(3,359.99)	(1,408.75)	0.61	0.61	2.50
DTD 05/15/2009 3.125% 05/15/2019											
US TREASURY NOTES	912828F62	650,000.00	NOMURA		98.74	641,798.95	25.51	(1,149.19)	1.06	1.06	2.69
DTD 10/31/2014 1.500% 10/31/2019											
US TREASURY NOTES	912828UF5	760,000.00	JEFFERIE		98.06	745,245.36	534.42	(1,389.25)	1.22	1.22	2.71
DTD 12/31/2012 1.125% 12/31/2019											
US TREASURY N/B NOTES	9128283S7	820,000.00	GOLDMAN		99.05	812,184.58	(832.61)	(1,663.70)	1.30	1.30	2.73
DTD 01/31/2018 2.000% 01/31/2020											
US TREASURY NOTES	912828VF4	1,150,000.00	GOLDMAN		97.70	1,123,540.80	(269.75)	(2,819.28)	1.62	1.62	2.80
DTD 05/31/2013 1.375% 05/31/2020											
US TREASURY NOTES	912828XH8	1,060,000.00	JPM_CHAS		97.99	1,038,717.32	(1,117.84)	(2,985.70)	1.70	1.70	2.81
DTD 06/30/2015 1.625% 06/30/2020											
Security Type Sub-Total		9,495,000.00				9,404,596.98	(1,743.66)	(13,761.31)	0.95	0.95	2.60
Federal Agency Bond / Note											
FHLMC NOTES	3137EAEM7	400,000.00	TD		99.54	398,144.00	(628.40)	(758.96)	1.51	1.51	2.80
DTD 04/19/2018 2.500% 04/23/2020											
Security Type Sub-Total		400,000.00				398,144.00	(628.40)	(758.96)	1.51	1.51	2.80
Corporate Note											
HONEYWELL INTERNATIONAL CORP NOTES	438516BJ4	215,000.00	BNP_PARI		98.56	211,897.12	393.02	(95.62)	1.06	1.06	2.76
DTD 10/31/2016 1.400% 10/30/2019											
HONEYWELL INTERNATIONAL CORP NOTES	438516BJ4	240,000.00	MKTX		98.56	236,536.32	443.52	(102.60)	1.06	1.06	2.76
DTD 10/31/2016 1.400% 10/30/2019											
CATERPILLAR FINL SERVICE CORPORATE BOND	14913Q2F5	455,000.00	CSFB		98.92	450,083.27	(726.18)	(1,277.78)	1.13	1.13	2.95
DTD 11/29/2017 2.000% 11/29/2019											



Managed Account Fair Market Value & Analytics

For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Corporate Note												
PEPSICO, INC NOTES		713448BN7	440,000.00	BONY		102.05	449,021.32	(2,423.08)	(1,055.36)	1.24	1.24	2.87
DTD 01/14/2010 4.500% 01/15/2020												
CISCO SYSTEMS INC CORP NOTE		17275RAH5	455,000.00	MKTX		102.00	464,111.83	(1,617.07)	(394.23)	1.24	1.24	2.86
DTD 11/17/2009 4.450% 01/15/2020												
NATIONAL RURAL UTIL COOP CORP NOTES		637432NC5	455,000.00	GOLDMAN		98.70	449,098.65	(191.10)	(858.28)	1.29	1.29	3.00
DTD 01/27/2015 2.000% 01/27/2020												
CHEVRON CORP (CALLABLE) NOTES		166764AR1	910,000.00	MORGAN_S	02/03/20	98.72	898,311.96	387.66	(939.89)	1.38	1.39	2.89
DTD 03/03/2015 1.961% 03/03/2020												
AMERICAN HONDA FINANCE CORP NOTES		02665WAU5	455,000.00	MORGAN_S		98.65	448,834.75	(414.05)	(1,036.15)	1.41	1.41	3.11
DTD 03/13/2015 2.150% 03/13/2020												
APPLE INC CORP NOTE		037833BD1	910,000.00	MORGAN_S		98.60	897,280.93	(943.67)	(2,107.17)	1.55	1.55	2.90
DTD 05/13/2015 2.000% 05/06/2020												
Security Type Sub-Total			4,535,000.00				4,505,176.15	(5,090.95)	(7,867.08)	1.32	1.33	2.91
Commercial Paper												
TOYOTA MOTOR CREDIT CORP COMM PAPER		89233HMQ4	600,000.00	TOYOTA		99.44	596,663.40	2,627.90	(18.60)	0.23	0.23	2.37
DTD 07/25/2018 0.000% 12/24/2018												
DEXIA CREDIT LOCAL SA NY COMM PAPER		25214PK44	1,390,000.00	DEXIA		98.59	1,370,406.56	6,301.10	(295.60)	0.53	0.53	2.61
DTD 07/25/2018 0.000% 04/15/2019												
TOYOTA MOTOR CREDIT CORP COMM PAPER		89233HRF3	1,630,000.00	TOYOTA		98.59	1,607,095.24	7,579.86	(186.18)	0.53	0.53	2.60
DTD 07/19/2018 0.000% 04/15/2019												
Security Type Sub-Total			3,620,000.00				3,574,165.20	16,508.86	(500.38)	0.48	0.48	2.57
Certificate of Deposit												
BNP PARIBAS NY BRANCH CERT DEPOS		05582W6S8	1,390,000.00	BNP_PARI		100.00	1,389,963.43	(36.57)	(36.57)	0.17	0.17	2.34
DTD 08/01/2018 2.330% 12/03/2018												
CREDIT AGRICOLE CIB NY CERT DEPOS		22534H6H9	1,350,000.00	CREDAG		99.97	1,349,607.33	(392.67)	(392.67)	0.24	0.24	2.40
DTD 07/30/2018 2.360% 12/28/2018												
AUST & NZ BANKING GRP NY CERT DEPOS		05252WPJ6	2,000,000.00	JPM_CHAS		99.94	1,998,808.34	(1,155.00)	(1,168.66)	0.28	0.28	2.43
DTD 07/06/2018 2.350% 01/10/2019												



Managed Account Fair Market Value & Analytics

For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Certificate of Deposit											
NORDEA BK AB (PUBL)/NY CERT DEPOS DTD 07/27/2018 2.400% 01/28/2019	65590AA30	2,260,000.00	MERRILL		99.97	2,259,409.42	(590.58)	(590.58)	0.32	0.32	2.47
ROYAL BANK OF CANADA CERT DEPOS DTD 07/30/2018 2.420% 01/30/2019	78012UFP5	1,000,000.00	RBC		99.95	999,514.23	(431.63)	(448.76)	0.33	0.33	2.47
COOPERATIVE RABOBANK U.A. CERT DEPOS DTD 10/03/2017 1.780% 04/03/2019	21684B3H5	380,000.00	MERRILL		99.57	378,354.30	591.30	27.50	0.50	0.50	2.62
CANADIAN IMP BK COMM NY CERT DEPOS DTD 07/26/2018 2.640% 07/24/2019	13606BZU3	2,260,000.00	CIBC		99.44	2,247,439.60	(12,560.40)	(12,560.40)	0.80	0.80	2.74
TORONTO DOMINION BANK NY CERT DEPOS DTD 07/26/2018 2.630% 07/25/2019	89113X7H1	2,260,000.00	TD		99.44	2,247,430.81	(12,569.19)	(12,569.19)	0.81	0.81	2.74
Security Type Sub-Total		12,900,000.00				12,870,527.46	(27,144.74)	(27,739.33)	0.46	0.46	2.54
Managed Account Sub-Total		30,950,000.00				30,752,609.79	(18,098.89)	(50,627.06)	0.75	0.75	2.62
Money Market Mutual Fund											
CAMP Pool		14,696,854.21			1.00	14,696,854.21	0.00	0.00	0.00	0.00	
Money Market Sub-Total		14,696,854.21				14,696,854.21	0.00	0.00	0.00	0.00	
Securities Sub-Total		\$45,646,854.21				\$45,449,464.00	(\$18,098.89)	(\$50,627.06)	0.75	0.75	2.62%
Accrued Interest						\$131,675.49					
Total Investments						\$45,581,139.49					



Managed Account Security Transactions & Interest

For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001 - (12517708)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
09/03/18	09/03/18	CHEVRON CORP (CALLABLE) NOTES DTD 03/03/2015 1.961% 03/03/2020	166764AR1	910,000.00	0.00	8,922.55	8,922.55			
09/13/18	09/13/18	AMERICAN HONDA FINANCE CORP NOTES DTD 03/13/2015 2.150% 03/13/2020	02665WAU5	455,000.00	0.00	4,891.25	4,891.25			
09/30/18	09/30/18	US TREASURY N/B DTD 03/31/2017 1.250% 03/31/2019	912828W97	3,225,000.00	0.00	20,156.25	20,156.25			
Transaction Type Sub-Total				4,590,000.00	0.00	33,970.05	33,970.05			
Managed Account Sub-Total					0.00	33,970.05	33,970.05			
Total Security Transactions					\$0.00	\$33,970.05	\$33,970.05			



Account Statement

For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Project Fund - 7023-001

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					
Opening Balance					14,687,391.52
09/04/18	09/04/18	Purchase - Interest 166764AR1	1.00	8,922.55	14,696,314.07
09/06/18	09/06/18	Transfer to 7023-002	1.00	(27,573.79)	14,668,740.28
09/13/18	09/13/18	Purchase - Interest 02665WAU5	1.00	4,891.25	14,673,631.53
09/26/18	09/26/18	IP Fees August 2018	1.00	(2,436.42)	14,671,195.11
09/26/18	09/26/18	U.S. Bank Fees July 2018	1.00	(172.88)	14,671,022.23
09/28/18	10/01/18	Accrual Income Div Reinvestment - Distributions	1.00	25,831.98	14,696,854.21
Closing Balance					14,696,854.21

	Month of September	Fiscal YTD July-September		
Opening Balance	14,687,391.52	45,526,850.13	Closing Balance	14,696,854.21
Purchases	39,645.78	150,165.60	Average Monthly Balance	14,677,526.72
Redemptions (Excl. Checks)	(30,183.09)	(30,980,161.52)	Monthly Distribution Yield	2.14%
Check Disbursements	0.00	0.00		
Closing Balance	14,696,854.21	14,696,854.21		
Cash Dividends and Income	25,831.98	128,151.80		



Account Statement - Transaction Summary

For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Capitalized Intere - 7023-002

CAMP Pool	
Opening Market Value	1,377,720.13
Purchases	30,039.45
Redemptions	(306.77)
Unsettled Trades	0.00
Change in Value	0.00

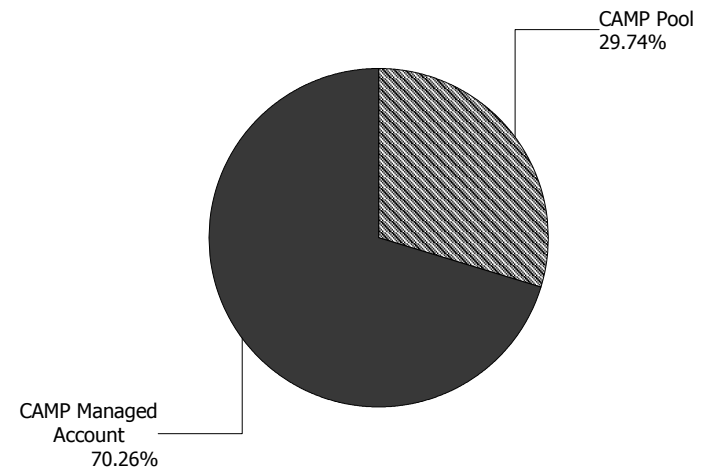
Closing Market Value	\$1,407,452.81
Cash Dividends and Income	2,465.66

CAMP Managed Account	
Opening Market Value	3,329,832.22
Purchases	0.00
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	(4,445.12)

Closing Market Value	\$3,325,387.10
Cash Dividends and Income	0.00

Asset Summary		
	September 30, 2018	August 31, 2018
CAMP Pool	1,407,452.81	1,377,720.13
CAMP Managed Account	3,325,387.10	3,329,832.22
Total	\$4,732,839.91	\$4,707,552.35

Asset Allocation





Managed Account Summary Statement

For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Capitalized Intere - 7023-002 - (12517707)

Transaction Summary - Money Market		Transaction Summary - Managed Account		Account Total	
Opening Market Value	\$1,377,720.13	Opening Market Value	\$3,329,832.22	Opening Market Value	\$4,707,552.35
Purchases	30,039.45	Maturities/Calls	0.00		
Redemptions	(306.77)	Principal Dispositions	0.00		
		Principal Acquisitions	0.00		
		Unsettled Trades	0.00		
		Change in Current Value	(4,445.12)		
Closing Market Value	\$1,407,452.81	Closing Market Value	\$3,325,387.10	Closing Market Value	\$4,732,839.91
Dividend	2,465.66				

Earnings Reconciliation (Cash Basis) - Managed Account		Cash Balance	
Interest/Dividends/Coupons Received	0.00	Closing Cash Balance	\$0.00
Less Purchased Interest Related to Interest/Coupons	0.00		
Plus Net Realized Gains/Losses	0.00		
Total Cash Basis Earnings	\$0.00		

Earnings Reconciliation (Accrual Basis)		Managed Account	Total	Cash Transactions Summary- Managed Account	
Ending Amortized Value of Securities	3,332,421.79	4,739,874.60		Maturities/Calls	0.00
Ending Accrued Interest	21,813.69	21,813.69		Sale Proceeds	0.00
Plus Proceeds from Sales	0.00	306.77		Coupon/Interest/Dividend Income	0.00
Plus Proceeds of Maturities/Calls/Principal Payments	0.00	0.00		Principal Payments	0.00
Plus Coupons/Dividends Received	0.00	0.00		Security Purchases	0.00
Less Cost of New Purchases	0.00	(30,039.45)		Net Cash Contribution	0.00
Less Beginning Amortized Value of Securities	(3,330,776.27)	(4,708,496.40)		Reconciling Transactions	0.00
Less Beginning Accrued Interest	(16,631.46)	(16,631.46)			
Dividends	0.00	2,465.66			
Total Accrual Basis Earnings	\$6,827.75	\$9,293.41			



Portfolio Summary and Statistics

For the Month Ending **September 30, 2018**

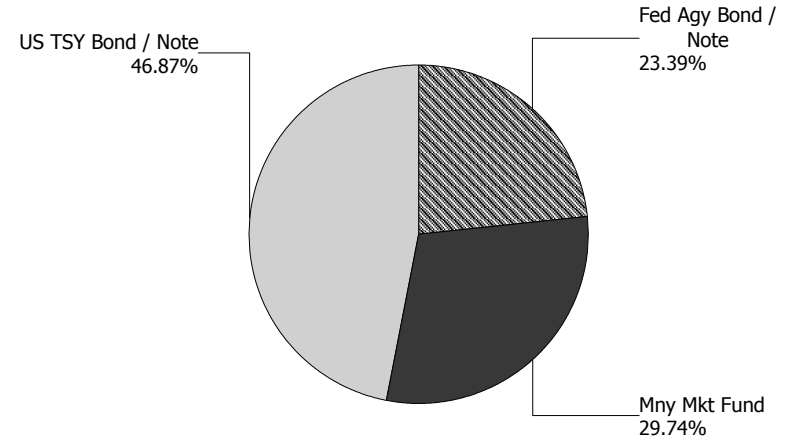
City of San Rafael - Lease Revenue Bonds Series 2018 Capitalized Intere - 7023-002 - (12517707)

Account Summary

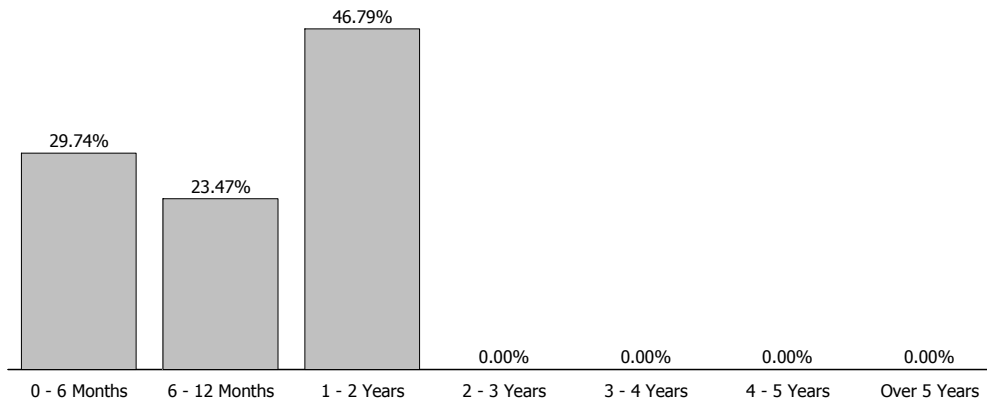
Description	Par Value	Market Value	Percent
U.S. Treasury Bond / Note	2,240,000.00	2,218,519.52	46.87
Federal Agency Bond / Note	1,110,000.00	1,106,867.58	23.39
Managed Account Sub-Total	3,350,000.00	3,325,387.10	70.26%
Accrued Interest		21,813.69	
Total Portfolio	3,350,000.00	3,347,200.79	
CAMP Pool	1,407,452.81	1,407,452.81	29.74
Total Investments	4,757,452.81	4,754,653.60	100.00%

Unsettled Trades **0.00** **0.00**

Sector Allocation



Maturity Distribution



Characteristics

Yield to Maturity at Cost	2.49%
Yield to Maturity at Market	2.67%
Duration to Worst	1.13
Weighted Average Days to Maturity	425



Managed Account Issuer Summary

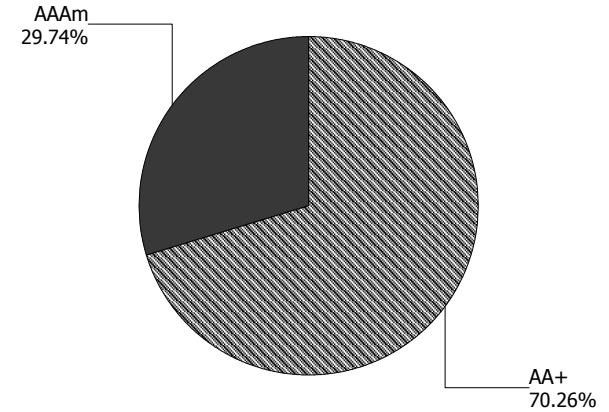
For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Capitalized Intere - 7023-002 - (12517707)

Issuer Summary

Issuer	Market Value of Holdings	Percent
CAMP Pool	1,407,452.81	29.74
FEDERAL HOME LOAN BANKS	1,106,867.58	23.39
UNITED STATES TREASURY	2,218,519.52	46.87
Total	\$4,732,839.91	100.00%

Credit Quality (S&P Ratings)





Managed Account Detail of Securities Held

For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Capitalized Intere - 7023-002 - (12517707)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
UNITED STATES TREASURY NOTES DTD 05/31/2017 1.250% 05/31/2019	912828XS4	1,120,000.00	AA+	Aaa	07/11/18	07/12/18	1,109,456.25	2.33	4,704.92	1,112,079.26	1,110,725.28
US TREASURY N/B DTD 11/30/2017 1.750% 11/30/2019	9128283H1	1,120,000.00	AA+	Aaa	07/11/18	07/12/18	1,108,493.75	2.51	6,586.89	1,110,313.67	1,107,794.24
Security Type Sub-Total		2,240,000.00					2,217,950.00	2.42	11,291.81	2,222,392.93	2,218,519.52
Federal Agency Bond / Note											
FEDERAL HOME LOAN BANKS NOTES DTD 05/21/2018 2.625% 05/28/2020	3130AECJ7	1,110,000.00	AA+	Aaa	07/11/18	07/12/18	1,110,028.86	2.62	10,521.88	1,110,028.86	1,106,867.58
Security Type Sub-Total		1,110,000.00					1,110,028.86	2.62	10,521.88	1,110,028.86	1,106,867.58
Managed Account Sub-Total		3,350,000.00					3,327,978.86	2.49	21,813.69	3,332,421.79	3,325,387.10
Money Market Mutual Fund											
CAMP Pool		1,407,452.81	AAAm	NR			1,407,452.81		0.00	1,407,452.81	1,407,452.81
Money Market Sub-Total		1,407,452.81					1,407,452.81		0.00	1,407,452.81	1,407,452.81
Securities Sub-Total		\$4,757,452.81					\$4,735,431.67	2.49%	\$21,813.69	\$4,739,874.60	\$4,732,839.91
Accrued Interest											\$21,813.69
Total Investments											\$4,754,653.60



Managed Account Fair Market Value & Analytics

For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Capitalized Intere - 7023-002 - (12517707)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
U.S. Treasury Bond / Note											
UNITED STATES TREASURY NOTES DTD 05/31/2017 1.250% 05/31/2019	912828XS4	1,120,000.00	JPM_CHAS		99.17	1,110,725.28	1,269.03	(1,353.98)	0.66	0.66	2.51
US TREASURY N/B DTD 11/30/2017 1.750% 11/30/2019	9128283H1	1,120,000.00	JPM_CHAS		98.91	1,107,794.24	(699.51)	(2,519.43)	1.14	1.14	2.70
Security Type Sub-Total		2,240,000.00				2,218,519.52	569.52	(3,873.41)	0.90	0.90	2.61
Federal Agency Bond / Note											
FEDERAL HOME LOAN BANKS NOTES DTD 05/21/2018 2.625% 05/28/2020	3130AECJ7	1,110,000.00	BARCLAYS		99.72	1,106,867.58	(3,161.28)	(3,161.28)	1.60	1.60	2.80
Security Type Sub-Total		1,110,000.00				1,106,867.58	(3,161.28)	(3,161.28)	1.60	1.60	2.80
Managed Account Sub-Total		3,350,000.00				3,325,387.10	(2,591.76)	(7,034.69)	1.13	1.13	2.67
Money Market Mutual Fund											
CAMP Pool		1,407,452.81			1.00	1,407,452.81	0.00	0.00	0.00	0.00	
Money Market Sub-Total		1,407,452.81				1,407,452.81	0.00	0.00	0.00	0.00	
Securities Sub-Total		\$4,757,452.81				\$4,732,839.91	(\$2,591.76)	(\$7,034.69)	1.13	1.13	2.67%
Accrued Interest						\$21,813.69					
Total Investments						\$4,754,653.60					



Account Statement

For the Month Ending **September 30, 2018**

City of San Rafael - Lease Revenue Bonds Series 2018 Capitalized Intere - 7023-002

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					
Opening Balance					1,377,720.13
09/06/18	09/06/18	Transfer from 7023-001	1.00	27,573.79	1,405,293.92
09/26/18	09/26/18	IP Fees August 2018	1.00	(269.57)	1,405,024.35
09/26/18	09/26/18	U.S. Bank Fees July 2018	1.00	(37.20)	1,404,987.15
09/28/18	10/01/18	Accrual Income Div Reinvestment - Distributions	1.00	2,465.66	1,407,452.81
Closing Balance					1,407,452.81

	Month of September	Fiscal YTD July-September		
Opening Balance	1,377,720.13	4,597,184.43	Closing Balance	1,407,452.81
Purchases	30,039.45	146,720.28	Average Monthly Balance	1,400,893.73
Redemptions (Excl. Checks)	(306.77)	(3,336,451.90)	Monthly Distribution Yield	2.14%
Check Disbursements	0.00	0.00		
Closing Balance	1,407,452.81	1,407,452.81		
Cash Dividends and Income	2,465.66	9,350.33		



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Public Works

Prepared by: Bill Guerin,
Director of Public Works

City Manager Approval: _____

File No.: 16.06.87

TOPIC: STREET RESURFACING

SUBJECT: ACCEPT COMPLETION OF THE STREET RESURFACING 2016-2017 PROJECT (CITY PROJECT NO. 11306), AND AUTHORIZE THE CITY CLERK TO FILE THE NOTICE OF COMPLETION

RECOMMENDATION: Accept completion of the project and authorize the City Clerk to file the Notice of Completion.

BACKGROUND: Resurfacing of City streets is a vital program that improves a portion of the City's 175 miles of roadways each year. This year's project includes installation of 11 curb ramps, which are required when resurfacing roadways, and paving of 25 streets.

The project was advertised in accordance with San Rafael's Municipal Code on February 14, 2018, and sealed bids were publicly opened and read aloud March 14, 2018 at 10:00 AM. On April 16, 2018, the City Council adopted a resolution authorizing the City Manager to enter into an agreement with the low bidder, Team Ghilotti Inc. in the amount of \$1,394,144. Construction commenced on May 14, 2018, and all work was completed on September 5, 2018.

ANALYSIS: Pursuant to Civil Code Section 3093, the City is required to record a Notice of Completion upon City acceptance of the improvements. This acceptance initiates a time period during which project subcontractors may file Stop Notices seeking payment from the City from the funds owed to the Contractor for the project work.

FISCAL IMPACT: The City's actual expenses for the construction contract with Team Ghilotti, Inc. were \$1,464,712.15, and therefore came in under the \$1,533,559 budget. The following table details the total project cost.

Design	\$11,705
Construction/Utilities/Inspection	\$1,541,623
Supplies/Services	\$2,872
TOTAL Project Cost	\$1,556,200

The project was funded by Gas Tax (#206) fund.

FOR CITY CLERK ONLY

File No.: _____

Council Meeting: _____

Disposition: _____

RECOMMENDED ACTION: Staff recommends that the City Council accept completion of the project and authorize the City Clerk to file the Notice of Completion.

ATTACHMENT:

1. Notice of Completion

When recorded mail to:

City of San Rafael
Lindsay Lara, City Clerk
1400 Fifth Avenue
P. O. Box 151560
San Rafael, CA 94915-1560

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**CITY OF SAN RAFAEL
NOTICE OF COMPLETION OF IMPROVEMENT**

TO ALL PERSONS WHOM IT MAY CONCERN:

NOTICE IS HEREBY GIVEN for and on behalf of the City of San Rafael, County of Marin, State of California, that there has been a cessation of labor upon the work or improvement and that said work or improvement was completed upon the 5th day of **September, 2018** and accepted the 5th day of **November, 2018**; that the name, address and nature of the title of the party giving this notice is as follows: The City of San Rafael, 1400 Fifth Avenue, San Rafael, California, 94901, a municipal corporation, in the County of Marin, State of California, within the boundaries of which said work or improvement was made upon land owned by said City and/or over which said City has an easement; that said work or improvement is described as follows:

**2016 - 2017 STREET RESURFACING PROJECT
CITY PROJECT #11306**

and reference is hereby made for a further description thereof to the plans and specifications approved for said work or improvements now on file in the Department of Public Works of said City, and said plans and specifications are hereby incorporated herein by reference thereto; and that the name of the Contractor who contracted to perform said work and make such improvement is

Team Ghilotti, Inc.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at San Rafael, California, on _____, 20____.

CITY OF SAN RAFAEL
A Municipal Corporation

By _____
BILL GUERIN
Director of Public Works

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA
COUNTY OF MARIN

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20___, by Bill Guerin, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

WITNESS my hand and official seal.

Signature _____

Lindsay Lara
San Rafael City Clerk

File: 16.06.87



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Public Works

**Prepared by: Bill Guerin,
Director of Public Works**

City Manager Approval:

File No.: 18.01.83

TOPIC: THIRD STREET AT HETHERTON STREET IMPROVEMENTS

SUBJECT: A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH KIMLEY-HORN AND ASSOCIATES, INC. FOR ENGINEERING DESIGN SERVICES ASSOCIATED WITH THE THIRD STREET AT HETHERTON STREET IMPROVEMENT PROJECT, CITY PROJECT NO. 11320, IN AN AMOUNT NOT TO EXCEED \$64,903.81.

RECOMMENDATION: Adopt a resolution authorizing the City Manager to execute a professional services agreement with Kimley-Horn and Associates, Inc. for engineering design services associated with the Third Street at Hetherton Street Improvement Project, City Project No. 11320, in an amount not to exceed \$64,903.81.

BACKGROUND: The intersection of Third Street and Hetherton Street is one of the most heavily congested locations in San Rafael. This is due in part to its proximity to major traffic generators, such as: the northbound and southbound ramps for Highway 101, Downtown San Rafael, Montecito Shopping Center, San Rafael High School, and traffic from the freeway with destinations in west Marin County.

The intersection of Third Street and Hetherton Street is also highly traversed by pedestrians traveling between the Montecito neighborhood, Downtown San Rafael, the Caltrans Park-and-Ride lots, and the San Rafael Transit Center. During peak hours, this intersection handles over 3,500 vehicles and 200 pedestrians per hour, creating numerous points of conflict between vehicles and pedestrians. With the successful first year of operation of the Downtown SMART Station, it is anticipated that pedestrian traffic at this intersection will continue to increase.

In the last five years, there have been multiple pedestrian-involved collisions at Third Street and Hetherton Street, including two pedestrian fatalities, which occurred in 2014 and 2016. Both fatalities involved vehicles making a westbound left turn from Third Street to southbound Hetherton Street from the second, or outside, turning lane. In August 2016, two months following the latest fatality, the City applied for a federal grant through the Highway Safety

FOR CITY CLERK ONLY

File No.: _____

Council Meeting: _____

Disposition: Resolution No. _____

SAN RAFAEL CITY COUNCIL AGENDA REPORT / Page: 2

Improvement Program (HSIP) administered by Caltrans. The application was favorably received, and subsequently the City was awarded \$583,900 in funds.

In order to investigate whether further improvements could be made to improve safety to the intersection, on January 17, 2017 the City Council authorized the City Manager to enter into a professional services agreement with the transportation consultant firm, Kimley-Horn and Associates Inc. (Kimley-Horn), to prepare a study for the intersection. On July 2, 2018, City staff provided the City Council with an informational report, including a recommended concept and proposal of an in-field pilot study to better ascertain real world results. In recent weeks, staff have submitted a pilot study proposal to Caltrans, requesting that an encroachment permit be granted since the intersection is within State right-of-way.

With the traffic study, public outreach, and City Council's acceptance of the informational report now completed, staff recommends moving the project into the design and environmental clearance stage. To this end, Public Works issued a Request for Proposals (RFP) on July 27, 2018.

ANALYSIS: Based on the federal requirements Public Works solicited this design project in the Marin Independent Journal. On August 23, 2018 the city received one proposal, from Kimley-Horn. The Kimley-Horn proposal was evaluated by City staff based on criteria specified in the RFP, and a phone interview was conducted on August 31, 2018. Staff recommends Kimley-Horn as the most qualified consultant for this project.

FISCAL IMPACT: The Third Street at Hetherton Street Improvements project is in the City's Capital Improvement Program (CIP), which includes the consulting services for this next phase of the project. The consultant's not-to-exceed fee of \$64,903.81 will be paid for through \$60,000 in federal grant funds and \$4,903.81 in Gas Tax Funds (fund no. 206). Once the design is completed, an engineer's estimate can be made for construction and completion of the project.

OPTIONS: The City Council has the following options to consider relating to this matter:

1. Adopt a resolution authorizing the City Manager to execute a professional services agreement with Kimley-Horn.
2. Do not accept the proposal from Kimley-Horn and direct staff to reissue the RFP. Reissuing the RFP has the potential, when combined with other potential delays during execution of the work, to significantly impact meeting funding deadlines required by the federal grant.
3. Do not accept the proposal from Kimley-Horn and provide further direction to staff.

RECOMMENDED ACTION: Adopt a resolution authorizing the City Manager to execute a professional services agreement with Kimley-Horn for engineering design services associated with the Third Street at Hetherton Street Improvement Project in an amount not to exceed \$64,903.81, in a form approved by the City Attorney.

ATTACHMENT:

1. Resolution
2. Exhibit 1 to Resolution: Agreement and corresponding Exhibits A and B

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL APPROVING AND AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH KIMLEY-HORN AND ASSOCIATES, INC. FOR ENGINEERING DESIGN SERVICES ASSOCIATED WITH THE THIRD STREET AT HETHERTON STREET IMPROVEMENTS PROJECT, CITY PROJECT NO. 11320, IN AN AMOUNT NOT TO EXCEED \$64,903.81

WHEREAS, the Third Street and Hetherton Street intersection is one of the busiest intersections in San Rafael; and

WHEREAS, several accidents have occurred in this area over the last several years; and

WHEREAS, traffic in and around the San Rafael Transit Center has grown significantly more congested in recent years; and

WHEREAS, the City previously retained Kimley-Horn and Associates, Inc. (Kimley-Horn) to study the Third Street at Hetherton Street intersection and determine what improvements can be made to improve pedestrian safety and traffic capacity; and

WHEREAS, on July 2, 2018, City staff and Kimley-Horn presented their findings to the San Rafael City Council who recommended proceeding with the design of the proposed improvements at this intersection; and

WHEREAS, the Department of Public Works requested proposals from qualified engineering firms to design the project and obtain environmental clearance utilizing a federal grant; and

WHEREAS, in response to the request for proposals (RFP), the Department of Public Works received one proposal, on August 23, 2018 from Kimley-Horn; and

WHEREAS City Staff reviewed the proposal from Kimley-Horn and found it responsive to criteria specified in the RFP including, but not limited to, understanding of the work to be done, previous experience with similar projects, qualified personnel, and familiarity with City standards and the local area;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN RAFAEL

RESOLVES as follows:

1. The Council hereby approves and authorizes the City Manager to execute a Professional Services Agreement with Kimley-Horn and Associates, Inc. for engineering design services associated with the Third Street at Hetheron Street Improvements Project in the amount not to exceed \$64,903.81, in the form attached hereto as Exhibit 1 and incorporated herein by reference, subject to final approval as to form by the City Attorney
2. Funds totaling \$60,000 will be appropriated for this project from the Highway Safety Improvement Program (HSIP) grant.
3. Funds totaling \$4,903.81 shall be appropriated from the Gas Tax Fund (#206) to the Third Street at Hetheron Street Improvements Project (Project No. 11320) to accommodate this agreement.
4. The Director of Public Works is hereby authorized to take any and all such actions and make changes as may be necessary to accomplish the purpose of this resolution.

I, LINDSAY LARA, Clerk of the City of San Rafael, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the Council of said City on the 5th day of November 2018 by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

File No.: 18.01.83

LINDSAY LARA, City Clerk

**AGREEMENT FOR PROFESSIONAL SERVICES WITH
KIMLEY-HORN AND ASSOCIATES, INC. FOR ENGINEERING SERVICES ASSOCIATED WITH THE
THIRD STREET AT HETHERTON STREET IMPROVEMENTS PROJECT**

ARTICLE I INTRODUCTION

A. This contract is entered into as of the _____ day of _____, 2018 by and between the following named, hereinafter referred to as CONSULTANT, and the following named, hereinafter referred to as LOCAL AGENCY:

The name of the "CONSULTANT" is as follows: Kimley-Horn and Associates, Inc., incorporated in or authorized to do business in the State of California.

The Project Manager for the "CONSULTANT" will be Kevin Aguigui

The name of the "LOCAL AGENCY" is as follows: City of San Rafael

The Contract Administrator for LOCAL AGENCY will be Bill Guerin, Public Works Director

- B. The work to be performed under this contract is described in Article II entitled Statement of Work and the approved CONSULTANT's Revised Cost Proposal ("Cost Proposal") dated September 10, 2018. The approved CONSULTANT's Cost Proposal is attached hereto (Exhibit B) and incorporated by reference. If there is any conflict between the approved Cost Proposal and this contract, this contract shall take precedence.
- C. CONSULTANT agrees to indemnify and hold harmless and defend LOCAL AGENCY, its officers, agents, and employees from any and all claims, demands, costs, or liability arising from or connected with the services provided hereunder due to willful misconduct, recklessness, negligent acts, errors, or omissions of CONSULTANT. CONSULTANT will reimburse LOCAL AGENCY for any expenditure, including reasonable attorney fees, incurred by LOCAL AGENCY in defending against claims ultimately determined to be due to willful misconduct, negligent acts, errors, or omissions of CONSULTANT. In no event shall the cost to defend charged to CONSULTANT exceed the design professional's proportionate percentage of fault.
- D. CONSULTANT and the agents and employees of CONSULTANT, in the performance of this contract, shall act in an independent capacity and not as officers or employees or agents of LOCAL AGENCY.
- E. Without the written consent of LOCAL AGENCY, this contract is not assignable by CONSULTANT either in whole or in part.
- F. No alteration or variation of the terms of this contract shall be valid, unless made in writing and signed by the parties hereto; and no oral understanding or agreement not incorporated herein, shall be binding on any of the parties hereto.
- G. The consideration to be paid to CONSULTANT as provided herein, shall be in compensation for all of CONSULTANT's expenses incurred in the performance hereof, including travel and per diem, unless otherwise expressly so provided.

ARTICLE II STATEMENT OF WORK

The CONSULTANT shall perform the services specified in the Revised Scope of Work, dated September 10, 2018, attached hereto as Exhibit A and incorporated herein by reference. If there is any conflict between the terms of the Cost Proposal, attached hereto as Exhibit B, and the terms of this contract, the terms of this contract shall take precedence.

ARTICLE III CONSULTANT'S REPORTS OR MEETINGS

- A. CONSULTANT shall submit progress reports at least once a month. The report should be sufficiently detailed for the Contract Administrator to determine, if CONSULTANT is performing to expectations, or is on schedule; to provide communication of interim findings, and to sufficiently address any difficulties or special problems encountered, so remedies can be developed.
- B. CONSULTANT's Project Manager shall meet with LOCAL AGENCY's Contract Administrator, as needed, to discuss progress on the contract.

ARTICLE IV PERFORMANCE PERIOD (Verbatim)

- A. This contract shall go into effect as of the date first hereinabove written, and the CONSULTANT shall commence work after notification to proceed by LOCAL AGENCY'S Contract Administrator. This Agreement shall end upon completion of the work to the satisfaction of the LOCAL AGENCY'S Contract Administrator.
- B. CONSULTANT is advised that any recommendation for contract award is not binding on LOCAL AGENCY until the contract is fully executed and approved by LOCAL AGENCY.

ARTICLE V ALLOWABLE COSTS AND PAYMENTS (Verbatim)

- A. The method of payment for this contract will be based on actual cost plus a fixed fee. LOCAL AGENCY will reimburse CONSULTANT for actual costs (including labor costs, employee benefits, travel, equipment rental costs, overhead and other direct costs) incurred by CONSULTANT in performance of the work. CONSULTANT will not be reimbursed for actual costs that exceed the estimated wage rates, employee benefits, travel, equipment rental, overhead, and other estimated costs set forth in the approved CONSULTANT'S Cost Proposal (Exhibit 10-H), unless additional reimbursement is provided for by contract amendment. In no event, will CONSULTANT be reimbursed for overhead costs at a rate that exceeds LOCAL AGENCY's approved overhead rate set forth in the Cost Proposal. In the event, that LOCAL AGENCY determines that a change to the work from that specified in the Cost Proposal and contract is required, the contract time or actual costs reimbursable by LOCAL AGENCY shall be adjusted by contract amendment to accommodate the changed work. The maximum total cost as specified in Paragraph "H" shall not be exceeded, unless authorized by contract amendment.
- B. In addition to the allowable incurred costs, LOCAL AGENCY will pay CONSULTANT a fixed fee of \$5,432.00. The fixed fee is nonadjustable for the term of the contract, except in the event of a significant change in the scope of work and such adjustment is made by contract amendment.
- C. Reimbursement for transportation and subsistence costs shall not exceed the rates specified in the approved Cost Proposal.
- D. When milestone cost estimates are included in the approved Cost Proposal, CONSULTANT shall obtain prior written approval for a revised milestone cost estimate from the Contract Administrator before exceeding such cost estimate.
- E. Progress payments will be made monthly in arrears based on services provided and allowable incurred costs. A pro rata portion of CONSULTANT's fixed fee will be included in the monthly progress payments. If CONSULTANT fails to submit the required deliverable items according to the schedule set forth in the Statement of Work, LOCAL AGENCY shall have the right to delay payment or terminate this Contract in accordance with the provisions of Article VI Termination.
- F. No payment will be made prior to approval of any work, nor for any work performed prior to approval of this contract.

G. CONSULTANT will be reimbursed, as promptly as fiscal procedures will permit upon receipt by LOCAL AGENCY's Contract Administrator of itemized invoices in triplicate. Invoices shall be submitted no later than 45 calendar days after the performance of work for which CONSULTANT is billing. Invoices shall detail the work performed on each milestone and each project as applicable. Invoices shall follow the format stipulated for the approved Cost Proposal and shall reference this contract number and project title. Final invoice must contain the final cost and all credits due LOCAL AGENCY including any equipment purchased under the provisions of Article XI Equipment Purchase of this contract. The final invoice should be submitted within 60 calendar days after completion of CONSULTANT's work. Invoices shall be mailed to LOCAL AGENCY's Contract Administrator at the following address:

City of San Rafael
Public Works Department
Bill Guerin
111 Morphew Street
San Rafael, CA 94901

H. The total amount payable by LOCAL AGENCY including the fixed fee shall not exceed \$64,903.81.

I. Salary increases will be reimbursable if the new salary is within the salary range identified in the approved Cost Proposal and is approved by LOCAL AGENCY's Contract Administrator.

For personnel subject to prevailing wage rates as described in the California Labor Code, all salary increases, which are the direct result of changes in the prevailing wage rates are reimbursable.

ARTICLE VI TERMINATION (Verbatim)

A. LOCAL AGENCY reserves the right to terminate this contract upon thirty (30) calendar days written notice to CONSULTANT with the reasons for termination stated in the notice.

B. LOCAL AGENCY may terminate this contract with CONSULTANT should CONSULTANT fail to perform the covenants herein contained at the time and in the manner herein provided. In the event of such termination, LOCAL AGENCY may proceed with the work in any manner deemed proper by LOCAL AGENCY. If LOCAL AGENCY terminates this contract with CONSULTANT, LOCAL AGENCY shall pay CONSULTANT the sum due to CONSULTANT under this contract prior to termination, unless the cost of completion to LOCAL AGENCY exceeds the funds remaining in the contract. In which case the overage shall be deducted from any sum due CONSULTANT under this contract and the balance, if any, shall be paid to CONSULTANT upon demand.

C. The maximum amount for which the LOCAL AGENCY shall be liable if this contract is terminated is \$0.00 dollars.

ARTICLE VII COST PRINCIPLES AND ADMINISTRATIVE REQUIREMENTS (Verbatim)

A. CONSULTANT agrees that the Contract Cost Principles and Procedures, 48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31.000 et seq., shall be used to determine the cost allowability of individual items.

B. CONSULTANT also agrees to comply with federal procedures in accordance with 49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.

C. Any costs for which payment has been made to CONSULTANT that are determined by subsequent audit to be unallowable under 49 CFR, Part 18 and 48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31.000 et seq., are subject to repayment by CONSULTANT to LOCAL AGENCY.

ARTICLE VIII RETENTION OF RECORDS/AUDIT (Verbatim)

For the purpose of determining compliance with Public Contract Code 10115, et seq. and Title 21, California Code of Regulations, Chapter 21, Section 2500 et seq., when applicable and other matters connected with the performance of the contract pursuant to Government Code 8546.7; CONSULTANT, Subconsultants, and LOCAL AGENCY shall maintain and make available for inspection all books, documents, papers, accounting records, and other evidence pertaining to the performance of the contract, including but not limited to, the costs of administering the contract. All parties shall make such materials available at their respective offices at all reasonable times during the contract period and for three years from the date of final payment under the contract. The state, State Auditor, LOCAL AGENCY, FHWA, or any duly authorized representative of the Federal Government shall have access to any books, records, and documents of CONSULTANT and its certified public accountants (CPA) work papers that are pertinent to the contract and indirect cost rates (ICR) for audit, examinations, excerpts, and transactions, and copies thereof shall be furnished if requested.

ARTICLE IX AUDIT REVIEW PROCEDURES (Verbatim)

- A. Any dispute concerning a question of fact arising under an interim or post audit of this contract that is not disposed of by agreement, shall be reviewed by LOCAL AGENCY'S Finance Director.
- B. Not later than 30 days after issuance of the final audit report, CONSULTANT may request a review by LOCAL AGENCY'S Finance Director of unresolved audit issues. The request for review will be submitted in writing.
- C. Neither the pendency of a dispute nor its consideration by LOCAL AGENCY will excuse CONSULTANT from full and timely performance, in accordance with the terms of this contract.
- D. CONSULTANT and Subconsultant contracts, including cost proposals and ICR, are subject to audits or reviews such as, but not limited to, a contract audit, an incurred cost audit, an ICR Audit, or a CPA ICR audit work paper review. If selected for audit or review, the contract, cost proposal and ICR and related work papers, if applicable, will be reviewed to verify compliance with 48 CFR, Part 31 and other related laws and regulations. In the instances of a CPA ICR audit work paper review it is CONSULTANT's responsibility to ensure federal, state, or local government officials are allowed full access to the CPA's work papers including making copies as necessary. The contract, cost proposal, and ICR shall be adjusted by CONSULTANT and approved by LOCAL AGENCY contract manager to conform to the audit or review recommendations. CONSULTANT agrees that individual terms of costs identified in the audit report shall be incorporated into the contract by this reference if directed by LOCAL AGENCY at its sole discretion. Refusal by CONSULTANT to incorporate audit or review recommendations, or to ensure that the federal, state or local governments have access to CPA work papers, will be considered a breach of contract terms and cause for termination of the contract and disallowance of prior reimbursed costs.

ARTICLE X SUBCONTRACTING (Verbatim)

- A. Nothing contained in this contract or otherwise, shall create any contractual relation between LOCAL AGENCY and any Subconsultant(s), and no subcontract shall relieve CONSULTANT of its responsibilities and obligations hereunder. CONSULTANT agrees to be as fully responsible to LOCAL AGENCY for the acts and omissions of its Subconsultant(s) and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by CONSULTANT. CONSULTANT's obligation to pay its Subconsultant(s) is an independent obligation from LOCAL AGENCY'S obligation to make payments to the CONSULTANT.
- B. CONSULTANT shall perform the work contemplated with resources available within its own organization and no portion of the work pertinent to this contract shall be subcontracted without written authorization by LOCAL AGENCY's Contract Administrator, except that, which is expressly identified in the approved Cost Proposal.

-
- C. CONSULTANT shall pay its Subconsultants within ten (10) calendar days from receipt of each payment made to CONSULTANT by LOCAL AGENCY.
 - D. All subcontracts entered into as a result of this contract shall contain all the provisions stipulated in this contract to be applicable to Subconsultants.
 - E. Any substitution of Subconsultant(s) must be approved in writing by LOCAL AGENCY's Contract Administrator prior to the start of work by the Subconsultant(s).

ARTICLE XI EQUIPMENT PURCHASE (Verbatim)

- A. Prior authorization in writing, by LOCAL AGENCY's Contract Administrator shall be required before CONSULTANT enters into any unbudgeted purchase order, or subcontract exceeding \$5,000 for supplies, equipment, or CONSULTANT services. CONSULTANT shall provide an evaluation of the necessity or desirability of incurring such costs.
- B. For purchase of any item, service or consulting work not covered in CONSULTANT's Cost Proposal and exceeding \$5,000 prior authorization by LOCAL AGENCY's Contract Administrator; three competitive quotations must be submitted with the request, or the absence of bidding must be adequately justified.
- C. Any equipment purchased as a result of this contract is subject to the following: "CONSULTANT shall maintain an inventory of all nonexpendable property. Nonexpendable property is defined as having a useful life of at least two years and an acquisition cost of \$5,000 or more. If the purchased equipment needs replacement and is sold or traded in, LOCAL AGENCY shall receive a proper refund or credit at the conclusion of the contract, or if the contract is terminated, CONSULTANT may either keep the equipment and credit LOCAL AGENCY in an amount equal to its fair market value, or sell such equipment at the best price obtainable at a public or private sale, in accordance with established LOCAL AGENCY procedures; and credit LOCAL AGENCY in an amount equal to the sales price. If CONSULTANT elects to keep the equipment, fair market value shall be determined at CONSULTANT's expense, on the basis of a competent independent appraisal of such equipment. Appraisals shall be obtained from an appraiser mutually agreeable to by LOCAL AGENCY and CONSULTANT, if it is determined to sell the equipment, the terms and conditions of such sale must be approved in advance by LOCAL AGENCY." 49 CFR, Part 18 requires a credit to Federal funds when participating equipment with a fair market value greater than \$5,000 is credited to the project.

ARTICLE XII STATE PREVAILING WAGE RATES (Verbatim)

- A. CONSULTANT shall comply with the State of California's General Prevailing Wage Rate requirements in accordance with California Labor Code, Section 1770, and all Federal, State, and local laws and ordinances applicable to the work.
- B. Any subcontract entered into as a result of this contract, if for more than \$25,000 for public works construction or more than \$15,000 for the alteration, demolition, repair, or maintenance of public works, shall contain all of the provisions of this Article, unless the awarding agency has an approved labor compliance program by the Director of Industrial Relations.
- C. When prevailing wages apply to the services described in the scope of work, transportation and subsistence costs shall be reimbursed at the minimum rates set by the Department of Industrial Relations (DIR) as outlined in the applicable Prevailing Wage Determination. See <http://www.dir.ca.gov>.

ARTICLE XIII CONFLICT OF INTEREST (Verbatim)

- A. CONSULTANT shall disclose any financial, business, or other relationship with LOCAL AGENCY that may have an impact upon the outcome of this contract, or any ensuing LOCAL AGENCY construction project.

CONSULTANT shall also list current clients who may have a financial interest in the outcome of this contract, or any ensuing LOCAL AGENCY construction project, which will follow.

- B. CONSULTANT hereby certifies that it does not now have, nor shall it acquire any financial or business interest that would conflict with the performance of services under this contract.
- C. CONSULTANT hereby certifies that neither CONSULTANT, nor any firm affiliated with CONSULTANT will bid on any construction contract, or on any contract to provide construction inspection for any construction project resulting from this contract. An affiliated firm is one, which is subject to the control of the same persons through joint-ownership, or otherwise.
- D. Except for Subconsultants whose services are limited to providing surveying or materials testing information, no Subconsultant who has provided design services in connection with this contract shall be eligible to bid on any construction contract, or on any contract to provide construction inspection for any construction project resulting from this contract.

ARTICLE XIV REBATES, KICKBACKS OR OTHER UNLAWFUL CONSIDERATION (Verbatim)

CONSULTANT warrants that this contract was not obtained or secured through rebates, kickbacks or other unlawful consideration, either promised or paid to any LOCAL AGENCY employee. For breach or violation of this warranty, LOCAL AGENCY shall have the right in its discretion; to terminate the contract without liability; to pay only for the value of the work actually performed; or to deduct from the contract price; or otherwise recover the full amount of such rebate, kickback or other unlawful consideration.

ARTICLE XV PROHIBITION OF EXPENDING LOCAL AGENCY STATE OR FEDERAL FUNDS FOR LOBBYING (Verbatim)

- A. CONSULTANT certifies to the best of his or her knowledge and belief that:
 - 1. No state, federal or local agency appropriated funds have been paid, or will be paid by-or-on behalf of CONSULTANT to any person for influencing or attempting to influence an officer or employee of any state or federal agency; a Member of the State Legislature or United States Congress; an officer or employee of the Legislature or Congress; or any employee of a Member of the Legislature or Congress, in connection with the awarding of any state or federal contract; the making of any state or federal grant; the making of any state or federal loan; the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any state or federal contract, grant, loan, or cooperative agreement.
 - 2. If any funds other than federal appropriated funds have been paid, or will be paid to any person for influencing or attempting to influence an officer or employee of any federal agency; a Member of Congress; an officer or employee of Congress, or an employee of a Member of Congress; in connection with this federal contract, grant, loan, or cooperative agreement; CONSULTANT shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.
- B. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.
- C. CONSULTANT also agrees by signing this document that he or she shall require that the language of this certification be included in all lower-tier subcontracts, which exceed \$100,000 and that all such sub recipients shall certify and disclose accordingly.

ARTICLE XVI STATEMENT OF COMPLIANCE

- A. CONSULTANT's signature affixed herein, and dated, shall constitute a certification under penalty of perjury under the laws of the State of California that CONSULTANT has, unless exempt, complied with, the nondiscrimination program requirements of Government Code Section 12990 and Title 2, California Administrative Code, Section 8103.
- B. During the performance of this Contract, Consultant and its Subconsultants shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, and denial of family care leave. Consultant and Subconsultants shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Consultant and Subconsultants shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Contract by reference and made a part hereof as if set forth in full. Consultant and its Subconsultants shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.
- C. The Consultant shall comply with regulations relative to Title VI (nondiscrimination in federally-assisted programs of the Department of Transportation – Title 49 Code of Federal Regulations, Part 21 - Effectuation of Title VI of the 1964 Civil Rights Act). Title VI provides that the recipients of federal assistance will implement and maintain a policy of nondiscrimination in which no person in the state of California shall, on the basis of race, color, national origin, religion, sex, age, disability, be excluded from participation in, denied the benefits of or subject to discrimination under any program or activity by the recipients of federal assistance or their assignees and successors in interest.
- D. The Consultant, with regard to the work performed by it during the Agreement shall act in accordance with Title VI. Specifically, the Consultant shall not discriminate on the basis of race, color, national origin, religion, sex, age, or disability in the selection and retention of Subconsultants, including procurement of materials and leases of equipment. The Consultant shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the U.S. DOT's Regulations, including employment practices when the Agreement covers a program whose goal is employment.

ARTICLE XVII DEBARMENT AND SUSPENSION CERTIFICATION

- A. CONSULTANT's signature affixed herein, shall constitute a certification under penalty of perjury under the laws of the State of California, that CONSULTANT has complied with Title 2 CFR, Part 180, "OMB Guidelines to Agencies on Government wide Debarment and Suspension (non-procurement)", which certifies that he/she or any person associated therewith in the capacity of owner, partner, director, officer, or manager, is not currently under suspension, debarment, voluntary exclusion, or determination of ineligibility by any federal agency; has not been suspended, debarred, voluntarily excluded, or determined ineligible by any federal agency within the past three (3) years; does not have a proposed debarment pending; and has not been indicted, convicted, or had a civil judgment rendered against it by a court of competent jurisdiction in any matter involving fraud or official misconduct within the past three (3) years. Any exceptions to this certification must be disclosed to LOCAL AGENCY.
- B. Exceptions will not necessarily result in denial of recommendation for award, but will be considered in determining CONSULTANT responsibility. Disclosures must indicate to whom exceptions apply, initiating agency, and dates of action.

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- C. Exceptions to the Federal Government Excluded Parties List System maintained by the General Services Administration are to be determined by the Federal Highway Administration.

ARTICLE XVIII FUNDING REQUIREMENTS

- A. It is mutually understood between the parties that this contract may have been written before ascertaining the availability of funds or appropriation of funds, for the mutual benefit of both parties, in order to avoid program and fiscal delays that would occur if the contract were executed after that determination was made.
- B. This contract is valid and enforceable only if sufficient funds are made available to LOCAL AGENCY for the purpose of this contract. In addition, this contract is subject to any additional restrictions, limitations, conditions, or any statute enacted by the Congress, State Legislature, or LOCAL AGENCY governing board that may affect the provisions, terms, or funding of this contract in any manner.
- C. It is mutually agreed that if sufficient funds are not appropriated, this contract may be amended to reflect any reduction in funds.
- D. LOCAL AGENCY has the option to void the contract under the 30-day termination clause pursuant to Article VI, or by mutual agreement to amend the contract to reflect any reduction of funds.

ARTICLE XIX CHANGE IN TERMS

- A. The terms and conditions of this contract, all exhibits attached, and all documents expressly incorporated by reference, represent the entire agreement of the parties with respect to the subject matter of this contract.
- B. This written contract shall supersede any and all prior agreements, oral or written, regarding the subject matter between the CONSULTANT and the LOCAL AGENCY.
- C. No other agreement, promise or statement, written or oral, relating to the subject matter of this contract, shall be valid or binding, except by way of a written amendment to this contract.
- D. The terms and conditions of this contract shall not be altered or modified except by a written amendment to this contract signed by the CONSULTANT and the LOCAL AGENCY.
- E. If any conflicts arise between the terms and conditions of this contract, and the terms and conditions of the attached exhibits or the documents expressly incorporated by reference, the terms and conditions of this contract shall control.
- F. CONSULTANT shall only commence work covered by an amendment after the amendment is executed and notification to proceed has been provided by LOCAL AGENCY's Contract Administrator.
- G. There shall be no change in CONSULTANT's Project Manager or members of the project team, as listed in the approved Cost Proposal, which is a part of this contract without prior written approval by LOCAL AGENCY's Contract Administrator.

ARTICLE XX DISADVANTAGED BUSINESS ENTERPRISES (DBE) PARTICIPATION

- A. This contract is subject to 49 CFR, Part 26 entitled "Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs". Consultants who obtain DBE participation on this contract will assist Caltrans in meeting its federally mandated statewide overall DBE goal.

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- B. The goal for DBE participation for this contract shall be that stated in the Contract Documents at the time of advertisement. Participation by DBE consultant or Subconsultants shall be in accordance with information contained in the Consultant Proposal DBE Commitment (Exhibit 10-O1), or in the Consultant Contract DBE Information (Exhibit 10-O2) attached hereto and incorporated as part of the Contract. If a DBE Subconsultant is unable to perform, CONSULTANT must make a good faith effort to replace him/her with another DBE Subconsultant, if the goal is not otherwise met.
- C. DBEs and other small businesses, as defined in 49 CFR, Part 26 are encouraged to participate in the performance of contracts financed in whole or in part with federal funds. CONSULTANT or Subconsultant shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. CONSULTANT shall carry out applicable requirements of 49 CFR, Part 26 in the award and administration of US DOT-assisted agreements. Failure by CONSULTANT to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as LOCAL AGENCY deems appropriate.
- D. Any subcontract entered into as a result of this contract shall contain all of the provisions of this section.
- E. A DBE firm may be terminated only with prior written approval from LOCAL AGENCY and only for the reasons specified in 49 CFR 26.53(f). Prior to requesting LOCAL AGENCY consent for the termination, CONSULTANT must meet the procedural requirements specified in 49 CFR 26.53(f).
- F. A DBE performs a Commercially Useful Function (CUF) when it is responsible for execution of the work of the contract and is carrying out its responsibilities by actually performing, managing, and supervising the work involved. To perform a CUF, the DBE must also be responsible with respect to materials and supplies used on the contract, for negotiating price, determining quality and quantity, ordering the material, and installing (where applicable) and paying for the material itself. To determine whether a DBE is performing a CUF, evaluate the amount of work subcontracted, industry practices, whether the amount the firm is to be paid under the contract is commensurate with the work it is actually performing, and other relevant factors.
- G. A DBE does not perform a CUF if its role is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of DBE participation. In determining whether a DBE is such an extra participant, examine similar transactions, particularly those in which DBEs do not participate.
- H. If a DBE does not perform or exercise responsibility for at least thirty percent (30%) of the total cost of its contract with its own work force, or the DBE subcontracts a greater portion of the work of the contract than would be expected on the basis of normal industry practice for the type of work involved, it will be presumed that it is not performing a CUF.
- I. CONSULTANT shall maintain records of materials purchased or supplied from all subcontracts entered into with certified DBEs. The records shall show the name and business address of each DBE or vendor and the total dollar amount actually paid each DBE or vendor, regardless of tier. The records shall show the date of payment and the total dollar figure paid to all firms. DBE prime consultants shall also show the date of work performed by their own forces along with the corresponding dollar value of the work.
- J. Upon completion of the Contract, a summary of these records shall be prepared and submitted on the form entitled, "Final Report-Utilization of Disadvantaged Business Enterprise (DBE), First-Tier Subconsultants" CEM-2402F [Exhibit 17-F, of the LAPM], certified correct by CONSULTANT or CONSULTANT's authorized representative and shall be furnished to the Contract Administrator with the final invoice. Failure to provide the summary of DBE payments with the final invoice will result in twenty-five percent (25%) of the dollar value of the invoice being withheld from payment until the form is submitted. The amount will be returned to CONSULTANT when a satisfactory "Final Report-Utilization of Disadvantaged Business Enterprises (DBE), First-Tier Subconsultants" is submitted to the Contract Administrator.
- K. If a DBE Subconsultant is decertified during the life of the contract, the decertified Subconsultant shall notify CONSULTANT in writing with the date of decertification. If a Subconsultant becomes a certified DBE during

the life of the Contract, the Subconsultant shall notify CONSULTANT in writing with the date of certification. Any changes should be reported to LOCAL AGENCY's Contract Administrator within 30 days.

ARTICLE XXI CONTINGENT FEE

CONSULTANT warrants, by execution of this contract that no person or selling agency has been employed, or retained, to solicit or secure this contract upon an agreement or understanding, for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees, or bona fide established commercial or selling agencies maintained by CONSULTANT for the purpose of securing business. For breach or violation of this warranty, LOCAL AGENCY has the right to annul this contract without liability; pay only for the value of the work actually performed, or in its discretion to deduct from the contract price or consideration, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

ARTICLE XXII DISPUTES

- A. Any dispute, other than audit, concerning a question of fact arising under this contract that is not disposed of by agreement shall be decided by a committee consisting of LOCAL AGENCY's Contract Administrator and other LOCAL AGENCY representatives who may consider written or verbal information submitted by CONSULTANT.
- B. Not later than 30 days after completion of all work under the contract, CONSULTANT may request review by LOCAL AGENCY Governing Board of unresolved claims or disputes, other than audit. The request for review will be submitted in writing.
- C. Neither the pendency of a dispute, nor its consideration by the committee will excuse CONSULTANT from full and timely performance in accordance with the terms of this contract.

ARTICLE XXIII INSPECTION OF WORK

CONSULTANT and any Subconsultant shall permit LOCAL AGENCY, the state, and the FHWA if federal participating funds are used in this contract; to review and inspect the project activities and files at all reasonable times during the performance period of this contract including review and inspection on a daily basis.

ARTICLE XXIV SAFETY

- A. CONSULTANT shall comply with OSHA regulations applicable to CONSULTANT regarding necessary safety equipment or procedures. CONSULTANT shall comply with safety instructions issued by LOCAL AGENCY Safety Officer and other LOCAL AGENCY representatives. CONSULTANT personnel shall wear hard hats and safety vests at all times while working on the construction project site.
- B. Pursuant to the authority contained in Section 591 of the Vehicle Code, LOCAL AGENCY has determined that such areas are within the limits of the project and are open to public traffic. CONSULTANT shall comply with all of the requirements set forth in Divisions 11, 12, 13, 14, and 15 of the Vehicle Code. CONSULTANT shall take all reasonably necessary precautions for safe operation of its vehicles and the protection of the traveling public from injury and damage from such vehicles.
- C. Any subcontract entered into as a result of this contract, shall contain all of the provisions of this Article.
- D. CONSULTANT must have a Division of Occupational Safety and Health (CAL-OSHA) permit(s), as outlined in California Labor Code Sections 6500 and 6705, prior to the initiation of any practices, work, method, operation, or process related to the construction or excavation of trenches which are five feet or deeper.

ARTICLE XXV INSURANCE

A. Scope of Coverage. During the term of this Agreement, CONSULTANT shall maintain, at no expense to LOCAL AGENCY, the following insurance policies:

1. A commercial general liability insurance policy in the minimum amount of one million dollars (\$1,000,000) per occurrence/two million dollars (\$2,000,000) aggregate, for death, bodily injury, personal injury, or property damage.

2. An automobile liability (owned, non-owned, and hired vehicles) insurance policy in the minimum amount of one million dollars (\$1,000,000) dollars per occurrence.

3. If any licensed professional performs any of the services required to be performed under this Agreement, a professional liability insurance policy in the minimum amount of two million dollars (\$2,000,000) per occurrence/four million dollars (\$4,000,000) aggregate, to cover any claims arising out of the CONSULTANT's performance of services under this Agreement. Where CONTRACTOR is a professional not required to have a professional license, LOCAL AGENCY reserves the right to require CONTRACTOR to provide professional liability insurance pursuant to this section.

4. If it employs any person, CONSULTANT shall maintain worker's compensation insurance, as required by the State of California, with statutory limits, and employer's liability insurance with limits of no less than one million dollars (\$1,000,000) per accident for bodily injury or disease. CONSULTANT's worker's compensation insurance shall be specifically endorsed to waive any right of subrogation against LOCAL AGENCY.

B. Other Insurance Requirements. The insurance coverage required of the CONSULTANT in subparagraph A of this section above shall also meet the following requirements:

1. Except for professional liability insurance or worker's compensation insurance, the insurance policies shall be specifically endorsed to include the LOCAL AGENCY, its officers, agents, employees, and volunteers, as additional insureds (for both ongoing and completed operations) under the policies.

2. The additional insured coverage under CONSULTANT'S insurance policies shall be primary with respect to any insurance or coverage maintained by LOCAL AGENCY and shall not call upon LOCAL AGENCY's insurance or self-insurance coverage for any contribution. The "primary and noncontributory" coverage in CONTRACTOR'S policies shall be at least as broad as ISO form CG20 01 04 13.

3. Except for professional liability insurance or worker's compensation insurance, the insurance policies shall include, in their text or by endorsement, coverage for contractual liability and personal injury.

4. By execution of this contract, CONSULTANT hereby grants to LOCAL AGENCY a waiver of any right to subrogation which any insurer of CONSULTANT may acquire against LOCAL AGENCY by virtue of the payment of any loss under such insurance. CONSULTANT agrees to obtain any endorsement that

may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not LOCAL AGENCY has received a waiver of subrogation endorsement from the insurer.

5. If the insurance is written on a Claims Made Form, then, following termination of this contract, said insurance coverage shall survive for a period of not less than five years.

6. The insurance policies shall provide for a retroactive date of placement coinciding with the effective date of this contract.

7. The limits of insurance required in this contract may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and noncontributory basis for the benefit of LOCAL AGENCY (if agreed to in a written contract or agreement) before LOCAL AGENCY'S own insurance or self-insurance shall be called upon to protect it as a named insured.

8. It shall be a requirement under this contract that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits shall be available to LOCAL AGENCY or any other additional insured party. Furthermore, the requirements for coverage and limits shall be: (1) the minimum coverage and limits specified in this contract; or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured; whichever is greater.

C. Deductibles and SIR's. Any deductibles or self-insured retentions in CONSULTANT's insurance policies must be declared to and approved by the Contract Administrator and City Attorney, and shall not reduce the limits of liability. Policies containing any self-insured retention (SIR) provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named insured or LOCAL AGENCY or other additional insured party. At LOCAL AGENCY's option, the deductibles or self-insured retentions with respect to LOCAL AGENCY shall be reduced or eliminated to LOCAL AGENCY's satisfaction, or CONSULTANT shall procure a bond guaranteeing payment of losses and related investigations, claims administration, attorney's fees and defense expenses.

D. Subcontractors. CONSULTANT agrees to include with all subcontractors in their subcontract the same requirements and provisions of this contract regarding indemnity and insurance to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by CONSULTANT agree to be bound to CONSULTANT and LOCAL AGENCY in the same manner and to the same extent as CONSULTANT is bound to LOCAL AGENCY under this contract. All subcontractors shall provide insurance with a blanket additional insured endorsement or coverage at least as broad as ISO form CB 20 38 04 13, and CONSULTANT shall provide a copy of such endorsement of policy provision to LOCAL AGENCY.

E. Proof of Insurance. CONSULTANT shall provide to the Contract Administrator or LOCAL AGENCY'S City Attorney all of the following: (1) Certificates of Insurance evidencing the insurance coverage required in this contract; (2) a copy of the policy declaration page and/or endorsement page listing all policy endorsements for the commercial general liability policy, and (3) excerpts of policy language or specific endorsements evidencing the other insurance requirements set forth in this contract. LOCAL AGENCY reserves the right to obtain a full certified copy of any insurance policy and endorsements from CONSULTANT. Failure to exercise this right shall not constitute a waiver of the right to exercise it later. The insurance shall be approved as to form and sufficiency by the Contract Administrator and the City Attorney.

ARTICLE XXVI OWNERSHIP OF DATA

- A. Upon completion of all work under this contract, ownership and title to all reports, documents, plans, specifications, and estimates produce as part of this contract will automatically be vested in LOCAL AGENCY; and no further agreement will be necessary to transfer ownership to LOCAL AGENCY. CONSULTANT shall furnish LOCAL AGENCY all necessary copies of data needed to complete the review and approval process.
- B. It is understood and agreed that all calculations, drawings and specifications, whether in hard copy or machine-readable form, are intended for one-time use in the construction of the project for which this contract has been entered into.
- C. CONSULTANT is not liable for claims, liabilities, or losses arising out of, or connected with the modification, or misuse by LOCAL AGENCY of the machine-readable information and data provided by CONSULTANT under this contract; further, CONSULTANT is not liable for claims, liabilities, or losses arising out of, or connected with any use by LOCAL AGENCY of the project documentation on other projects for additions to this project, or for the completion of this project by others, except only such use as many be authorized in writing by CONSULTANT.
- D. Applicable patent rights provisions regarding rights to inventions shall be included in the contracts as appropriate (48 CFR 27, Subpart 27.3 - Patent Rights under Government Contracts for federal-aid contracts).
- E. LOCAL AGENCY may permit copyrighting reports or other agreement products. If copyrights are permitted; the agreement shall provide that the FHWA shall have the royalty-free nonexclusive and irrevocable right to reproduce, publish, or otherwise use; and to authorize others to use, the work for government purposes.

ARTICLE XXVII CLAIMS FILED BY LOCAL AGENCY'S CONSTRUCTION CONTRACTOR

- A. If claims are filed by LOCAL AGENCY's construction contractor relating to work performed by CONSULTANT's personnel, and additional information or assistance from CONSULTANT's personnel is required in order to evaluate or defend against such claims; CONSULTANT agrees to make its personnel available for consultation with LOCAL AGENCY'S construction contract administration and legal staff and for testimony, if necessary, at depositions and at trial or arbitration proceedings.
- B. CONSULTANT's personnel that LOCAL AGENCY considers essential to assist in defending against construction contractor claims will be made available on reasonable notice from LOCAL AGENCY. Consultation or testimony will be reimbursed at the same rates, including travel costs that are being paid for CONSULTANT's personnel services under this contract.
- C. Services of CONSULTANT's personnel in connection with LOCAL AGENCY's construction contractor claims will be performed pursuant to a written contract amendment, if necessary, extending the termination date of this contract in order to resolve the construction claims.

ARTICLE XXVIII CONFIDENTIALITY OF DATA

- A. All financial, statistical, personal, technical, or other data and information relative to LOCAL AGENCY's operations, which are designated confidential by LOCAL AGENCY and made available to CONSULTANT in order to carry out this contract, shall be protected by CONSULTANT from unauthorized use and disclosure.
- B. Permission to disclose information on one occasion, or public hearing held by LOCAL AGENCY relating to the contract, shall not authorize CONSULTANT to further disclose such information, or disseminate the same on any other occasion.
- C. CONSULTANT shall not comment publicly to the press or any other media regarding the contract or LOCAL AGENCY's actions on the same, except to LOCAL AGENCY's staff, CONSULTANT's own personnel

involved in the performance of this contract, at public hearings or in response to questions from a Legislative committee.

- D. CONSULTANT shall not issue any news release or public relations item of any nature, whatsoever, regarding work performed or to be performed under this contract without prior review of the contents thereof by LOCAL AGENCY, and receipt of LOCAL AGENCY'S written permission.
- E. Any subcontract entered into as a result of this contract shall contain all of the provisions of this Article.
- F. For PS&E contracts, all information related to the construction estimate is confidential, and shall not be disclosed by CONSULTANT to any entity other than LOCAL AGENCY.

ARTICLE XXIX NATIONAL LABOR RELATIONS BOARD CERTIFICATION

In accordance with Public Contract Code Section 10296, CONSULTANT hereby states under penalty of perjury that no more than one final un-appealable finding of contempt of court by a federal court has been issued against CONSULTANT within the immediately preceding two-year period, because of CONSULTANT's failure to comply with an order of a federal court that orders CONSULTANT to comply with an order of the National Labor Relations Board.

ARTICLE XXX EVALUATION OF CONSULTANT

CONSULTANT's performance may be evaluated by LOCAL AGENCY at LOCAL AGENCY'S discretion. If performed, a copy of the evaluation will be sent to CONSULTANT for comments. The evaluation together with the comments shall be retained as part of the contract record.

ARTICLE XXXI RETENTION OF FUNDS

- A. Any subcontract entered into as a result of this Contract shall contain all of the provisions of this section.
- B. No retainage will be held by the LOCAL AGENCY from progress payments due the prime CONSULTANT. Any retainage held by the prime CONSULTANT or Subconsultants from progress payments due Subconsultants shall be promptly paid in full to Subconsultants within 30 days after the Subconsultant's work is satisfactorily completed. Federal law (49 CFR 26.29) requires that any delay or postponement of payment over the 30 days may take place only for good cause and with the LOCAL AGENCY's prior written approval. Any violation of this provision shall subject the violating prime CONSULTANT or Subconsultant to the penalties, sanctions and other remedies specified in Section 7108.5 of the Business and Professions Code. These requirements shall not be construed to limit or impair any contractual, administrative, or judicial remedies, otherwise available to the prime CONSULTANT or Subconsultant in the event of a dispute involving late payment or nonpayment by the prime CONSULTANT, deficient Subconsultant performance, or noncompliance by a Subconsultant. This provision applies to both DBE and non-DBE prime CONSULTANT and Subconsultants.

ARTICLE XXXII NOTIFICATION

All notices hereunder and communications regarding interpretation of the terms of this contract and changes thereto, shall be effected by the mailing thereof by registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

CONSULTANT: Kimley-Horn and Associates, Inc.
Kevin Aguigui, Project Manager
1300 Clay Street, Suite 325
Oakland, CA 94612

LOCAL AGENCY: City of San Rafael
Bill Guerin, Contract Administrator
111 Morphew Street
San Rafael, CA 94901

ARTICLE XXXIII CONTRACT

The two parties to this contract, who are the before named CONSULTANT and the before named LOCAL AGENCY, hereby agree that this contract constitutes the entire agreement which is made and concluded in duplicate between the two parties. Both of these parties for and in consideration of the payments to be made, conditions mentioned, and work to be performed; each agree to diligently perform in accordance with the terms and conditions of this contract as evidenced by the signatures below.

ARTICLE XXXIV NO THIRD PARTY BENEFICIARIES

LOCAL AGENCY and CONSULTANT do not intend, by any provision of this contract, to create in any third party, any benefit or right owed by one party, under the terms and conditions of this Agreement, to the other party.

ARTICLE XXXV COSTS AND ATTORNEY'S FEES

The prevailing party in any action brought to enforce the terms and conditions of this contract, or arising out of the performance of this contract, may recover its reasonable costs (including claims administration) and attorney's fees expended in connection with such action.

ARTICLE XXXVI LOCAL AGENCY BUSINESS LICENSE / OTHER TAXES

CONSULTANT shall obtain and maintain during the duration of this contract, a LOCAL AGENCY business license as required by the San Rafael Municipal Code. CONSULTANT shall pay any and all state and federal taxes and any other applicable taxes. LOCAL AGENCY shall not be required to pay for any work performed under this contract, until CONSULTANT has provided LOCAL AGENCY with a completed Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification).

ARTICLE XXXVII WAIVERS

The waiver by either party of any breach or violation of any term, covenant or condition of this contract, or of any ordinance, law or regulation, shall not be deemed to be a waiver of any other term, covenant, condition, ordinance, law or regulation, or of any subsequent breach or violation of the same or other term, covenant, condition, ordinance, law or regulation. The subsequent acceptance by either party of any fee, performance, or other consideration which may

become due or owing under this contract, shall not be deemed to be a waiver of any preceding breach or violation by the other party of any term, condition, covenant of this contract or any applicable law, ordinance or regulation.

ARTICLE XXXVIII APPLICABLE LAW

The laws of the State of California shall govern this contract.

CONSULTANT shall observe and comply with all applicable federal, state and local laws, ordinances, codes and regulations, in the performance of its duties and obligations under this contract. CONSULTANT shall perform all services under this contract in accordance with these laws, ordinances, codes and regulations. CONSULTANT shall release, defend, indemnify and hold harmless LOCAL AGENCY, its officers, agents and employees from any and all damages, liabilities, penalties, fines and all other consequences from any noncompliance or violation of any laws, ordinances, codes or regulations.

ARTICLE XXXIX SIGNATURES

CITY OF SAN RAFAEL

KIMLEY-HORN AND ASSOCIATES, INC.

Jim Schutz
City Manager

By: 

Title: Sr. Vice President

and

ATTEST:

KIMLEY-HORN AND ASSOCIATES, INC.

LINDSAY LARA
City Clerk

By: 

Title: Assistant Secretary

APPROVED AS TO FORM:

ROBERT F. EPSTEIN
City Attorney

CITY OF SAN RAFAEL, DESIGN SERVICES FOR THE
**THIRD STREET AT HETHERTON STREET
IMPROVEMENTS PROJECT**
FEDERAL PROJECT NO. HSIPL5043 (040)

Exhibit A

Revised Scope of Work

9/10/2018

Kimley-Horn will provide the professional engineering design services to develop final design for the Third Street at Hetherton Street Improvement Project, Federal Project no. HSIPL 5043 (040). We have prepared many design plans for roadway and traffic signal improvements for the City. We will use this experience to successfully deliver this project. The final product of this project will be construction contract documents including plans, specifications, and cost estimates ready for bid.

We have reviewed the City's proposed Scope of Work, and offer our approach to that scope below. If selected, our team will work with the City to develop a comprehensive and complete Scope of Work based on the tasks that follow.

Task 1: Project Management and Coordination

Kimley-Horn will provide project management and quality control to insure delivery of a high-quality product within budget and on schedule. To accomplish this, Kimley-Horn will conduct face-to-face meetings with the City and project team. We will prepare monthly progress reports, invoices and updated project schedules that will reflect our progress on the detailed design. Progress reports will, at a minimum, include:

- A summary of work completed and an updated percent complete for each task
- Budget status for tasks
- Issues that have been identified along with possible resolutions
- Identification of any out-of-scope work that may have an impact on the scope, schedule, and/or budget of the project

If an unforeseen issue arises, Kimley-Horn will address the City to provide everyone with information and work toward an agreement for next steps before resuming work.

Deliverables:

- Monthly progress reports, invoices and project schedule updates
- Meeting agendas and minutes for design coordination meetings

Task 2: Design

Task 2.1 – Agency Coordination and Public Outreach

Kimley-Horn will contact pertinent regulatory agencies, stakeholders, and the public. This outreach is expected to include participation in meetings with some of the following groups:

- Stakeholders
- Business owners
- Golden Gate Bridge, Highway and Transportation District
- BPAC

CITY OF SAN RAFAEL, DESIGN SERVICES FOR THE

THIRD STREET AT HETHERTON STREET IMPROVEMENTS PROJECT

FEDERAL PROJECT NO. TISIPL5043 (040)

- City Council

Task 2.2 – Design Documents (PS&E)

Given that Kimley-Horn prepared the 3rd and Hetherton Traffic Study Report, we have most of the information needed to complete this preliminary assessment. To that effect, we propose to conduct a field assessment with the City to identify and re-confirm potential issues. These issues could include right-of-way constraints, environmental issues, accessibility issues, and drainage issues. To complete this, Kimley-Horn will perform detailed review of the project intersection as well as review prior studies/reports conducted.

Kimley-Horn will develop engineering design documents for the improvements on the project intersection. The drawings will include elements of the design addressed in the 3rd and Hetherton Traffic Study Report.

65% Plans Specifications, and Opinion of Probable Construction Costs (PS&E):

Kimley-Horn will prepare the 65% design level plans, specifications, and opinion of probable construction costs (PS&E). The 65% design level opinion of probable construction costs, or estimate, will include bid item detailed breakdowns including measurement and payment provisions, which will also be included in the project specifications. If requested, we will meet with City staff to review the 65% submittal and discuss any comments, provided a clear and agreed upon path to complete the 95% design.

The anticipated breakdown of plan sheets for the 65% design level plans is as follows:

- Title Sheet
- General Note Sheet
- Demolition Plan Sheet
- Construction Layout Sheet
- Grading and Drainage Sheet
- Construction Detail Sheet
- Traffic Signal Removal Sheet
- Traffic Signal Modification Sheet
- Traffic Signal Schedule Sheet
- Signing and Striping Sheet
- Electrical Detail Sheet
- Traffic Handling and Traffic Control Sheet

95% Plans Specifications, and Opinion of Probable Construction Costs (PS&E):

Based on City's comments and direction on the 65% submittal, Kimley-Horn will revise the 65% PS&E to produce the 95% PS&E submittal. In addition, we will prepare a 65% comment response matrix that will be submitted for the City's use with the 95% design submittal.

Final Bid Documents:

Kimley-Horn will make the necessary revisions to the 95% submittal to develop final, bid-ready design documents. These will include plans, specifications, and an opinion of probable construction costs. The bid documents will be signed and sealed and provided to the City for bidding.

CITY OF SAN RAFAEL, DESIGN SERVICES FOR THE

THIRD STREET AT HERTHERTON STREET IMPROVEMENTS PROJECT

FEDERAL PROJECT NO. TISIPL5043 (040)

Deliverables:

- 65% PS&E submittal
- 95% PS&E submittal
- Final Bid Documents
- Public outreach materials, including agendas, minutes, display boards, etc.
- PS&E Checklist (Caltrans LAPM Exhibit 12-D)

Task 3: Environmental Compliance and Permitting

Kimley-Horn will prepare appropriate environmental documentation. This will include pertinent National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA) documents and any associated technical studies required. Kimley-Horn will prepare, submit, and obtain required permits and environmental documentation required by State, local, or jurisdictional agencies.

In addition, we will coordinate with the Federated Indians of Graton Rancheria (FIGR) regarding any potential cultural resources. This will include preparation of any exhibits and letters necessary to address any concerns during construction.

Deliverables:

- Preliminary and final permit applications
- Preliminary and final NEPA/CEQA documentation
- Documentation of FIGR resources to be addressed during construction

Task 4: Right-of-Way Certification Assistance

In this task, Kimley-Horn will take the proper steps to for the City to obtain Caltrans approved Right of Way Certification (LAPM Exhibit 13-B). Kimley-Horn will coordinate with the Caltrans Office of Permits to get a Caltrans Encroachment Permit. This permit will allow the City to undergo construction within Caltrans Right-of-Way. This task assumes three rounds of addressing comments from Caltrans Staff.

Kimley-Horn will also coordinate with necessary utility agencies to identify potential conflicts. Once any potential conflicts have been identified, Kimley-Horn will submit Notice to Owner (NTO) to show the affected utility. Upon approval from the Caltrans Local Assistance Right of Way Programs, the NTO will be sent to the City for further coordination with the utility agencies. Kimley-Horn shall prepare any necessary utility mapping with proposed improvements to any relocated/adjusted facilities. We will draft Utility Notification letters to the utility companies showing limits of the relocation/adjustment. These notifications will be included with the NTOs and sent to the City of signatures.

Kimley-Horn will review plans to confirm no conflicts exist between proposed improvements (e.g., traffic signal pole foundations, curb ramp improvements, catch basins, etc.) and existing utilities.

Deliverables:

- Utility coordination letters and NTOs
- Caltrans Encroachment Permit
- Caltrans approved Right-of-Way Certification (Exhibit 13-B)

CITY OF SAN RAFAEL, DESIGN SERVICES FOR THE
**THIRD STREET AT HERTHERTON STREET
 IMPROVEMENTS PROJECT**

FEDERAL PROJECT NO. HSIPL5043 (040)

ID	Task Name	Duration	Start	Finish	Sep '18	Oct '18	Nov '18	Dec '18	Jan '19	Feb '19	Mar '19	Apr '19
1	Notice to Proceed (NTP)	1 day	Mon 10/8/18	Mon 10/8/18								
2	Task 1: Project Management and Coordination	102 days	Mon 10/8/18	Tue 2/26/19								
3	Project Management	102 days	Mon 10/8/18	Tue 2/26/19								
4	Task 2: Design	101 days	Tue 10/9/18	Tue 2/26/19								
5	Task 2.1: Preliminary Assessment	10 days	Tue 10/9/18	Mon 10/22/18								
6	Field Assessment	5 days	Tue 10/9/18	Mon 10/15/18								
7	Review of Prior Studies/Reports	10 days	Tue 10/9/18	Mon 10/22/18								
8	Task 2.2: Agency Coordination and Public Outreach	20 days	Tue 10/23/18	Mon 11/19/18								
9	Meetings	20 days	Tue 10/23/18	Mon 11/19/18								
10	Task 2.3: Design Documents	91 days	Tue 10/23/18	Tue 2/26/19								
11	65% PS&E	10 days	Tue 10/23/18	Mon 11/5/18								
12	City Review	15 days	Tue 11/6/18	Mon 11/26/18								
13	95% PS&E	15 days	Tue 11/27/18	Mon 12/17/18								
14	City Review	15 days	Tue 12/18/18	Mon 1/7/19								
15	Final Bid Documents (submit RFA Package)	5 days	Tue 1/29/19	Mon 2/4/19								
16	E-76 for Construction (Advertisement)	1 day	Tue 2/26/19	Tue 2/26/19								
17	Task 3: Environmental Compliance & Permits	40 days	Tue 10/23/18	Mon 12/17/18								
18	NEPA and CEQA Documentation	40 days	Tue 10/23/18	Mon 12/17/18								
19	FIGR Coordination	20 days	Tue 10/23/18	Mon 11/19/18								
20	Task 4: Right-of-Way Certification Assistance	75 days	Tue 10/16/18	Mon 1/28/19								
21	Caltrans Encroachment Permit	45 days	Tue 11/27/18	Mon 1/28/19								
22	Utility Coordination and NTOs	30 days	Tue 10/16/18	Mon 11/26/18								

CITY OF SAN RAFAEL
 Design Services for the Third Street at Hetherton Street Improvements Project
 Federal Project No. HSIPL 5043(040)
 REVISED COST PROPOSAL
 September 10, 2018

Exhibit B

Kimley-Horn and Associates, Inc.																	
		Name	Kevin Aguiqui	Adam Dankberg	Alex Jewell	Karina Fidler	Matt Wages	Shawn Rainey	Jake Hermle								
		Category/Title	Project Manager	Principal-in-Charge/QA/QC	Sr. Professional I	Sr. Professional I	Professional II	Professional I	Professional I	Sr. Professional I	Professional II	Professional I	Analyst	Project Support	Admin Support		
195.24% Overhead%		Direct Rate	\$91.36	\$67.32	\$64.68	\$64.92	\$54.34	\$43.28	\$41.60	\$69.40	\$59.14	\$46.64	\$40.40	\$42.56	\$31.60		
194.67% Overhead% w/o FCCM		Billing Rate	\$296.65	\$218.59	\$210.02	\$210.80	\$176.45	\$140.53	\$135.08	\$225.35	\$192.03	\$151.44	\$131.18	\$138.20	\$102.61		
10% Fee%														Total Hours	Total Cost		
Task 1:	Project Management & Coordination		10	2	0	0	0	8	0	0	0	0	0	2	2	24	\$ 5,009.58
1.1	Project Management & Coordination		10	2				8						2	2	24	\$ 5,009.58
Task 2:	Design		6	8	0	0	26	52	22	4	4	48	134	0	8	312	\$ 45,733.68
2.1	Outreach			6					10						2	18	\$ 2,867.55
2.2	65% PS&E		4	2			16	24	8	2	2	24	60		4	146	\$ 21,651.07
2.2	95% PS&E		2				8	24	4	2	2	16	60		2	120	\$ 17,251.94
2.2	Final Bid Documents						2	4				8	14			28	\$ 3,963.11
Task 3:	Environmental Compliance & Permitting		0	0	8	8	0	2	0	0	0	0	0	1	2	21	\$ 3,991.04
3.1	NEPA and CEQA Clearance				8	8		2						1	2	21	\$ 3,991.04
Task 4	Right-of-Way Certification Assistance		0	0	0	0	2	8	0	0	0	0	24	0	2	36	\$ 4,830.73
4.1	Caltrans Encroachment permit Coordination						2	4					16		2	24	\$ 3,219.15
4.2	Utility Coordination							4					8			12	\$ 1,611.59
TOTAL HOURS			16	10	8	8	28	70	22	4	4	48	158	3	14	393	
Subtotal Labor:			\$ 4,746.44	\$ 2,185.93	\$ 1,680.16	\$ 1,686.40	\$ 4,940.48	\$ 9,837.32	\$ 2,971.72	\$ 901.39	\$ 768.13	\$ 7,269.28	\$ 20,726.70	\$ 414.59	\$ 1,436.50		\$ 59,565.03
Other Direct Costs																\$ 5,338.78	
Labor Escalation																\$ 297.83	
Travel/Tolls																\$ 200.00	
Archeological/Historical Consultants																\$ 4,840.95	
TOTAL COST:																\$ 64,903.81	



Agenda Item No: 5.a
Meeting Date: November 5, 2018

SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Community Development


Prepared by: Paul A. Jensen (AMG)
 Community Development Director

City Manager Approval: 

TOPIC: AMENDMENTS TO SAN RAFAEL MUNICIPAL CODE

SUBJECT: ORDINANCE AMENDING SAN RAFAEL MUNICIPAL CODE TITLE 11 (PUBLIC WORKS), TITLE 14 (ZONING ORDINANCE) AND THE ZONING DISTRICTS MAP; FILE NO. ZO18-02/ZC18-01

RECOMMENDATION:
Conduct a public hearing regarding a proposed ordinance amending the San Rafael Municipal Code, Title 11 (Public Works) and Title 14 (Zoning Ordinance) and the Zoning Districts Map and pass the ordinance to print.

EXECUTIVE SUMMARY:
The Community Development Department staff has initiated amendments to selected titles and chapters of the San Rafael Municipal Code to address a number of topics and issues. The grouping of code amendments covers, among others: a) clarifications and corrections to code provisions and zoning map changes; b) new provisions and standards addressing topics such as community garden and community signs; c) incorporation of recent studies and initiatives such as Downtown San Rafael parking, as well as building architectural features allowed to encroach over the public right-of-way; and d) recent changes in State law.

As discussed below, the proposed Municipal Code amendments have been favorably reviewed by the Design Review Board (design-related amendments) and the Planning Commission. Further, the proposed amendments are consistent with the *San Rafael General Plan 2020* and implement recommendations of recent, city-initiated studies and plans.

BACKGROUND:

Project Description

Earlier this year the Community Development Department staff initiated a group of Municipal Code text and zoning map amendments. This task is typically initiated bi-annually as a means of keeping current

_____ **FOR CITY CLERK ONLY** _____

File No.: _____
Council Meeting: _____
Disposition: _____

on changes in policies, addressing new topic areas, and pursuing corrections and clarifications to the code provisions. For this current grouping, amendments are proposed to the following titles and sections of the San Rafael Municipal Code (SRMC):

❖ **Title 11 - Public Works Text Amendments**

- Section 11.04 (Encroachments in the Public Right of Way)

❖ **Title 14 - Zoning Text Amendments**

- Section 14.16.020 (Accessory Structures)
- Section 14.12.030 (Hillside Step Backs)
- Section 14.16.140 (Fences and Walls)
- Section 14.16.245 (“Ministerial By-Right” process for Multi-family Housing Projects)
- Section 14.16.335 (Transfer of Floor Area Ratio Amongst properties)
- Section 14.17.030 – (Community Gardens)
- Chapter 14.18 (Parking)
- Chapter 14.19 (Signs)
- Cannabis related edits
- Other amendments to correct minor errors and provide clarification

❖ **Title 14 – Zoning Districts Map Amendments**

- 1533 Lincoln Avenue Properties
- Rice Drive Properties at Francisco Boulevard West

More specifically, the significant topic areas covered in these amendments are:

- Downtown San Rafael Parking & Wayfinding Study. Implementing zoning-related changes envisioned by the *Downtown San Rafael Parking and Wayfinding Study*. In early 2018, the City Council received and accepted a report on this parking study, the result of a downtown parking and wayfinding survey that was conducted for the purpose of evaluating parking occupancy. The report included a table of long-term, mid-term, and short-term recommendations. The proposed amendments integrate the Study’s short-term and some of the mid-term zoning ordinance recommendations into SRMC Chapter 14.18 (Parking);
- Community Gardens. Establishing standards for allowing community gardens and encouraging these gardens as a method of increasing local food production throughout the City as envisioned in the *Climate Change Action Plan (CCAP)*;
- Community Signs for City-Owned Facilities. Establishing design-related criteria for community signs. This effort implements one of the action items contained in the *Community Engagement Action Plan* approved by the City Council in 2015. The design criteria will serve to facilitate installation of bilingual electronic signage in front of the Albert J. Boro Community Center as envisioned in the Action Plan, under the heading “Hable Español.”
- Senate Bill 35- Streamlined Review of Housing Projects. In 2017, significant State laws were enacted to address the current housing crisis in California. Senate Bill 35 amended California Government Code Section 65913.4, establishing a “by-right” ministerial approval process for residential development projects containing two or more dwelling units. Essentially, this law requires that local jurisdictions establish a ministerial review process that allows for very limited review of such projects located near major transit where the developer/applicant has committed to pay a “prevailing wage” to a skilled and trained construction workforce. The ministerial review limits the

City's discretion to a review of the residential development project for consistency with "objective design and development standards." New SRMC Section 14.16.245 is proposed to acknowledge this ministerial review process and refers to a process that is to be adopted by separate resolution of the City Council. This new section is a "placeholder" as staff is working separately on the objective design and planning standards and the process. This effort will require the input of the Design Review Board and Planning Commission. The separate resolution outlining the specific, "by-right" ministerial review process and standards will be brought forward to the City Council in early 2019.

- Cannabis Distribution. Earlier this year, the City Council adopted new municipal code provisions addressing allowances and requirements for cannabis businesses. Subsequent to this action, the City Council adopted additional changes to the cannabis business regulations to include distribution. In response, several amendments are proposed to Title 14 (Zoning) to address cannabis distribution, including a new zoning definition for "Cannabis Distribution- Distributor."
- Architectural Building Features Over the Public Right-of-Way. Downtown San Rafael is an urban setting where buildings are constructed at the property line (no setbacks). It is common to find older buildings in Downtown where the upper-floors include building elements (e.g., bay windows, balconies, and awnings) that project beyond the property line and over the public right-of-way. Such features are part of the character and urban fabric of Downtown. As new development continues to be proposed in Downtown, the City is finding that developers/applicants are proposing upper-floor building design features that encroach over the public right-of-way. In fact, the recent "*Good Design Guidelines for Downtown San Rafael*", presented to the City Council earlier this year, encourage such architectural features. Recent development projects that were approved with such features include 10 G Street (corner of 4th & G Streets) and 815 B Street. When permitted, the City has required a license agreement or encroachment permit for this encroachment. This requirement has proved to be problematic for project financing. An amendment to Title 11 (Public Works) is proposed to exempt such architectural features from an encroachment permit.
- Corrections, Clarification and Other Amendments. Numerous amendments are proposed to update code provisions to address new issues, correct errors or provide additional clarification for better interpretation. Topic areas proposed for amendment include provisions for fences and walls, hillside building height requirements, transfer of floor area ratio, and accessory structures.

In addition, the proposed amendments include the following zoning district map amendments:

- Modification of the zoning district boundary line for properties located at 1533 Lincoln Avenue and the adjoining vacant lot, which are partly under R5 zoning district to a HR1 zoning district consistent with the zoning on the remaining portion of the lots.
- Establishing a zoning district for the property known as Rice Drive (an abandoned public right-of-way generally located between Francisco Boulevard West to the north and the SMART property to the south) to a GC Zoning District.

The entirety of the draft text and map amendments is presented in the attachments to the draft Ordinance (Attachment 1, Exhibits A through C). A more in-depth discussion and description of the proposed code amendments is provided in the [September 25, 2018 Planning Commission staff report](#).

Design Review Board Action:

On August 21, 2018, the Design Review Board (DRB) had an opportunity to comment on certain sections of the proposed text amendments that had design-related criteria. The DRB recommended an affirmative

Planning Commission recommendation to the City Council of all the items except with respect to the amendments to the Hillside Ordinance. The DRB's primary concern was that the proposed language would be difficult for an applicant to understand. The DRB recommended that the proposed amendment to the Hillside ordinance incorporate graphics to demonstrate how the language could be applied to a development project.

The streaming video of this meeting can be viewed at www.cityofsanrafael.org/meetings. The DRB unanimously (4-0) recommended approval of the above items, with the exception of item 4 as noted above. The Planning Commission liaison was not present at this meeting.

Planning Commission Action:

On September 25, 2017, the [Planning Commission held a properly noticed public hearing](#) to consider a recommendation on the proposed amendments. While staff briefed the Planning Commission on the DRB's desire to have graphics added to the Hillside Ordinance amendments, staff recommend against the use of graphics for the following reasons:

- The text amendment is intended to bring forward requirements that are already part of the Hillside Design Guidelines;
- The City's *Hillside Design Guidelines* contain graphic representation of how the step-backs might be applied to a development proposal. This is used as a guide for discussions with applicants; and
- There are a variety of situations where the step-back requirement might be applied thus making it difficult to adopt a diagram as part of a code requirement.

The Planning Commission did not discuss this matter further in its deliberations. However, the proposed amendment to Chapter 11.04 (Encroachments in the Public Right-of-Way) was discussed at length. The purpose of this amendment is to allow an additional exclusion of a limited type of upper story projections (up to four feet) into the public right-of-way without the obligation of obtaining an encroachment permit. This exclusion would only apply to properties located in the downtown zoning districts. The Planning Commission expressed the following concerns:

- That the City could be unintentionally giving up rights to future use of the right-of-way; and
- At least one Commissioner expressed a concern that an allowable extension of four feet would be excessive and asked that a three-foot extension be considered.

The Planning Commission did not propose modifications to the language contained in the proposed amendments. However, staff was directed to assure that the topics discussed above had been well vetted by the Department of Public Works and the City Attorney, and that the City Council would be apprised of the discussion that occurred during the Commission's deliberations on the topic of Title 11.

The Planning Commission adopted Resolution 18-10 (7-0-0) recommending City Council adoption of the proposed amendments to the San Rafael Municipal Code. This resolution is attached (Attachment 2).

Subsequent to the Planning Commission action, staff confirmed that the above topics were well vetted by the Community Development Director, Public Works Director, and the City Attorney's Office and the exclusions were deemed an appropriate solution for incorporating articulations for properties in the downtown districts that have zero setbacks. This group was not concerned about losing rights to future use of the right-of-way for the following reasons:

- The exclusions would only apply to properties located in the downtown zoning districts; and
- The exclusions would apply to projections that are designed to provide adequate clearance from the street grade and that do not result in obstructions to street lights, street signals or other above ground utilities.

In addition, the four-foot extension was deemed to be an appropriate depth as this would allow for a meaningful amount of articulation opportunities and would also provide opportunities for installation of useable balconies along the street frontage. For this reason, staff is not recommending changes to the proposed amendments to Title 11.

ANALYSIS:

As noted in the Background section, the proposed amendments to selected chapters of the San Rafael Municipal Code attempt to clarify code requirements, correct minor text errors and internal inconsistencies and to implement standards that have already been vetted through adopted plans or policies. This effort incorporates input from other departments where appropriate. Changes that have design-related criteria were presented to the DRB and, except as noted in the Design Review Board Action section above, comments from the DRB have been included in the proposed ordinance exhibits. The proposed amendments were also considered by the Planning Commission on September 25, 2018. The Planning Commission recommended City Council adoption of the proposed amendments to the San Rafael Municipal Code. Minor changes recommended by the Planning Commission have been included in the ordinance exhibits.

A detailed analysis of the proposed text amendments is included the [Planning Commission staff report dated September 25, 2018](#). In general, the proposed amendments are consistent with the *General Plan 2020*, and with policies and action items contained in the *Hillside Design Guidelines*, the *Climate Change Action Plan*, the *Downtown San Rafael Parking and Wayfinding Study*, the “*Good Design*” *Guidelines for Downtown San Rafael*, and the *Community Engagement Action Plan*.

COMMUNITY OUTREACH:

Notice of hearing for the project was conducted in accordance with noticing requirements contained in Chapter 29 of the Zoning Ordinance. A Notice of Public Hearing was published in the Marin Independent Journal (attached). In addition, a public hearing notice was mailed to: all neighborhood/homeowner association and all other interested parties, as all property owners and occupants within a 300-foot radius of the specific properties proposed for zoning map amendments. The noticing was published and mailed 15 calendar days prior to the date of this meeting.

Staff received one comment letter prior to the distribution of this report (Attachment 4). This comment letter (from Victoria DeWitt, resident) requests additional modifications to Section 14.16.140 (Fences and Walls) than those proposed by staff. Specifically, the comment letter requests inclusion of language within Section 14.16.140.B. that is specific to fences in non-residential districts that abut residential properties. As proposed by staff, the amendment would require that fences in non-residential districts that abut residential properties be evaluated for compatibility with the residential properties. The language recommended in the comment letter is as follows with the changes requested in the letter shown in underlined text:

“An administrative environmental and design review permit shall be required for all non-residential fences over seven feet (7’) to assure the fence would conform to the design and development standards of the underlying district and is compatible with the immediate surrounding properties in the neighborhood. Where the non-residential property is surrounded

by or abuts residential property, then the fence requirements shall be the same as required for the surrounding residential properties.”

Staff agrees that the fences on non-residential properties should be compatible with the immediate neighborhood, especially when surrounded by or abutting residential properties. However, staff is concerned about placing strict and blanket limitations on fence heights for uses in the non-residential district that are the same as residential properties without the ability to consider opportunities for evaluation through an Administrative Design Review Permit process. Non-residential uses can present unique situations that may justify higher fence heights along a property frontage. As such, staff recommends the following amended language for SRMC Section 14.16.140:

“An administrative environmental and design review permit shall be required for all non-residential fences over seven feet (7’) to assure the fence would conform to the design and development standards of the underlying district and is compatible with the immediate surrounding properties in the neighborhood. Where a property is located in a non-residential zoning district and is developed with, abutting, or surrounded by, a residential use, fence heights shall be the same as required for residential districts unless a different fence height can be justified through the administrative design review process.”

This recommended change has been incorporated in the proposed text amendments to Title 14-Zoning of the proposed Ordinance.

ENVIRONMENTAL DETERMINATION:

This project qualifies for exemption from the provisions of the California Environmental Quality Act Guidelines pursuant to Sections 15183(a) because it entails a project that can be found consistent with the General Plan policies and pursuant to 15061(b)(3), which states that as a ‘general rule’ the California Environmental Quality Act (CEQA) applies only to projects which have the potential to cause a significant, physical environmental effects.

FISCAL IMPACT:

There is no fiscal impact associated with this item.

OPTIONS:

The City Council has the following options to consider relating to this matter:

- Conduct a public hearing relating to a proposed ordinance amending the San Rafael Municipal Code and pass the ordinance to print.
- Pass the ordinance to print with edits and additions discussed and approved by the City Council during the public hearing.
- Continue the matter for additional information and further review.

RECOMMENDED ACTION:

Conduct a public hearing regarding a proposed ordinance amending the Municipal Code, Title 11 (Public Works) and Title 14 (Zoning Ordinance) and the Zoning Districts Map and pass the ordinance to print.

ATTACHMENTS:

1. Ordinance with Exhibits A-C
2. Planning Commission Resolution 18-10
3. Public Hearing Notice
4. Correspondence received to date

ORDINANCE NO.

AN ORDINANCE OF THE CITY OF SAN RAFAEL AMENDING TITLE 11 (PUBLIC WORKS), TITLE 14 (ZONING ORDINANCE) AND THE ZONING MAPS OF THE SAN RAFAEL MUNICIPAL CODE TO: A) ADD A PERMIT EXEMPTION FOR CERTAIN ENCROACHMENTS INTO THE PUBLIC RIGHT OF WAY; B) MAKE MINOR CLARIFICATIONS AND CORRECTIONS OF TEXT; C) MODIFY LAND USES AND LAND USE DEFINITIONS AND STANDARDS; AND D) MODIFY THE ZONING DISTRICT BOUNDARY LINE FOR THREE PROPERTIES LOCATED AT RICE DIVE/FRANCISCO BLVD (APN'S 013-041-52, -55, -67) AND 2 PROPERTIES LOCATED AT LINCOLN AVE/PROSPECT DR (APN'S 011-092-15 AND -26) (ZO18-002/ZC18-001)

WHEREAS, the City staff has initiated amendments to San Rafael Municipal Code (SRMC) Title 11- (Public Works), Title 14- Zoning (Zoning Ordinance) and Zoning Maps as a general 'clean-up' of the maps and provisions to correct minor errors, omissions and internal inconsistencies, to update the zoning for selected properties on the City-adopted Zoning Map, and to revise obsolete provisions to improve use and interpretation of the Municipal Code; and

WHEREAS, on August 21, 2018, the Design Review Board held a duly noticed public meeting on the design-related amendments, accepting all public testimony and the written report of the Community Development Department; and

WHEREAS, on August 21, 2018, the Design Review Board provided their recommendations to the Planning Commission, unanimously recommending adoption of the design-related criteria as modified, with the exception of proposed changes to the hillside ordinance step-back requirements, for which the Design Review Board recommended further refinement by staff; and

WHEREAS, on September 25, 2018, the Planning Commission held a duly-noticed public hearing on the proposed amendments to the San Rafael Municipal Code, Title 11 and Title 14, and the Zoning Maps accepting all public testimony, the recommendations of the Design Review Board, and the written report of the Community Development Department, and recommended to the City Council the approval of the amendments; and

WHEREAS, on November 5, 2018, the City Council held a duly-noticed public hearing to consider the proposed amendments to San Rafael Municipal Code (SRMC) Title 11- (Public Works), Title 14- Zoning (Zoning Ordinance) and Zoning Maps as outlined in Exhibits A-C, accepting all public testimony and the written report of the Community Development Department; and

WHEREAS, the City Council finds that the proposed amendments to the San Rafael Municipal Code, Title 11, Title 14, and Zoning Maps, do not make changes to City policies or regulations that would result in a direct or indirect physical, environmental impact; therefore it has been determined that this ordinance qualifies for exemption from environmental review pursuant to the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15183(a) because it entails a project that can be found consistent with the General Plan policies, and Section 15061(b)(3), which states that as a 'general rule' CEQA applies only to projects which have the potential to cause a significant, physical environmental; and

WHEREAS, the City Council makes the following findings, pursuant to SRMC Section 14.27.060 for adoption of the amendments to San Rafael Municipal Code (SRMC) Title 11- (Public Works), Title 14- Zoning (Zoning Ordinance) and Zoning Maps as outlined in Exhibits A-C:

1. The amendments to San Rafael Municipal Code Title 11 – Public Works, Title 14 – Zoning Ordinance and Zoning Map and are consistent with the policies and programs of the San Rafael General Plan 2020 in that:
 - a. The amendments will: i) clarify code requirements; ii) correct minor text errors and internal inconsistencies; iii) implement standards that have already been vetted through adopted plans or policies; iv) update and correct property zoning on the City-adopted Zoning Map; and v) revise provisions to improve use and interpretation. This action is consistent with General Plan Program LU-23a (Zoning Ordinance Amendments), and Policy NH-2a (Zoning Ordinance), which encourages periodic updates to the Zoning Ordinance in order to maintain a current and internally consistent code;
 - b. The amendments are consistent with General Plan Policy LU-9 (Intensity of Nonresidential Development) in that they codify a process for evaluating transfers of Floor Area Ratios amongst properties;
 - c. The amendments are consistent with General Plan Policies NH-2 (New Development in Residential Neighborhoods), CD-3 (Neighborhoods), CD-3b (Development Standards), and CD-6a (Hillside Design Guidelines) because the proposed amendments would clarify existing design-related policies and adopt standards intended to recognize, preserve and enhance the positive qualities that give neighborhoods their unique identities;
 - d. The amendments are consistent with General Plan Policies C-29c (Innovative Off-Street Parking) and C-30a (Downtown Parking District) because they include amendments to the parking provisions within the downtown zoning districts that include recommendations outlined in the City’s Downtown Parking and Wayfinding Study;
 - e. The amendments are consistent with General Plan Policies SU-8 (Local Food Production), SU-8b (Home and Community Gardens), SU-8c (Community Garden Standards) and PR-16 (Community Gardens) because they create a ministerial review process to encourage the creation of home and community gardens;
 - f. The amendments are consistent with General Plan Policy G-6a (Community Stakeholders) which encourages the City to “Actively seek community-wide representation and public involvement opportunities on City issues through vigorous outreach programs to engage residents who are not typically involved, such as young people and residents not fluent in English.”
2. The public health, safety and general welfare are served by adoption of the proposed Municipal Code amendments, in that they would: i) correct minor text errors and internal inconsistencies; ii) implement standards that have already been vetted through adopted/accepted plans or policies; iii) update and correct property zoning on the City-adopted Zoning Map; and iv) revise provisions to improve use and interpretation; and vi) ensure consistency with the General Plan.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN RAFAEL DOES HEREBY ORDAIN AS FOLLOWS:

DIVISION 1. Findings

The City Council of the City of San Rafael hereby determines and finds that all of the facts and statements contained in the recitals herein and the findings of Planning Commission Resolution 18-10, adopted September 25, 2018, recommending to the City Council adoption of this Ordinance are true and correct.

DIVISION 2. Approval

The City Council of the City of San Rafael hereby approves and adopts the amendments to SRMC Title 11- (Public Works), Title 14- Zoning (Zoning Ordinance) and Zoning Maps as presented in Exhibits A-C, attached hereto and incorporated herein by reference.

DIVISION 3. Publication

A summary of this Ordinance shall be published and a certified copy of the full text of this Ordinance shall be posted in the office of the City Clerk at least five (5) days prior to the Council meeting at which it is adopted.

This Ordinance shall be in full force and effect thirty (30) days after its final passage, and the summary of this Ordinance shall be published within fifteen (15) days after the adoption, together with the names of those Councilmembers voting for or against same, in the Marin Independent Journal, a newspaper of general circulation published and circulated in the City of San Rafael, Marin County, State of California.

Within fifteen (15) days after adoption, the City Clerk shall also post in the office of the City Clerk a certified copy of the full text of this Ordinance, along with the names of those Councilmembers voting for or against the Ordinance.

GARY O. PHILLIPS, Mayor

ATTEST:

LINDSAY LARA, City Clerk

The foregoing Ordinance No. _____ was read and introduced at a regular meeting of the City Council of the City of San Rafael on Monday, November 5, 2018 and was ordered passed to print by the following vote, to wit:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

And will come up for adoption as an Ordinance of the City of San Rafael at a Regular Meeting of the Council to be held on the ____ day of _____ 2018.

LINDSAY LARA, City Clerk

Exhibits:

- A. Amendments to San Rafael Municipal Code Title 11 Public Works
- B. Amendments to San Rafael Municipal Code Title 14 Zoning Ordinance
- C. Amendments to San Rafael Municipal Code Title 14 Zoning Map

ATTACHMENT A

Amendments to San Rafael Municipal Code (SRMC) Title 11 –Public Works

The following sections of the San Rafael Municipal Code (SRMC) Title 11 – Public Works are hereby amended as follows:

Chapter 11.04 (Encroachments in the Public Right-of-Way)
Amend Section 11.04.030.020 (Exceptions to permit requirement) as noted below by underline/italics to show insertions:

11.04.030.020 – Exceptions to permit requirement.

Notwithstanding Section 11.04.030.010 above, no permit or license shall be required pursuant to this chapter for any of the following:

- A. The actions of any officer or employee of the city engaged in the discharge of official duties.
- B. The performance of work under contracts to the city, including work for City projects.
- C. Encroachments existing prior to the effective date of this chapter; provided, however, that nothing in this chapter shall preclude the director from requiring an appropriate encroachment permit for or removal of any such preexisting encroachment where the director determines the encroachment adversely affects the safety, capacity or integrity of the city's right-of-way.
- D. Maintenance or repair of existing pipes, facilities, conduits or other structures lawfully on or under a public right-of-way by a utility or special district, where such maintenance or repair work will not affect traffic in an arterial street.
- E. Performing the actual emergency street cut or excavation in the public right-of-way by a utility or special district to repair a broken or defective pipe, facility or conduit lawfully on or under any public street, as may be necessary for the preservation of life and property when an urgent necessity therefore arises and the offices of the city are closed, provided that reasonable vehicular and pedestrian barriers or other traffic controls shall be provided during the performance of any such repairs. The utility or special district performing the repair work shall notify the city's public works department by telephone at the time any such repair work is commenced and apply for an encroachment permit retroactively as specified in [Section 11.04.060](#) of the Municipal Code for each emergency location within seventy-two (72) hours of performing the work. The utility shall pay all encroachment permit fees for emergency work as described by the latest schedule of fees developed by the city and described herein.
- F. Tree work, including but not limited to planting, trimming, or removal of any new or existing tree within the public right-of-way where a permit has been issued for such work pursuant to [Chapter 11.12](#), and no traffic lane closure is anticipated.
- G. Sidewalk cafes and restaurants, which shall be governed by the provisions and requirements of this code for outdoor dining license agreements.
- H. Street closures for special events specifically approved by the city council.

- I. Awnings, signs, eaves or other minor architectural features of buildings extending no more than four feet (4') into the public right-of-way; provided that nothing herein shall authorize the placement of signs directly on any street or the right-of-way.
- J. In the downtown zoning districts where buildings are permitted to be constructed to the property line (see title 14, zoning), no permit is required for bay windows, balconies and projecting awnings provided that these architectural features: 1) extend no more than four feet (4') into the public right-of-way; 2) are designed to provide adequate vertical clearance from the street grade; and 3) do not obstruct or impair above-ground utilities, street lights or street signals.

ATTACHMENT B

Amendments to San Rafael Municipal Code (SRMC) Title 14 -Zoning

The following sections of the San Rafael Municipal Code (SRMC) Title 14 – Zoning are hereby amended as follows:

1. **Chapter 14.03 - Definitions** Amend the list of definitions in Section 14.03.030 by amending and inserting new definitions, as shown below by ~~strikethroughs~~ for deletions and *underline/italics* for insertions, in alphabetical order, as follows:

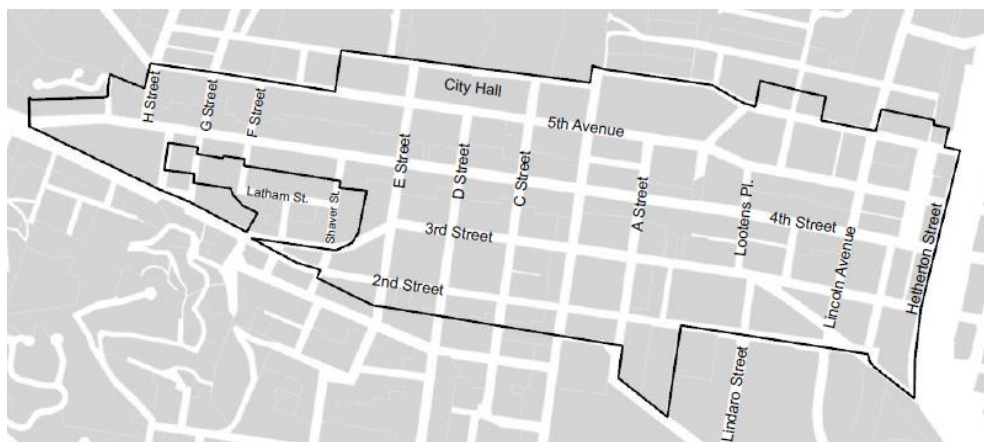
“Cannabis Distribution” Distributor: Purchases, sells, arranges for testing, conducts quality assurance review of packaging and labeling, stores/warehouses and transports cannabis goods between medicinal licensees.

“Carport” means a roofed structure providing space for the parking or storage of motor vehicles and enclosed on not more than ~~three (3)~~ two (2) sides.

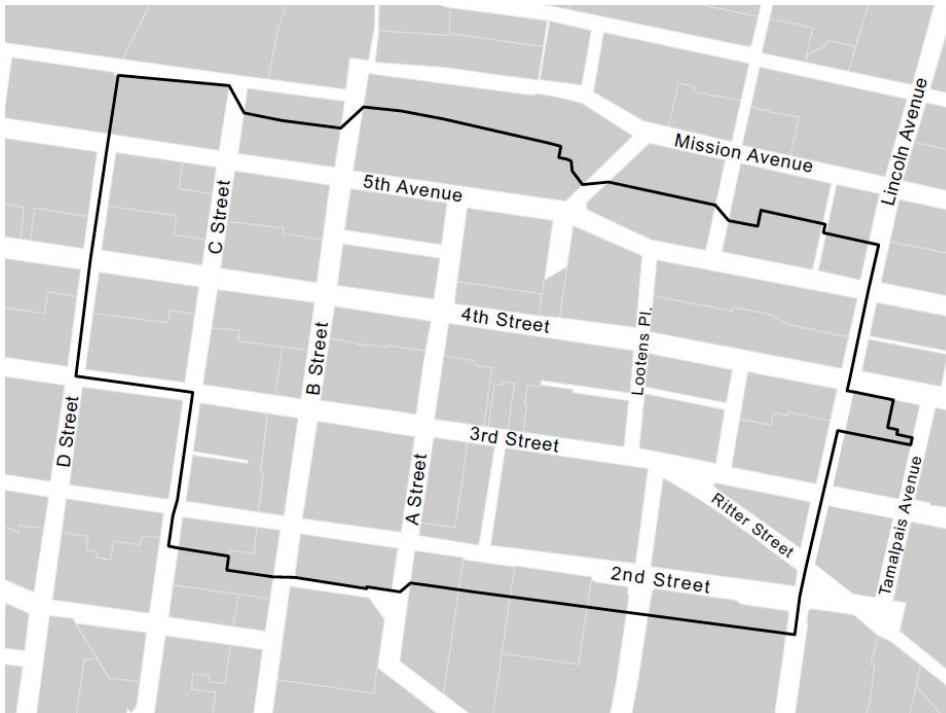
“Clinic” means a place where patients are studied or treated by physicians specializing in various ailments and practicing as a group; the dispensary or outpatient department of a hospital or medical school, where patients are treated free or for a small fee; a place where a group of physicians are available for extended hours, on a drop-in basis with no regular patients.

“Community garden.” Community garden means any piece of land gardened by a group of people, utilizing either individual or shared plots on private or public land. The land may produce fruit, vegetables, and/or ornamentals. Community gardens may be found in neighborhoods, schools, connected to institutions such as hospitals, and on residential housing grounds subject to defined standards, as specified in Section 14.16.286 of this title. A community garden shall be operated by a public entity or non-profit organization.

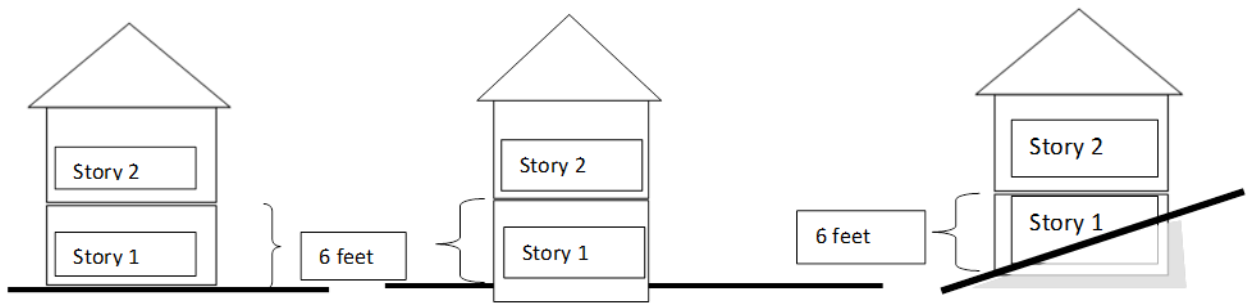
“Downtown Zoning Districts” means those lots located in the downtown commercial zoning district and within the area generally between Hetherton Street & Mission (easterly boundary) and Fourth Street & Second Street (westerly boundary) and encompassing that area between Mission Avenue and Second Street as shown on the following map:



"Downtown parking assessment district" means the ~~downtown parking assessment district, title Parking District No. 1,~~ the area which encompasses an area the boundary generally between Lincoln and D, and Second and Fifth, as shown on the following map:



"Story" means any floor having its finished floor surface entirely above grade and at least 6 feet in height; or any floor that is partially below grade and where the finished surface of the floor above it is at least 6 feet above the lowest grade:



"Structure" means anything constructed or erected that requires a foundation or a structural support on the ground, including a building or public utility, but not including: a fence or a wall used as a fence if the height does not exceed seven (7) feet six feet (6'); retaining walls four (4) feet or less in height; in-ground swimming pools; and improvements built at-grade such as parking lots and access drives or walks.

2. **Chapter 14.04 – Land Use Regulations (R, DR, MR, HR, and PD)**

Amend Table 14.04.020 by inserting new land use classifications, land use allowance and additional use regulations, as noted by underline/italics, in the location specified below, as indicated below:

Table 14.04.020

Type of Land Use	R	DR	MR	HR	PD	Additional Use Regulations
Public & Quasi-Public & Community Uses						
Clubs and lodges, including youth groups			P	P	P	
<u>Community Gardens</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>Subject to Performance Standards Outlined in Chapter 14.17</u>
Open space	P	P	P	P	P	

3. **Chapter 14.05 – Land Use Regulations (GC, NC, O, C/O, R/O, and FBWC)**

Amend Table 14.05.020 by inserting new land use classifications, land use allowance and additional use regulations, as noted by underline/italics, in the location specified below, as indicated below:

Table 14.05.020

Type of Land Use	GC	NC	O	C/O	R/O	FBWC*	Additional Use Regulations
Public & Quasi-Public & Community Uses							
Clubs and lodges, including youth groups	C		C	C			
<u>Community Gardens</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>Subject to Performance Standards Outlined in Chapter 14.17</u>
Public facilities							
Administrative offices	C		P	P*	P		*Rear ground level or 2nd floor or above.

Type of Land Use	GC	NC	O	C/O	R/O	FBWC*	Additional Use Regulations
Residential Uses		*		*	*		*See Chapter 14.17 standards
Single-family residential		<u>C</u>			C		
Duplex Residential					C		
Multifamily residential	<u>A(3)</u>	<u>CA(3)</u>	P	<u>A(3)</u>	P	<u>A(3)</u>	Only in a mixed-use development. See <u>Chapter 14.17 standards.</u>

1. Shall not be located within three hundred (300) feet away of a residential zoning district (R, DR or HR), as measured from the property lines of each parcel. If within three hundred (300) feet, then use is prohibited.
2. Shall not be located within six hundred (600) feet from schools (public and private), as measured from the property lines of each parcel.
3. See Section 14.17.100 (Residential uses in commercial districts).

4. Chapter 14.05 – Land Use Regulations (GC, NC, O, C/O, R/O, and FBWC)

Amend Table 14.05.020 by inserting new land use classifications, land use allowance and additional use regulations, as noted by underline/italics, in the location specified below, as indicated below:

Table 14.05.020

Type of Land Use	GC	NC	O	C/O	R/O	FBW C*	Additional Use Regulations
Printing shops	P		P	P	CZ		
Cannabis Related Uses							
Cannabis Testing/lab			P	P			*Subject to additional regulations and permitting (See SRMC Chapter 10.96)

Cannabis Delivery			P	P			*Subject to additional regulations and permitting (See SRMC Chapter 10.96)
Cannabis Infused Products				P (32)			
<u>Cannabis Distribution</u>							
Card rooms							See Chapter 10.36

5. Chapter 14.05

Amend Section 14.05.030 – Property development standards (GC, NC, O, C/O, R/O, FBWC) Footnotes as shown below by ~~strikethroughs~~ for deletions and underline/italics for insertions:

Footnotes

- (A) There is no minimum lot area requirement for a boarding house.
- (B) Where the frontage of a block is partially in an R district, the front yard shall be the same as required for that R district, and when the side and/or rear of the lot(s) abuts an R district, the respective side and/or rear yard shall be ten feet (10'). Parking or maneuvering shall be permitted within the required side and rear yards provided that a minimum six-foot wide landscape buffer area, excluding curbs, is provided adjacent to the side and rear property lines.
- (C) Exceptions may be granted for a height above thirty-six feet (36'), subject to the provisions of Chapter 14.24, Exceptions.
- (D) Hotels have a four (4) story 54-foot height limit. A one-story 12-foot height bonus may be approved as part of a design review permit by the planning commission if it finds that the hotel will provide a significant community benefit, and the design is consistent with this title.
- (E) Repealed 3/18/96.
- (F) Buildings existing or approved as of January 1, 1987 which are more than three (3) stories in height shall not be considered nonconforming, and are listed in Section 14.16.040, Buildings over three (3) stories.
- (G) See general plan downtown height map for lot-specific height limits.
- (H) A height bonus may be permitted in residential development as provided for in Section 14.16.190, Height bonus.
- (I) Where the frontage of the lot(s) is adjacent to or across from an R district, fifty percent (50%) of the front yard shall be landscaped. Where the side yard abuts an R district, a minimum three feet (3') of buffer landscaping must be provided. Where the rear of the lot abuts an R district, ten feet (10') of buffer landscaping must be provided.

- (J) In the GC district, a minimum fifteen feet (15') of the front setback must be landscaped. Landscaped portions of the public right-of-way may be included, subject to approval by the hearing body.
- (K) For parking lot landscaping, see Section 14.18.160, Parking lot screening and landscaping.
- (L) A landscaped amenity area for employees and the public is encouraged in office and commercial projects.
- (M) Provision of usable outdoor area is encouraged in residential development as part of a mixed-use project.
- (N) Lots that are less than five thousand (5,000) square feet and located outside of downtown, are permitted to have no more than only one (1) unit is permitted, and no additional units are permitted, on lots less than five thousand (5,000) square feet, per Section 14.16.300 (Small lots).
- (O) A density bonus may be granted, as provided for in Section 14.16.090.
- (P) The maximum lot coverage restriction established for the Office (O) district shall not apply to solar panels installed over existing paved parking spaces; consistent with Section 14.16.307.

6. Chapter 14.06 – Land Use Regulations (I, LI/O, CCI/O, and LMU)

Amend Table 14.06.020 by inserting new land use classifications, land use allowance and additional use regulations, as noted by underline/italics, in the location specified below, as indicated below:

Table 14.06.020

Type of Land Use	I	LI/O	CCI/O	LMU	Additional Use Regulations
<u>Public</u>, & Quasi-Public & <u>Community</u> Uses					
Clubs and lodges, including youth groups		C	C	C	
<u>Community Gardens</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>Subject to Performance Standards Outlined in Chapter 14.17</u>
Public facilities					
Administrative offices	C*	P	P	P	*Rear ground level or 2nd floor or above.

7. **Chapter 14.06.020 – Land Use Regulations (I, LI/O, CCI/O, LMU)**

Amend the Table 14.06.020 by inserting new land use classifications, permitting authority, as noted by *underline/italics*, in the location specified below, as indicated below:

Table 14.06.020

Types of Land Use	I	LI/O	CCI/O	LMU	Additional Use Regulations
Printing Shops	P	P	P	P	
Cannabis Related Uses					
Cannabis Testing/lab	P (1)	P (1)	P (1)		*Subject to additional regulations and permitting (See SRMC Chapter 10.96)
Cannabis Delivery	P (1)	P (1)	P (1)		*Subject to additional regulations and permitting (See SRMC Chapter 10.96)
Cannabis Infused Products	P (1)	P (1)	P (1)		*Subject to additional regulations and permitting (See SRMC Chapter 10.96)
<u><i>Cannabis Distribution</i></u>	<u><i>P (1)</i></u>	<u><i>P (1)</i></u>	<u><i>P (1)</i></u>		
Card Rooms	C				See Chapter 10.36

8. Chapter 14.09.020 – Land Use Regulations (P/QP)

Amend Table 14.09.020 by inserting new land use classifications, land use allowance and additional use regulations, as noted by underline/italics, in the location specified below, as indicated below:

Table 14.09.020

Type of Land Use	P/QP	Additional Use Regulations
Public, & Quasi-Public & Community Uses		
<u>Community Gardens</u>	<u>P</u>	<u>Subject to Performance Standards Outlined in Chapter 14.17</u>
Public facilities		
Administrative offices (city and county, special district, public utility, etc.)	P	

9. Chapter 14.10.020 – Land Use Regulations (P/QP)

Amend Table 14.10.020 by inserting new land use classifications, land use allowance and additional use regulations, as noted by underline/italics, in the location specified below, as indicated below:

Table 14.10.020

Type of Land Use	P/OS	Additional Use Regulations
Open Space/Public		
Animal husbandry	C	
<u>Community Gardens</u>	<u>CZ</u>	<u>Subject to Performance Standards Outlined in Chapter 14.17</u>
Horse keeping	C	

10. Chapter 14.12 (Hillside Development Overlay District (-H))

Amend Section 14.12.030 (Property development standards (-H)) subsection A as noted below by ~~strikethroughs~~ for deletions and underline/italics for insertions:

A. Building Stepback. A building stepback is established to limit the height of structures to avoid excessive building bulk. The required stepback shall be follows:

1. On ~~the~~ any downhill slope a 20-foot height limit measured from existing grade shall be observed. This height limit shall be construed to mean that wall planes shall be broken into single wall heights of no more than 20 feet beyond which a stepback of at least 5 feet is required, unless otherwise determined through the Environmental and Design Review permit process. Regardless, the maximum overall building height shall not exceed the height allowed by the zoning district ~~and~~

2. On non-downhill slope, walls facing front and side property lines shall have a 20-foot height limit measured from existing grade shall be observed within all areas within fifteen feet (15') of the maximum building envelope limit. To allow for design flexibility on non-downhill slopes, an encroachment into the street front, street side and interior side stepback is permitted along twenty-five percent (25%) of the building length.

Note: please refer to the San Rafael Hillside Design Guidelines for examples

11. Chapter 14.16 (Site and Use Regulations)

Amend Sections 14.16.020 (Accessory Structures) subsection E.1 and E.5, 14.16.120 (Exclusions to the maximum height measurement), replace Section 14.16.140 (Fences and Walls) in its entirety and add Section 14.16.335 (Transfer of floor area ratio (FAR) between or among properties) in its entirety as noted below by ~~strikethroughs~~ for deletions and underline/italics for insertions:

E. Residential Accessory Structures. The following standards shall apply to accessory structures in residential districts:

1. Front and street side yard setbacks.
 - a. Fountains, trellises, statues and similar decorative yard improvements up to four feet (4') in height, fences, small retaining walls and minor decorative entryway treatments as permitted pursuant to Section 14.16.140.A.1, decks less than twelve inches (12") above grade, and access driveways and walkways may be located within the required front yard setback and/or street side yard setback; provided that such accessory structure shall not conflict with the sight distance triangle of an intersections or driveway required pursuant to Section 14.16.295.
 - b. No other structures or improvements shall be placed within a required front yard or street side yard.
 - c. No swimming pool, hot tub, air conditioning unit or mechanical equipment shall encroach into any front yard or street side yard setback.
 - d. Accessory structures shall meet the setback requirements for reverse corner lots, contained in Section 14.04.030(D).
 - e. Detached accessory structures may only be placed between the front-facing wall of the primary structure and the front setback with Administrative Design Review, except as allowed by Section 14.16.020.E.1.a. This requirement does not apply to garage or carport structures which must comply with the setbacks established by the applicable Zoning District.

2. Interior Side and Rear Yard Setbacks.
 - a. Zero-foot (0') Setback. The following accessory structures may be located within the required ~~rear and interior side~~ interior side and rear yard setbacks, and up to the property line, subject to conformance with any applicable building code limitations and provision of an unobstructed walkway clearance of at least three feet (3') between above-grade accessory structures and adjacent buildings or the property line in order to provide access around the primary building:
 - i. Accessory structures, unconditioned (e.g., not intended for human occupancy) with a maximum floor area of one hundred twenty (120) square feet and up to eight feet (8') in height measured from grade to roof peak;
 - ii. Fountains, trellises, statues and decorative yard improvements no taller than six feet (6') in height;
 - iii. Retaining walls up to four feet (4') in height above grade (e.g., exposed wall height above finished grade, as determined by the community development director);
 - iv. At-grade walkways and decks less than twelve inches (12") above grade.
 - b. Three-foot (3') Minimum Setback. The following accessory structures may be located within three (3) feet of the rear and interior side yard property line:
 - i. Accessory structures greater than one hundred twenty (120) square feet in floor area and up to fifteen feet (15') in height measured from grade to roof peak;
 - ii. Fireplaces, barbecues, self-contained portable spas, spa/pool equipment (additional setbacks and limitations on the placement of spa/pool pump and filtration systems shall be as specified in Section 14.16.320);
 - iii. Uncovered decks twelve inches (12") or more above grade.

c. Pools/in-ground spas. A setback of at least three feet (3') or a distance equal to one-half (½) the depth of the pool, whichever is greater, shall be provided from the property line.

d. Easements and Property Lines. No structure or portion thereof, including overhangs and foundations, shall obstruct an easement or cross a property line.

e. Accessory Structure with Sanitary Facilities. A residential accessory structure that exceeds one hundred twenty (120) square feet in size and includes sanitary facilities shall require (prior to issuance of a building permit) recordation of a deed restriction with the County of Marin to reflect that the detached accessory structure cannot be utilized as a second dwelling unit, unless it complies with the requirements of Section 14.16.285.

f. Mechanical equipment shall subject to additional screening and setback requirements, as specified in Section 14.16.320.

3. Alley Setback. An accessory structure shall be located a minimum of five feet (5') from an alley.

4. Coverage. In addition to counting toward the total lot coverage limit that applies to all structures on a parcel, residential accessory structures shall not exceed a maximum of thirty percent (30%) of the required side or rear yard areas. Required front yard areas shall maintain at least forty-percent (40%) pervious landscape area.

5. Height. The height of an accessory structure shall not exceed a height of 15 feet except as permitted through Design Review.

12. Chapter 14.16.045 – Cannabis Uses

Amend Section 14.16.045, by inserting new text, as noted by underline/italics, as indicated below:

14.16.045 - Cannabis Uses

Specific medical cannabis uses are allowed by the Zoning Ordinance, as specified in the land use tables and as defined by the definition chapter, including and limited to cannabis testing/lab (both medicinal and recreational adult use), cannabis infused products (medicinal only), ~~and cannabis delivery (medicinal only)~~ and cannabis distribution (medicinal only). All other medicinal or recreational medical cannabis uses, such as dispensaries, cultivation, and processing are prohibited.

The land use regulations contained pertaining to cannabis in this Title do not apply to personal cultivation or use of cannabis. Personal cultivation and use of cannabis shall be subject to State law and any limitation imposed by state law.

13. Chapter 14.16 (Site and Use Regulations)

Amend Section 14.16.120 (Exclusions to the maximum height requirement) as noted below by ~~strikethroughs~~ for deletions and underline/italics for insertions:

Flagpoles not exceeding a height of 24 feet, aboveground utility distribution facilities including communications towers and public water tanks, windmills, monuments, mechanical appurtenances, satellite dishes in multifamily and nonresidential districts and architectural features such as screening for mechanical equipment, chimneys, steeples and cupolas are not included in height calculations. However, structures and architectural features which extend above the established building height limit may require an environmental and design review permit, pursuant to Chapter 14.25, Environmental and design review permits.

14. Chapter 14.16 (Site and Use Regulations)

Amend Section 14.16.140 (Fences and Walls) in its entirety as noted below by underline/italics:

14.16.140 - Fences and walls.

This section establishes regulations for the height, location and materials of fences, retaining walls and privacy walls. The regulations are intended to prevent fences or walls which are a detriment to the appearance and character of the community and to protect the public health, safety and welfare by assuring adequate sight distance is provided and maintained at street intersections and driveways.

A. Residential Districts. The following height limitations shall apply to the height of fences and walls **in Residential Districts**:

1. Permitted

a. Front and Street Side Yard Areas - The following may be located within the required front and street side yard:

i. Fences and retaining walls not exceeding four feet (4') in height, may be located within the front or street side yard setback, provided that the fence or wall shall not conflict with the sight distance requirements of Section 14.16.295;

ii. Minor decorative entryway treatments no taller than eight and one-half feet (8.5') in height, such as a trellis arch or a lattice arch, are permitted within the front or street side yard, provided that there is no vehicular view obstruction (i.e., adequate sight distance shall be provided and maintained, pursuant to the provisions of Section 14.16.295).

b. Rear Yard and Interior Side Yard - The following may be located within the required rear yard and interior side yard.

i. Fences not exceeding ~~six feet (6')~~ **seven (7) feet** in height may be located within the required rear yard or interior side yard:

ii. Retaining walls not exceeding a height of four feet (4') in height may be located within the required rear yard and interior side yard.

2. With Required Planning Permits. The following may be permitted in Residential Districts with prior approval of Design Review (Pursuant to Section 14.25.040.C.) and/or Exception (Pursuant to Chapter 14.24) as noted

a. Retaining walls over four feet (4') in height on hillside parcels (i.e., property that contains a slope of twenty-five percent (25%) or greater or designated -H Overlay) may be permitted with Environmental and Design Review subject to Design Review Board recommendation, if the community development director finds it necessary to minimize grading and/or tree removal impacts. Retaining walls located outside of required setbacks shall otherwise be reviewed subject to the regulations that apply to an accessory structure, in Section 14.16.020.

b. **Fences exceeding seven (7) feet in height up to nine (9) feet in height** may be located in the required interior side or rear yard **where topography or difference in grade between adjoining sites warrants such increase**, subject to Administrative Design Review **and Exception**.

c. **Fences in the front yard or street side yard may be increased by a maximum of two feet (2') to prevent access to natural or physical hazardous conditions either on the lot or on an adjacent lot, subject to Administrative Design Review and Exception.**

d. Exception. An exception to the residential fence and walls height standards may be allowed as noted above, subject to the provisions of Chapter 14.24-Exceptions; Exceptions for height should include a landscape setback buffer between the fence or wall and the public right of way, in order to mitigate the impact of a taller fence or wall along the streetscape. A minimum setback buffer of six inches (6") should be provided for each one-foot (1') of increased height.

e. Note: A building permit may be required for fences over ~~six~~ **seven (7) feet (6')** in height and retaining walls over four feet (4') or walls that support the adjacent hillside or property improvements, as determined by the building code.

B. Non-Residential Districts **Fences.** An administrative environmental and design review permit shall be required for all non-residential fences **over seven feet (7') in height** to ensure the fence conforms to the design and development standards of the underlying **district, and is compatible with the immediate surrounding properties in the neighborhood.** Where a property is located in a non-residential zoning district and is developed with, abutting, or surrounded by, a residential use, front yard fence heights shall be the same as required for residential districts unless an alternate fence height can be justified through the administrative design review process.

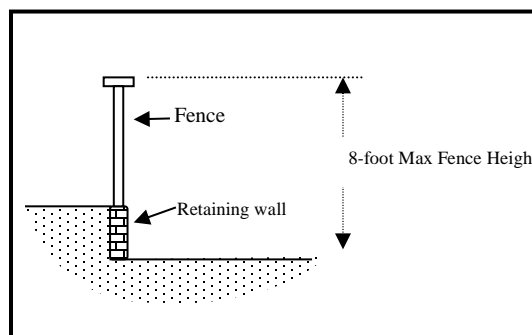
C. All Districts. The following standards shall apply to all districts

1. Measurement of Height. The height of a fence and/or **vegetation** or retaining wall and associated structural and/or decorative elements shall be the combined height measured vertically from finished ground level, as determined by the building or planning official, to the top of the structure at any given point (see illustration "Maximum Allowed Fence Height Measurement). Except as follows:

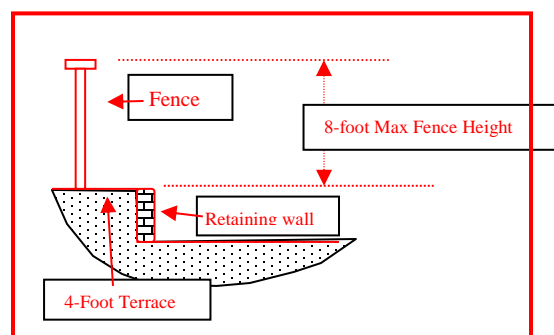
a. Minor decorative entryway treatments are permitted in the setback as noted above (Section 14.16.140 A.1.ii).

b. Terraced fences and/or retaining walls that provide a landscaped horizontal separation of at least four feet (4') may be measured separately at the base of each terrace.

Maximum Allowed Fence Height Measurement



Non-Terraced



Terraced

2. Recreation Fences

a. Fences for swimming pools are subject to the requirements of the building code.

b. Fences for tennis courts shall not exceed maximum height limits established for accessory structures and shall in no case exceed a height of twelve feet (12').

3. Sight Distance. Fencing, vegetation and retaining walls located near a driveway or street intersection shall not conflict with the vision triangle requirements established to assure adequate sight distance is maintained for vehicles and pedestrians, pursuant to the provisions of Section 14.16.295.

4. Prohibited Materials. In all districts, concertina wire, razor wire, broken glass on top of a fence, and electrified fences are prohibited. Barbed wire shall not be permitted where abutting residential uses. In residential districts, wire mesh, chain link and similar fences are prohibited within any yard which fronts a public street, right-of-way or waterway, except as may be required as an environmental mitigation measure.

5. Temporary Fences. Temporary security fences may be erected around construction sites during the time a valid building permit is in effect for construction on the premises. Temporary security fences need not comply with the above regulations and must be immediately removed upon completion of the construction authorized by the building permit

D. Replacement of Fences and Walls. An existing, nonconforming fence or wall in any district is subject to the following regulations:

1. Ordinary maintenance and repairs may be made to a nonconforming fence as required to keep the fence or wall in sound condition.

2. Alterations and additions may be made to a nonconforming fence or wall, provided that such addition or alteration is consistent with these fence and wall provisions.

3. No nonconforming fence or landscape retaining wall shall be moved or replaced unless it conforms to these fence and wall provisions, except for certain residential fences as provided below.

4. An existing nonconforming residential fence or wall that is located in a front yard or street side yard may be replaced in the same location provided that:

a. The fence was previously permitted or authorized by the city, or existed on or before January 1, 1992. The property owner shall provide sufficient documentation including photographs, written testimony, etc. to verify the pre-existing condition.

b. The replacement fence or wall may be rebuilt to its previously existing and documented height, subject to request and issuance of a zoning verification review letter by the planning division. **However, in no case shall any replacement fence exceed a height of six (6) feet within the required front or street side yard setback and shall be no taller than three (3) feet within a required vision triangle (section 14.16.140.B);**

c. **The replacement fence or wall is consistent with the prevailing character of both sides of the street for the length of the block; and**

d. All necessary permits shall be secured from the city (e.g., approval of a license agreement or encroachment permit if fence is located within the public right-of-way); and

15. Chapter 14.16 (Site and Use Regulations)

Amend Section 14.16.245 (Ministerial “by-right” process for multi-family housing projects) as noted below by ~~strikethroughs~~ to show deletions and underline/italics to show insertions:

14.16.245 – Reserved Ministerial “by-right” process for multi-family housing projects

A residential housing development project that contains two or more residential units located on one or more contiguous parcels may qualify for the state-mandated ministerial, “by-right” approval process. Pursuant to California Government Code Section 65913.4, the “by-right.”

ministerial process is applicable to qualifying residential development projects that are located near major transit. The availability of the "by-right" approval process is determined by the city's annual housing progress report to the state department of housing and community development. Qualifying residential projects must: a) comply with a list of objective planning standards; b) meet specific levels of affordable housing; and c) be subject to a commitment to specific hiring (skilled and trained workforce) and prevailing wage requirements. The applicability of and requirements for the "by-right" process shall be adopted by resolution of the city council.

16. Chapter 14.16 (Site and Use Regulations)

Amend Section 14.16.305 (Small Wind Energy Systems) subsection C.1. and C.2. as noted below by ~~strikethroughs~~ to show deletions and underline/italics to show insertions:

C. Development Standards.

1. Height. Tower height of freestanding small wind energy system shall not exceed the maximum height limit above grade established for principal structures in the applicable zoning district, except as may be allowed through design review and consistent with the provisions of Section 14.16.120. The tower height shall not include the wind turbine itself, except as noted in section 14.16.305,C.2. below to determine appropriate setbacks. The total extended height shall include the distance above grade to a blade tip of a wind turbine at its highest point of travel.

2. Setbacks. Small wind energy systems shall be located a minimum distance from all property lines equal to one-half (½) of the total extended height of the unit above grade or the roof mounting point. The total extended height shall include the distance above grade to a blade tip of a wind turbine at its highest point of travel. Small wind energy systems may not be located in a front or side yard setback area.

17. Chapter 14.16 (Site and Use Regulations)

Add Section 14.16.335 (Transfer of Floor Area Ratio Amongst Properties) in its entirety as noted below by underline/italics, to show insertions:

14.16.335 - Transfer of floor area ratio (FAR) between or among properties

A. Transfer of floor area ratio (FAR) between or among properties shall not be permitted except under special circumstances as specified below.

B. Use Permit Required. Transfer of FAR among properties shall be reviewed by the City Council, with recommendation by the Planning Commission, through the use permit process.

C. Application. Applications for use permits for transfer of FAR among properties shall include but not be limited to the following information:

1. Affidavits of consent from owners of all donor and receiving properties;
2. A calculation of the floor area ratio and/or density to be transferred;
3. A description of the proposed dedication, easement or covenant;
4. Any other information deemed necessary by the Community Development

Director.

D. Findings. In order to approve a transfer of floor area ratio (FAR) among properties, the following findings shall be made:

1. The development of the beneficiary parcel is consistent with the General Plan, except that FARs or maximum densities may be exceeded, and

2. The proposed development will comply with all applicable zoning and design parameters and criteria as well as traffic requirements; and one or both of the following:
 - i. A unique or special circumstances are found to exist (e.g. preservation of wetlands or historic buildings) that would cause significant environmental impacts if the transfer is not allowed, and/or
 - ii. A significant public benefit, such as securing a new public facility site (e.g. park, school, library, fire station, police station), will be provided

18. Chapter 14.17 (Performance Standards)

Add new Section 14.17.030 (Community Gardens) in its entirety as noted below by underline/italics to show insertions:

14.17.030 - Community Gardens

A. Purpose. The purpose of the community gardens regulations is to implement specific policies of the neighborhood design, community design, sustainability, and parks and recreation elements of the San Rafael general plan, which:

1. Support social interaction and create a greater sense of community, encourage gathering places and events in appropriate locations, such as community gardens;
2. Promote efforts to provide places where neighbors can meet each other;
3. In multifamily development, require private outdoor areas and on-site common outdoor spaces. Common spaces may include recreation facilities, gathering spaces, and site amenities;

B. Applicability. Performance standards for community gardens shall apply in the residential, commercial, industrial, public and quasi-public uses, and parks/open space zoning districts with the exception of the downtown zoning districts.

C. Ministerial review required. Except where a use permit is required by the Land Use Tables, a ministerial review is required to determine that the community garden is in compliance with the provisions of this section. If it is determined that the community garden is in full compliance with the provisions of this section, the community garden shall be approved.

D. Standards.

1. Operating Rules. The applicant shall submit a list of Operating Rules for the proposed Community Garden. Hours of operation shall be limited from sunrise to sunset.
2. Americans with Disabilities Act (ADA). The project shall be designed to provide access to the general public and be ADA-compliant in accordance with the requirements of Title-24, California Code of Regulations.
3. Parking. On-site parking is required and shall including an area for one van accessible parking space located on site (9'x18') with an 8' wide accessible aisle meeting ADA standards and a space to accommodate vehicular delivery and removal of materials.
4. Trash and Recycling. Trash and recycling shall be adequately provided on site and the project sponsor is responsible for implementing a trash recycling program, which shall also include the installation of recycling receptacles for garden users on the project site.
5. Green Waste. Green waste facilities shall be provided on site.
6. Material Storage. Identify on the site plan storage for all garden tools, supplies and compost in a secure manner and screened from view from off-site. Compost and other odorous materials shall be stored in a location and manner that does not affect adjacent property owners.
7. Landscaping. Provide a landscape and irrigation plan for review and approval of the Planning Division and the Department of Public Works which provides trees within the landscape setback along the property frontage with the following detail.

a. The project landscape architect/designer shall select a tree species that is appropriate to the site and soil conditions. Trees shall be planted at a 24-inch box size and spaced at 20-foot intervals.

b. All landscaping shall be maintained in good health through the life of the project. Any dying or dead landscaping shall be replaced in a timely fashion and all landscaping shall be maintained in a healthy and thriving condition, free of weeds and debris.

c. The landscape and irrigation plan must be designed to comply with Marin Municipal Water District (MMWD) Water Conservation Ordinance No. 421.

8. Fences. Fences are allowed subject to the regulations in Chapter 14.16 of the City of San Rafael Municipal Code, Zoning.

9. Lighting. Exterior lighting shall be limited to security lighting as required and approved by the City Police Department.

10. Signage. A sign plan shall be submitted and shall demonstrate location of the following required signage:

a. Two signs shall be posted on the subject property.

b. One sign shall be posted in the common area of the garden noting the name and contact information for the garden management; and

c. One monument-type address sign, not exceed 20 square feet in area and six feet in height, shall be posted at the garden entrance. The property address numbers shall be posted prominently on the monument sign.

11. MCSTOPP/Drainage and Clean Site Water. The site must be designed and maintained so that runoff of surface water will not drain onto adjacent property. The project engineer shall incorporate features that would provide for clean site waters in accordance with RWQCB and Marin County Stormwater Pollution Prevention Program (MCSTOPPP) standards before they enter the City storm water drainage system. Features can include the installation of grassy swales to connect and filter surface water runoff.

12. The project shall comply with the MMWD backflow prevention requirements. If, upon the District's review of the final plans backflow protection is warranted, compliance shall include installation, testing and maintenance. Questions regarding backflow requirements should be directed to the MMWD Backflow Prevention Program Coordinator at (415) 945-1559.

13. Pest Management. The operation of the community garden shall comply with the City's Integrated Pest Management (IPM) program. Signs shall be posted and maintained within the garden area notifying garden users of the rules and consequences for using pesticides and herbicides that are not allowed on the IPM.

19. Chapter 14.18

Amend Section 14.17.100 (Residential uses in commercial districts) as noted below by ~~strikethroughs~~ to show deletions and underline/italics to show insertions:

A. Purpose. The purpose of this section is to ensure that residential uses in commercial districts are not adversely impacted by adjacent uses. Residential uses are encouraged in commercial zoning districts, including the downtown area and in mixed-use development to meet local housing needs and because of the environment they create. However, potential traffic noise and safety impacts related to commercial uses may impact nearby residential uses. The proximity of residential and commercial uses require that special regulations be imposed in the interest of businesses and the residents of the housing units.

20. Chapter 14.18 (Parking)

Amend Sections 14.18.010 (Specific Purpose), as noted below by ~~strikethroughs~~ to show deletions and underline/italics to show insertions:

14.18.010 - Specific purposes.

In addition to the general purposes listed in Section 14.01.030, the specific purposes of parking regulations are to:

- A. Promote the safety and convenience of all land use and circulation systems within the city by providing standards and policies for the creation and maintenance of vehicular off-street parking and loading;
- B. Promote more efficient street systems by reducing to a minimum the congestion which may be created by uncontrolled parking;
- C. Promote the continued health and vitality of all land uses by providing reasonable satisfaction for normal parking demands;
- D. Promote compatibility among adjacent land uses and enhance the appearance of the city through appropriate design and aesthetic standards related to parking;
- E. Ensure that off-street parking and loading facilities are provided for new land uses and for major alterations and enlargements of existing uses in proportion to the need for such facilities created by each use;
- F. Establish parking standards for commercial and industrial uses consistent with need and with the feasibility of providing parking on specific commercial and industrial sites;
- G. Ensure that off-street parking and loading facilities are designed in a manner that will ensure efficiency, protect the public safety and, where appropriate, insulate surrounding land uses from adverse impacts;
- H. Establish parking standards which recognize the more urban character of parking downtown;

I. Implement recommendations envisioned by the Downtown Parking and Wayfinding Study for the downtown zoning districts (see section 14.03.030) by:

- 1. Promoting the use of alternate modes of transportation such as walking and bicycling
- 2. Recognizing that parking standards are unique for downtown zoning districts
- 3. Establishing innovative methods of addressing parking supply and demand by:
 - a. Providing opportunities for shared parking amongst businesses within the downtown zoning districts;
 - b. Encouraging owners of private parking facilities to make parking available for public use in the downtown zoning districts;
 - c. Increasing the parking supply by allowing tandem parking and mechanical/automated parking systems within the downtown zoning districts.

21. Chapter 14.18 (Parking)

Amend Section 14.18.040 (Parking Requirements), as noted below by ~~strikethroughs~~ to show deletions and underline/italics to show insertions:

14.18.040 - Parking requirements.

A. Off-street parking shall be provided in accord with the following chart. Where the specific use in question is not listed, the community development director shall determine if another similar use exists which may be used to select an appropriate parking standard. In order to make this determination, the community development director may require the submission of survey data from the applicant or collected by the community development department, planning division at the applicant's expense. Parking surveys conducted for this purpose shall be subject to the review and recommendation by the department of public works.

B. Parking Modification. The parking requirement for any specific use listed may be modified so as to provide adequate parking which is fair, equitable, logical and consistent with the intent of this chapter. Such modification may also include reduction in parking ratios for businesses in the downtown zoning districts that allow the use of private parking facilities to be used for public parking during evening or weekend hours. Parking modifications shall require an application for a use permit and shall be subject to review by the community development director and public works director, and approval by the zoning administrator.

C. For properties located within the ~~downtown parking assessment district~~ downtown parking district, also see Section 14.18.060, ~~downtown parking assessment district~~ Downtown Parking District, for additional information on parking requirements. For properties located in the downtown, west end and environs area, see Section 14.18.061 (Downtown's West End and environs), for additional information on parking requirements.

D. In addition to the off-street parking requirements listed below, off-street loading and unloading shall be provided for certain uses in accord with Section 14.18.050, Off-street loading and unloading.

E. For properties in the downtown area, residential parking is not required to be covered.

F. Off-street parking is not required for FAR increases up to ten percent (10%) of the building or seven hundred fifty (750) square feet, whichever is larger, as granted under Section ~~14.16.150(G)(2)(b)~~ 14.16.150(G)(1)(b).

G. The parking requirement for non-residential uses within the downtown zoning districts shall be allowed a 20% reduction of the standards required under Table 14.18.040.

H. Operation. Parking in the downtown zoning district approved under this chapter may be operated to serve the uses for which the parking was approved, or may be shared with other uses in the downtown zoning district, and/or be made available to the public, subject to a use permit for parking modifications.

22. Chapter 14.18 (Parking)

Amend Chart 14.18.040 as noted below by ~~strikethrough~~ to show deletions and underline/italics to show insertions

Chart ~~Table~~14.18.040

Use Classification	Off- Street Parking Required
Residential	Note: No parking is required for up to 3 units in the <u>downtown</u> parking assessment district, provided the units are an infill addition to an existing nonresidential structure, and that the units are 2 bedroom or less and no larger than 900 square feet in size.
Single-family residential	2 covered spaces per unit.
Single-family residential, hillside	On streets less than 26 feet wide, a minimum of two additional on-site parking spaces shall be provided (not on the driveway apron) per unit. These spaces should be conveniently

	placed relative to the dwelling unit which they serve. This requirement may be waived or reduced by the hearing body when the size or shape of the lot or the need for excessive grading or tree removal make the requirement infeasible.
Studio (duplex unit), 500 sq. ft. or less in size	1 covered space per unit
Studio (duplex unit), more than 500 sq. ft. in size	1.5 spaces per unit (including 1 covered space).
	Downtown: 1 space per unit
Studios (multifamily unit)	1 covered space per unit.
One-bedroom units	1.5 spaces per unit (including 1 covered space). Downtown: 1 space per unit.

Chart-Table 14.18.040

		<u>Downtown Zoning</u> Parking Assessment District	Downtown (Outside Parking District)	San Rafael (Outside Downtown)
<u>Studio (duplex unit),</u>	<u>500 sq. ft. or less in size</u>	<u>1 space per unit</u>		<u>1 space per unit</u>
<u>Studio (duplex unit),</u>	<u>more than 500 sq. ft. in size</u>	<u>1 space per unit</u>		<u>1.5 spaces per unit (including 1 covered space).</u>
<u>1 bedroom unit</u>		<u>1 space per unit.</u>		<u>1.5 spaces per unit (including 1 covered space).</u>
Two-bedroom units	Less than 900 sq. ft.	1 space	1.5 spaces	2 spaces (1 covered)
	900 or more sq. ft.	1.5 spaces	1.5 spaces	2 spaces (1 covered)

23. Chapter 14.18.040 (Parking)

Amend the Chart 14.18.040 by inserting new land use classification for parking requirements, noted by ~~strikethroughs~~ to show deletions and *underline/italics* in the location specified below, as indicated below:

Chart 14.18.040

Use Classification	Off-Street Parking Required
Wholesale and distribution	1 space per 500 sq. ft. gross building sq. ft.
Cannabis testing/lab, cannabis infused products, and <u><i>cannabis delivery and cannabis distribution</i></u>	1 space per 500 gross building sq. ft.
Marinas	3 spaces for every 4 boat slips. Plus parking for support uses in the marina, such as restaurants or retail uses.

24. Chapter 14.18 (Parking)

Amend Section 14.18.060(A) (Downtown Parking Assessment District), as noted below by ~~strikethroughs~~ to show deletions and *underline/italics* to show insertions:

14.18.060 - Downtown Parking ~~parking assessment~~ District ~~district~~.

The Downtown Parking District boundaries shall be as defined under Section 14.03.030.

Parking for nonresidential uses in the *Downtown Parking District* ~~parking assessment district~~ shall be provided consistent with the following:

- A. *The off-street parking requirement is waived* for up to 1.0 FAR of the total square footage of the buildings *located within* ~~is provided by the downtown parking assessment district.~~
- B. *Off-street parking* for building square footage above 1.0 FAR and for all residential uses shall be provided consistent with the parking requirements in Section 14.18.040.
- C. ~~A parking study is required for a development subject to a design review permit pursuant to CEQA requirements, or to a use permit for a change in use, to assist in monitoring parking conditions downtown~~
- D. ~~For projects subject to parking studies, mitigation may be required including provision of on-site parking if it is determined the district has inadequate available parking.~~

25. Chapter 14.18 (Parking)

Amend Section 14.18.080 (Parking requirements for reciprocal uses with shared parking facilities) as noted below by ~~strikethroughs~~ to show deletions and *underline/italics* to show insertions:

14.18.080 - Parking requirements for reciprocal uses with shared parking facilities.

When two (2) or more uses share a common parking area and when a significant and complementing variation in period of daily demands occurs (i.e., exclusive day and night uses), the zoning administrator may grant reductions in the total parking required through a use permit; provided, that in no instance shall the total parking required be less than would be required for any one (1) of the independent uses. The zoning administrator shall base a decision to approve or deny a parking reduction on a shared parking demand study prepared by a qualified transportation engineer or other qualified parking professional.

26. Chapter 14.18 (Parking)

Amend Section 14.18.090 (Bicycle parking) as noted below by ~~strikethroughs~~ to show deletions and underline/italics to show insertions

A. Applicability. Bicycle parking shall be required for all new nonresidential buildings and in major renovations of nonresidential buildings having thirty (30) or more parking spaces, and for all public/quasi-public uses.

B. Number of Short-Term Spaces Required.

1. Commercial, office, ~~and industrial,~~ and multi-family residential uses: five percent (5%) of the requirement for automobile parking spaces, with a minimum of one (1) two-bike capacity rack.

2. Public/quasi-public uses: as determined by parking study, or as specified by use permit.

3. Exempt uses: animal sales and service; motor vehicle sales and services; building materials and supplies (large-item); catering establishments; funeral and interment services; temporary uses; recycling facilities; other uses as determined by the planning director.

C. Number of Long-Term Spaces Required.

1. For nonresidential buildings with over ten (10) tenant-occupants: Five percent (5%) of the requirement for automobile parking spaces, with a minimum of one (1) space.

D. Reduction of vehicle parking. Properties that provide bicycle parking in excess of the bicycle parking spaces identified in Section 14.18.090.B. and/or C. may qualify for a reduction to the overall vehicle parking requirements subject to the approval of a use permit for parking modification.

~~D~~ E. Design.

1. Short-Term Parking: Bike racks shall be provided with each bicycle parking space. The rack shall consist of a stationary object to which the user can lock the bike.

2. Long-Term Parking: Acceptable parking facilities include:

- a. Covered, lockable enclosures with permanently anchored racks for bicycles,
- b. Lockable bicycle room with permanently anchored racks, or
- c. Lockable, permanently anchored bicycle lockers.

3. Parking facilities shall support bicycles in a stable position.

4. The facilities shall provide at least an 18-inch clearance from the centerline of adjacent bicycles on the left and right, and at least ten inches (10") to walls or other obstructions.

5. An aisle or other space shall be provided to bicycles to enter and leave the facility. This aisle shall have a width of at least five feet (5') to the front or rear of a standard six-foot bicycle parked in a facility.

6. Bicycle parking should be situated at least as conveniently to building entrances as the most convenient car parking area, but a minimum distance of one hundred (100) feet of a visitors' entrance. Bicycle and auto parking areas shall be separated by a physical barrier or sufficient distance to protect parked bicycles from damage by cars.

7. Bicycle parking facilities should be located in highly visible, well-lit areas to minimize theft and vandalism.

8. Overhead coverage or rain shelters for bicycle parking facilities are encouraged.

9. The planning director (or the planning director's designated appointee) shall have the authority to review the design of all bicycle parking facilities required by this title with respect to safety, security and convenience.

27. Chapter 14.18 (Parking)

Amend Section 14.18.120 (Tandem parking prohibited) as noted below by ~~strikethroughs~~ to show deletions and underline/italics to show insertions:

14.18.120 - Tandem parking prohibition.

Tandem parking is prohibited, unless approved under this section:

A. Under Section 14.18.150, Alternate parking locations for uses with insufficient parking;

B. With an environmental and design review permit under the Hillside Residential Design Guidelines Manual;

C. For ~~an second~~ accessory dwelling unit, as provided for in Section 14.16.285(C)(8) of this title; or

D. As a concession granted for residential projects which include sufficient affordable housing units, as provided for in Section 14.16.030(H)(3)(a)(i) of this title.

E. Within the downtown zoning district (as defined by section 14.03-030) when the tandem parking spaces are assigned to a single residential unit or where the tandem spaces are assigned to a single tenant subject to Exception Permit as outlined under Section 14.24.020.G.3.

F. As part of a mechanical or automated parking system.

28. Chapter 14.18 (Parking)

Amend Section 14.18.220 (On-site and Remote Parking) as noted below by ~~strikethroughs~~ to show deletions and underline/italics to show insertions:

14.18.220 - On-site and remote parking.

A. All off-street parking and loading areas required herein shall be located on the same lot and readily accessible to the specified use, provided that if the strict application of this requirement creates undue hardship and in the opinion of the planning director creates conditions contrary to desirable development practices but all other areas of intent for this chapter are complied with, remote parking areas which satisfy all or part of specific parking requirements may be approved.

B. Remote parking areas shall be located within ~~five hundred feet (500')~~ thirteen hundred (1,300) feet of the specified use and shall possess direct and convenient pedestrian access. Remote areas may serve more than one use, provided that the gross number of spaces available shall not be less than the combined requirements for all uses served.

C. Requests for remote, off-site parking shall require an application for a use permit and shall be subject to a review and recommendations by the community development director and traffic engineer, and approval by the zoning administrator. Upon zoning administrator approval of any remote, off-site parking area, and prior to occupancy of the proposed use, which parking satisfies the parking requirements, the owner of the lot (proposed for remote parking site) shall execute and record a declaration of restriction, legally binding or similar instrument satisfactory to the community development director, to restrict the use of the lot to public and private parking of vehicles so long as the use conducted by applicant, or the applicant's successors in interest, on the original site shall require the furnishing of parking facilities under the terms of the use permit.

29. Chapter 14.19 (Signs)

Amend Section 14.19.030 (Exempt Signs), Section 14.19.055 (Illumination Standard) Subsection D, Section 14.19.080 (Prohibited Signs) Subsection C, as noted below by ~~strikeouts~~ to show deletions and underline/italics to show insertions:

14.19.030 - Exempt signs.

The city has a compelling public health, safety and welfare interest in the clear, accurate and effective identification of governmental and private buildings, public streets and public facilities and amenities, the safe and efficient control of traffic and parking within the city, and the expeditious notification to the public of information affecting essential public services. Therefore, the following signs are exempt from the provisions and regulations of this chapter:

A. Building and Street Address Signs. Each sign shall not exceed five (5) square feet in size and one per building for each street frontage.

B. Official Flags. Official flags of any nation, state or local government. Official flags may be placed on a pole not exceeding ~~twenty-four feet (24')~~ the height limit established by the applicable zoning district. Flags over the height limit are subject to Environmental and Design Review pursuant to Section 14.16.120 and Section 14.25.040. The height of the flag shall be no more than one-fourth ($\frac{1}{4}$) the height of the pole. ~~Weather flags, nautical flags and pennants when displayed on boats, in marinas, or on any land area within fifty feet (50') of water frontage, where primarily intended to be viewed from the water and void of any commercial messages.~~

C. Weather flags, nautical flags and pennants when displayed on boats, in marinas, or on any land area within fifty feet (50') of water frontage, where primarily intended to be viewed from the water and void of any commercial messages.

~~D.~~ D. On-Site Directional or Informational Signs. Directional or informational signs placed on-site, which are intended to provide public safety or convenience, not exceeding five (5) square feet in area per sign. Examples of such signs include, but are not limited to, parking lot directional signs, posting of business hours and location of restrooms, telephones, "parking in rear," "drive-through service window," and "no-smoking." Premises addressing signs that are larger than five (5) square feet in size shall be exempt if the larger addressing sign is required by the Fire Code.

~~E.~~ E. Signs Essential for Public Purposes. Signs installed by the city, a state or federal governmental agency, and public utility or service, which are essential for public purposes. Public purpose signs include, but are not limited to official signs for traffic control (e.g., street signs), fire and police signs, signs for other regulatory purposes, such as for public information and safety, public notices, emblems and other forms of official identification.

~~F.~~ F. Interior Signs. Signs located within the interior of a building, lobby, mall or court, when such sign is intended for interior viewing. This provision does not apply to interior signs placed within ten feet (10') of a window, where such sign is visible from a public street.

~~G.~~ G. Nonstructural Modifications and Maintenance of Conforming Signs. Modifications and maintenance of a conforming sign that are nonstructural. Modifications do not include a change in sign face or copy, which requires the approval of a sign permit under Section 14.19.041 of this chapter.

GH. Signs Regulated by State or Federal Laws. Signs that are regulated by state or federal laws, or other applicable local laws, provided that such signs are sized and located to be consistent with the state, federal, or local applicable laws. Examples of such signs include the posting of gasoline and fueling station price signs.

I. Community Gardens Signs. Informational signage required for community gardens as outlined in section 14.17.030, provided that such signs do not exceed the maximum allowable size contained in said section.

J. Community Service Signs. Signs installed on City owned property by the City of San Rafael for the purpose of providing multi-lingual information of: upcoming events, classes, meetings and/or update on neighborhood/community issues. These signs may be electronic face and contain moving messages for the purpose of allowing dissemination of information in multiple languages and shall be subject to the following standards:

1. Number of Signs: One (1) electronic message signs shall be permitted per site.
2. Size of Signs: Signs shall be a maximum size of 48 Square feet.
3. Height of Signs: Free-standing electronic message signs shall not exceed a height of 6-feet.
4. Sight Distance: Free-standing electronic message signs shall provide an adequate line of sight distance pursuant to Section 14.16.295.
5. Hours of Use: Electronic message signs shall be equipped with a timer to assure the signs are not used between the hours of 10pm and 7am.
6. Length of time for display of each message: Electronic message signs may display changing messages provided that each message is displayed for no less than four seconds.
7. Brightness Sensors: Electronic message signs shall be equipped with a sensor or other device that automatically determines the ambient illumination and programmed to automatically dim according to ambient light conditions (e.g., photocell technology), or that can be adjusted to comply with the 0.3-foot candle requirement.
8. The signs shall not include neon lights.
9. The signs shall be subject to a 90-day post installation review.

30. Chapter 14.19 (Signs)

Amend Section 14.19.055 (Illumination Standard) Subsection D as noted below by underline/italics to show insertions:

D. Illumination that is Prohibited. Except as permitted by Section 14.19.030.I.,the following types of illumination are prohibited:

1. Blinking, flashing or fluttering lights or illumination that has a changing light intensity, brightness or color;
2. Animation or moving messages;
3. Searchlights.

31. Chapter 14.19 (Signs)

Amend Section 14.19.080 (Prohibited Signs) Subsection C as noted by underline/italics, as indicated below:

- C. Animated and Moving Signs. Animated and moving signs include:
1. Electronic message display, blinking, flashing, change in light intensity, or moving signs, except time and temperature signs and Community Service Signs as permitted by Section 14.19.030.I.,
 2. Windblown devices such as balloons, inflatable objects, pennants, ribbons, streamers,

3. Signs producing smoke, sound and other substances;

32. Chapter 14.24 (Exceptions)

Amend Section 14.24.020 (Authority), Subsection G, as noted below by ~~strikeouts~~ to show deletions and by underline/italics, to show insertions:

G. Parking.

1. Minimum driveway width for a residential use may be reduced, subject to review by the traffic engineer and the fire department. Driveway exceptions shall only be allowed where such decrease will not unreasonably affect abutting sites or create a hazardous traffic condition, and where there are special circumstances related to existing site conditions.

2. Minimum aisle width may be reduced, subject to review by the traffic engineer. Aisle width exceptions shall only be allowed where such decrease will not create a hazardous traffic condition, and where such reduction is necessary to provide for additional parking where existing parking does not meet current standards.

3. In downtown residential or non-residential projects, tandem parking may be allowed, subject to review by the traffic engineer and the fire department, where necessary to accommodate the required parking spaces, provided that the tandem spaces are assigned to the same unit or tenant and that the spaces are located convenient to the unit.

4. In any single-family residential district, a recreational vehicle may be parked parallel to the residence in the front yard where there is a curved or circular driveway or where there are special and unique circumstances on the site because of topography or lot shape. Recreational vehicle parking exceptions shall only be allowed where such parking is set back fifteen feet (15') from the front property line and where it will not have an adverse visual impact on adjoining lots or lots across the street.

33. Chapter 14.25 (Environmental and Design Review Permits)

Amend Section 14.25.040 (Improvements subject to review), Subsection B, C and D, Section 14.25.060 (Public notice and hearing) as noted below by ~~strikethroughs~~ to show deletions and underline/italics to show insertions:

14.25.040 Improvements subject to review

B. Minor Physical Improvements.

1. New construction and modifications, including, but not limited to:
 - a. Any new residence or residential additions over five hundred (500) square feet in size, or any modification that increases the height of the roofline, when located on residential lots with average slopes of twenty-five percent (25%) or greater or located in the hillside resource residential and hillside residential general plan land use designations,
 - b. Any addition or modification that results in lifting the existing ground level floor of a residence to construct a new ground level floor (lift and fill) located on single-family or duplex residential lots (See Section 14.25.050.F.6. for design criteria),
 - c. Accessory structures, or additions or modifications to any residential structure located within one hundred (100) vertical feet of a ridgeline when such improvement increases the height of a roofline, or increases building scale and mass and is determined to be visible from off-site,
 - d. Additions to multifamily residential structures containing three (3) or more dwelling units, where the addition constitutes forty percent (40%) or less than the total square footage of the building,

- e. New two-story single-family and duplex residential structures proposing an upper story level over five hundred (500) square feet in size (See Section 14.25.050.F.6. for design criteria),
- f. Upper-story additions to single-family and duplex residential structures over five hundred (500) square feet in size (See Section 14.25.050.F.6. for design criteria),
- g. Accessory structures on developed non-residential properties over one hundred twenty (120) square feet in size;
- h. Accessory structures on developed multi-family residential properties over two hundred forty (240) square feet in size,
- i. New construction or reconstruction of boat docking facilities,
- j. Additions and Alterations to existing nonresidential structures and/or additions to existing nonresidential structures where the addition is forty percent (40%) or less of the existing square footage and no greater than one thousand two hundred fifty (1,250) square feet. Based on the scope and potential impact of the change(s), the level of review may be decreased by the community development director.
- k. Structures over the height limit, including flagpoles, aboveground utility distribution facilities, including communications towers and public water tanks, windmills, monuments, steeples, cupolas, and screens for mechanical equipment (chimneys are exempt);
- l. Wireless communications facilities, as prescribed under Chapter 14.16.360.B.

C. Administrative Design Permits.

- 1. Decks, or additions to existing decks, higher than thirty inches (30") above grade, located on residential lots with average slopes of twenty-five percent (25%) or greater or located in the hillside resource residential and hillside residential general plan land use designations, except no review is required for decks:
 - a. Less than a total of one hundred (100) square feet,
 - b. Not visible from the public street or adjacent properties, or
 - c. Replacing an existing elevated deck with a deck of same size and configuration;
- 2. New single-family residences located on a flag lot,
- 3. New one-story duplexes, or ground floor additions over five hundred (500) square feet in size or that include addition of a bedroom,
- 4. Conversion of a single-family residence to a duplex,
- 5. Design changes to projects that previously obtained design review approval. This includes modifications to upper story additions, modifications to windows or architectural, site design or landscaping changes. Based on the scope and potential impact of the change(s), the level of review may be increased by the community development director.
- 6. Outdoor eating areas (as prescribed by Section 14.17.110)
- 7. Minor exterior alterations to a structure or development, which are subject to environmental and design review, that, in the opinion of the community development director, have minimal impacts on the visual character or function of the building or development,
- 8. Satellite dishes over the height limit in a multifamily or nonresidential district,
- 9. Residential fences over ~~six feet (6')~~ seven (7) feet in height (~~residential and nonresidential~~), and as set forth under the criteria in Section 14.16.140
- 10. Nonresidential fencing over seven feet (7') in height as set forth under Section 14.16.160 proposed to be located in a front yard or between the principal building and public street frontage(s),
- 11. Detached accessory structures located on hillside residential lots with slopes of twenty-five percent (25%) or greater or located in areas with a general plan land use designation of hillside residential or hillside resource residential,

12. Retaining walls over ~~three~~ four (4) feet (~~3'~~) in height (measured from the top of the footing or finished grade, as determined by the community development director, to the top of the wall) and/or minor landscaping or grading modifications on properties located on a hillside lot as identified in Section 14.12.020 (-H hillside overlay district) of this title, or located within one hundred (100) vertical feet of a ridgeline,

~~13. Minor landscaping or grading modifications to a hillside lot or ridgeline lot, including retaining walls three feet (3') or less in height that would potentially impact the hillside character of the site, to assure compliance with the -H overlay district property development standards~~

14.13. Minor landscaping revisions to existing or approved multifamily or nonresidential development that are determined to alter the character of the site,

~~15.14.~~ Minor modifications to existing parking lots (reconfiguration or expansion),

~~16.15.~~ Exterior repainting and refinishing on a development which significantly deviates from the color scheme and/or palette previously approved through an environmental and design review permit, or on structures in the hillside area as identified in Section 14.12.020 of this title when the colors or materials are not from the approved earthtone-woodtone list,

~~17.16.~~ Outdoor storage areas,

~~18.17.~~ Design changes to dwelling units that were existing or approved as of January 1991 and that are being replaced pursuant to Section 14.16.060 (conservation of dwelling units), or dwelling units that are being replaced pursuant to Section 14.16.270.B.5 (nonconforming structures) of this title,

~~19.18.~~ Modifications to properties in the Eichler-Alliance (-EA) combining district which increase the height of roof structures by more than six inches (6") or change the roof pitch, including the creation of sloping roofs, covered atriums that exceed the existing roof height, clerestories or exposed exterior ducting, but excluding the review of solar collectors which are flush-mounted or not visible from the street frontage,

~~20.19.~~ Rooftop equipment and screens visible from off-site,

~~21.20.~~ Minor additions or modifications to a wireless communications facility, as prescribed under Section 14.16.360.B,

~~22.21. Residential Accessory Structures to be located between the front-facing wall of the primary structure and the front setback except as permitted by Section 14.16.020.E.~~

~~23.22.~~ Non-residential accessory structure one hundred twenty (120) square feet or less in size.

~~24.23.~~ Ancillary detached accessory structures on a developed multi-family residential property two hundred forty (240) square feet or less in size.

~~25.24.~~ Development subject to review for an administrative design permit pursuant to any other provision of this title.

D. ~~Exceptions~~ Exempt from Design Review.

1. Single-family dwellings when sited on individual lots with frontage on a public street and not otherwise subject to design review as listed above;

2. Ordinary maintenance and repairs;

3. New decks or additions to decks, except where review is required for decks located in hillside areas as prescribed in Section 14.25.040.C, above;

4. Installation of solar panels on existing structures or grounds, as provided under state law and in compliance with all applicable development standards;

5. The community development director may declare improvements which have been determined to be minor or incidental within the intent and objectives of this chapter to be exempt from review.

34. Chapter 14.25.060 (Environmental and Design Review Permits)

Amend Section 14.25.040 (Improvements subject to review), Subsection B, C and D, Section 14.25.060 (Public notice and hearing) as noted below by ~~strikethroughs~~ to show deletions and *underline/italics* to show insertions:

14.25.060 (Public notice and hearing)

- C. Administrative Environmental and Design Review Permit. Public notice and hearing are not required for issuance of an administrative environmental and design review permit, except for development subject to Sections 14.14.030 and 14.25.040(C)(~~19~~) ~~of this chapter~~, modifications to properties in the EA overlay district, which shall comply with the notice provisions in Chapter 14.29 of this title.

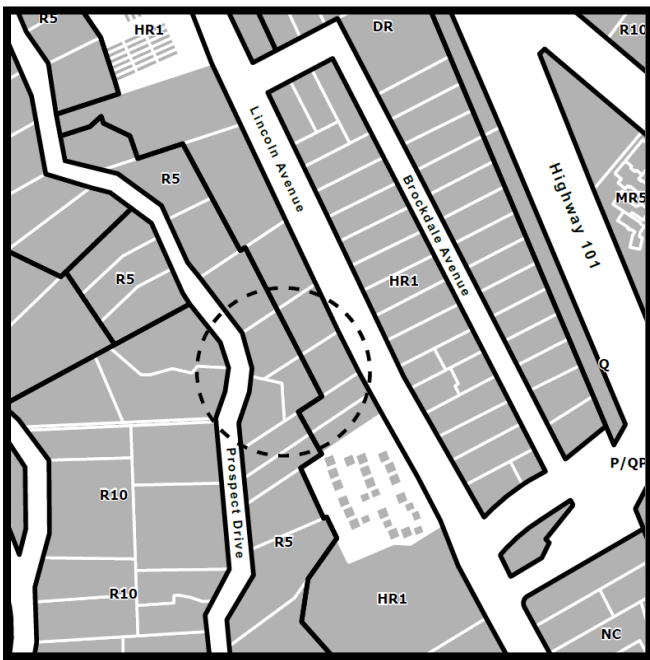
ATTACHMENT C

Amendments to San Rafael Municipal Code (SRMC) Title 14 -Zoning Map Amendments

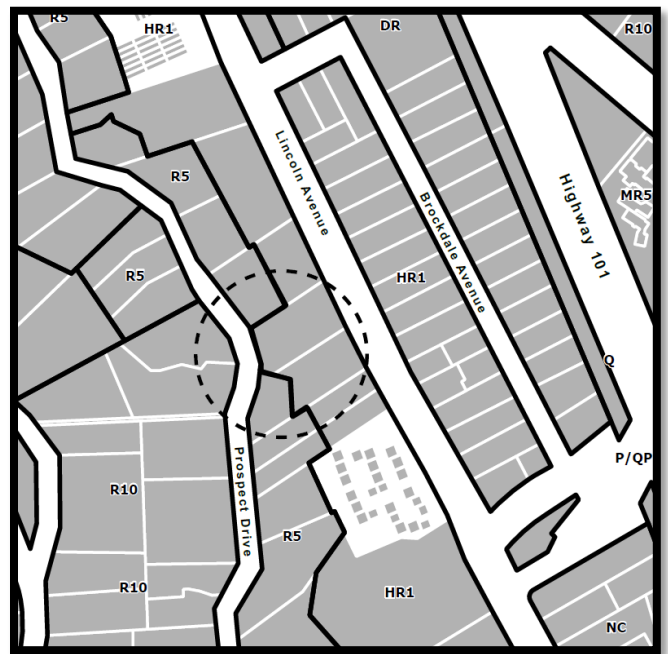
There are two (2) Zoning Map Amendments that are part of the recommended Zoning Amendments as follows:

1526 -1533 Lincoln Avenue

This property has a General Plan Land Use designation of High Density Residential. The Zoning for the property is split with the easterly half falling within the HR1 (High Density Residential) Zoning District, which is consistent with the GP Land Use designation of High Density Residential and the westerly half of the property falling within the R5 (Single-Family Residential) Zoning District, which is not consistent with the GP Land Use designation of High Density Residential.



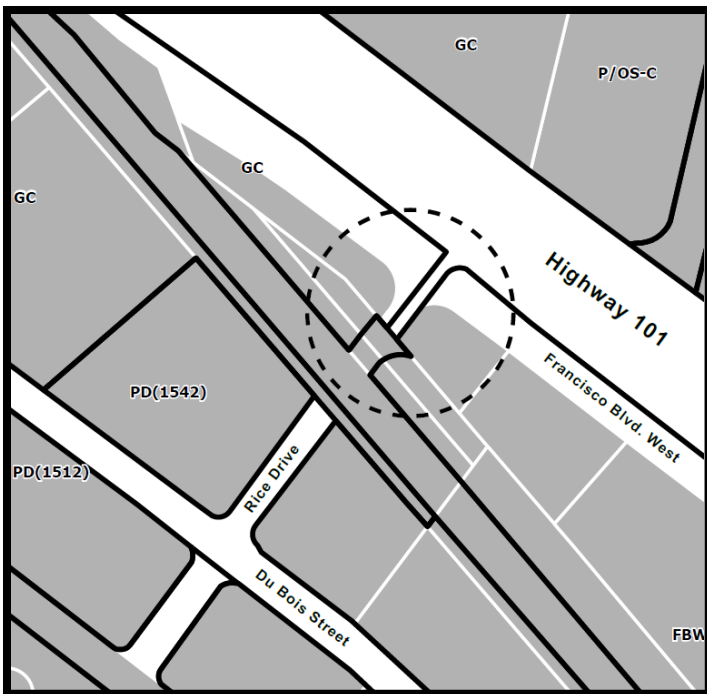
BEFORE



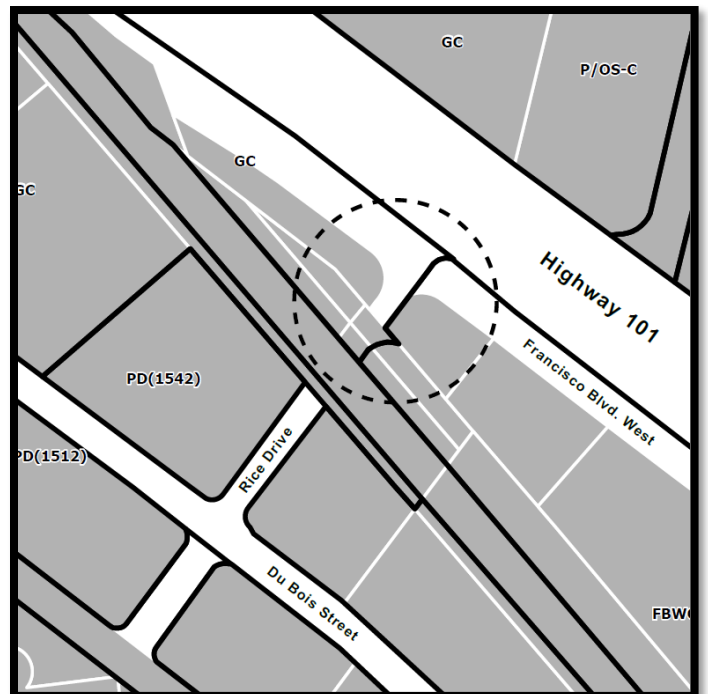
AFTER

Rice Drive Right-of-Way

The segment of Rice Drive, between Francisco Boulevard West and Sonoma Marin Rail Transit District was recently involved in a land transfer that involved Cal Trans, SMART and the City of San Rafael. There is an expected additional land swap that will grant property to a private property owner in exchange for equal amount of land (located in the GC zoning district) to facilitate the SMART Rail extension through this part of San Rafael. Pursuant to San Rafael Municipal Code Section 14.02.020- *“Public streets, utility and other right-of-ways are the boundaries of the zoning districts.”* Where right-of-way abandonments occur, the zoning district boundary defaults to the centerline of the right-of-way. In order to facilitate the additional land transfer to a private property owner, SMART is requesting the adjacent GC (General Commercial) Zoning District boundary be extended over the entire abandoned right-of-way as shown below:



BEFORE



AFTER

RESOLUTION NO. 18-10

RESOLUTION OF THE CITY OF SAN RAFAEL PLANNING COMMISSION RECOMMENDING TO THE CITY COUNCIL ADOPTION OF AN ORDINANCE OF THE CITY OF SAN RAFAEL AMENDING TITLE 11 (PUBLIC WORKS), TITLE 14 (ZONING ORDINANCE) AND AMENDING THE ZONING MAPS OF THE SAN RAFAEL MUNICIPAL CODE, INCLUDING: A) REVISIONS TO ENCROACHMENTS INTO THE RIGHT OF WAY EXCLUDED FROM PERMIT REQUIREMENTS; B) CONSIDERATION OF TEXT AMENDMENTS TO ZONING ORDINANCE FOR CHAPTERS AND SECTIONS IN AN EFFORT TO CORRECT MINOR TEXT ERRORS AND INTERNAL INCONSISTENCIES; CLARIFY TEXT; AND TO MODIFY LAND USES AND LAND USE DEFINITIONS AND STANDARDS. C) CONSIDERATION OF MAP AMENDMENTS TO INCLUDE MODIFICATION TO THE ZONING DISTRICT BOUNDARY LINE FOR THREE PROPERTIES LOCATED AT RICE DIVE/FRANCISCO BLVD (APN'S 013-041-52, -55, -67) AND 2 PROPERTIES LOCATED AT LINCOLN AVE/PROSPECT DR (APN'S 011-092-15 AND -26) (ZO18-002/ZC18-001)

WHEREAS, the City staff has initiated amendments to San Rafael Municipal Code (SRMC) Title 11(Public Works), Title 14- Zoning (Zoning Ordinance) and Zoning Maps as a general 'clean-up' of the maps and provisions. Through daily use, general application and interpretation, minor errors, omissions and internal inconsistencies are discovered, which necessitate correction. In addition, it has been determined that the zoning for selected properties needs to be updated and/or corrected on the City-adopted Zoning Map. Lastly, over time, certain provisions and code sections become obsolete and/or need revision to improve use and interpretation; and

WHEREAS, the amendments to the San Rafael Municipal Code, Title 11, Title 14, and Zoning Maps, do not propose any changes to City policies or regulations that would result in a direct or indirect physical, environmental impact; therefore it has been determined that this ordinance amendment qualifies for exemption pursuant to Sections 15183(a) because it entails a project that can be found consistent with the General Plan policies and pursuant to 15061(b)(3), which states that as a 'general rule' the California Environmental Quality Act (CEQA) applies only to projects which have the potential to cause a significant, physical environmental; and

WHEREAS, on August 21, 2018, the Design Review Board held a duly noticed public meeting on the design related amendments, accepting all public testimony and the written report of the Community Development Department; and

WHEREAS, on August 21, 2018, the Design Review Board provided their recommendations to the Planning Commission. This included unanimous recommendation for adoption of the design related criteria as modified, with exception of proposed changes to the hillside ordinance step back requirements, which the Design Review Board recommended continuation to allow staff to prepare sample diagrams.

WHEREAS, on September 25, 2018, the Planning Commission held a duly-noticed public hearing on the proposed amendments to the San Rafael Municipal Code, Title 11 and Title 14, and the Zoning Maps accepting all public testimony and the written report of the Community Development Department, and recommended to the City Council the approval of the amendments; and

adopted Zoning Map; and v) revise provisions to improve use and interpretation; and vi) ensure consistency with the General Plan.

The foregoing Resolution was adopted at the regular City of San Rafael Planning Commission meeting held on the 25th day of September, 2018.

Moved by Commissioner Loughran and seconded by Commissioner Schaefer.

AYES: COMMISSIONERS Davidson, Loughran, Lubamersky, Mercado, Robertson, Schaefer, Schoppert,

NOES: COMMISSIONERS None

ABSENT: COMMISSIONERS None

SAN RAFAEL PLANNING COMMISSION

ATTEST:

Paul A. Jensen, Secretary

Berenice Davidson, Chairperson

ATTACHMENTS:

- A. Amendments to San Rafael Municipal Code Title 11 Public Works
- B. Amendments to San Rafael Municipal Code Title 14 Zoning Ordinance
- C. Amendments to San Rafael Municipal Code Title 14 Zoning Map

**CITY OF SAN RAFAEL
NOTICE OF PUBLIC HEARING**

You are invited to attend the City Council hearing on the following project:

DATE/TIME/PLACE: Monday, November 5, 2018 at 7:00 P.M.
City Hall Council Chambers, 1400 Fifth Avenue, San Rafael, CA 94901

PROJECT: San Rafael Municipal Code (SRMC) Amendments to Title 14 (Zoning Ordinance and Title 11 (Public Works): The City Council will hold a public hearing to consider Map and Text Amendments consisting of amendments to the zoning districts map and amendments to selected SRMC chapters and sections in an effort to correct minor text errors and internal inconsistencies; clarify text; and to modify land uses and land use definitions and standards. Proposed amendments include:

- Modification of the zoning district boundary line for properties located at 1533 Lincoln Avenue and the adjoining vacant lot, which are partly under R5 zoning district to a HR1 zoning district consistent with the zoning on the remaining portion of the lots.
- Establishing a zoning district for the property known as Rice Drive (an abandoned public right-of-way generally located between Francisco Boulevard West to the north and the SMART property to the south) to a GC Zoning District.
- Implementing SRMC text changes that include but are not limited to: changes envisioned by the Downtown Parking and Wayfinding Study; establishing a process for implementation of SB35 (a "by right" process for multi-family housing); establishing standards for community gardens; and establishing design related criteria for community signs, fence heights, hillside "step backs," accessory structures, and allowable encroachments in the public right-of-way.

Citywide; File No: ZO18-002.

This project qualifies for a Exemption from the provisions of the California Environmental Quality Act Guidelines pursuant to Sections 15183(a) because it entails a project that can be found consistent with the General Plan policies and pursuant to 15061(b)(3), Review for Exemptions, which states that as a 'general rule' that the California Environmental Quality Act (CEQA) applies only to projects which have the potential to cause a significant, physical environmental effects.

WHAT WILL HAPPEN: You can comment on the project. Planning Staff will present the proposed SRMC Map and Text Amendments to the City Council. The City Council will hold a public hearing and may take action to approve, deny, or continue a decision on the proposed Amendments.

IF YOU CANNOT ATTEND: You can send written correspondence by email to the address above, or by mail/hand delivery to the Community Development Department, Planning Division, City of San Rafael, 1400 5th Avenue, San Rafael, CA 94901.

FOR MORE INFORMATION: Contact Ali Giudice, Project Planner at (415) 485-3092 or Alicia.giudice@cityofsanrafael.org. You can also come to the Planning Division office, located in City Hall, 1400 Fifth Avenue, to look at the file for the proposed project. The office is open from 8:30 a.m. to 4:30 p.m. on Monday, Tuesday and Thursday and 8:30 a.m. to 1:30 p.m. on Wednesday and Friday. You can also view the staff report after 5:00 p.m. on the Friday before the meeting at <http://www.cityofsanrafael.org/meetings>

SAN RAFAEL CITY COUNCIL

/s/ Lindsay Lara
Lindsay Lara
CITY CLERK

(Please publish in the Marin Independent Journal on Saturday, October 20, 2018)

October 18, 2018

Paul Jensen, Community Development Director
City of San Rafael
1400 Fifth Ave
San Rafael, CA.

RE: Z018-001, Proposed changes to San Rafael Municipal Code Title 14, Zoning Ordinance

Proposed changes to 14.06.140 Fences and Walls include:

14.16.140, B. Non-Residential Districts. An administrative environmental and design review permit shall be required for all non-residential fences over seven feet (7') to assure the fence would conform to the design and development standards of the underlying district.

The proposed change does not address the situation where a non-residential property is surrounded by or abuts residential property, which occurs in many older neighborhoods in San Rafael. It is important that non-residential fences be compatible and harmonious with the surrounding residential neighborhood in design, appearance and physical characteristics.

This issue of compatibility with surrounding residential areas is addressed in municipal code 14.05.030 under Property Development Standards for minimum yard requirements in commercial properties located within residential districts, as follows:


14.05.030. (B) Where the frontage of a block is partially in an R district, the front yard shall be the same as required for that R district, and when the side and/or rear of the lot(s) abuts an R district, the respective side and/or rear yard shall be ten feet (10').

However, the municipal code does not address fencing requirements for non-residential properties located within or next to residential areas. To create design compatibility with residential properties, I propose modifying the wording for 14.16.140.B as follows (my changes underlined):

14.16.140, B. Non-Residential Districts. An administrative environmental and design review permit shall be required for all non-residential fences over seven feet (7') to assure the fence would conform to the design and development standards of the underlying district and is compatible with the immediate surrounding properties in the neighborhood. Where the non-residential property is surrounded by or abuts residential property, then the fence requirements shall be the same as required for the surrounding residential properties.

Thank you for considering these changes.

Sincerely,


Victoria DeWitt
40 Fremont Rd.
San Rafael, CA. 94901

cc: SR Federation

RECEIVED

OCT 18 2018

PLANNING



Agenda Item No: 6.a
Meeting Date: November 5, 2018

SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Community Development
Paul A. Jensen
Prepared by: Paul A. Jensen
Community Development Director

City Manager Approval: *AS*

TOPIC: SAN RAFAEL TRANSIT CENTER RELOCATION PROJECT

SUBJECT: REVIEW OF NOTICE OF PREPARATION ISSUED BY GOLDEN GATE BRIDGE, HIGHWAY & TRANSPORTATION DISTRICT RELATING TO THE SCOPE OF TOPIC AREAS TO BE STUDIED IN THE SAN RAFAEL TRANSIT CENTER RELOCATION PROJECT ENVIRONMENTAL IMPACT REPORT (EIR) (CASE NO. P18-001)

EXECUTIVE SUMMARY

The Golden Gate Bridge, Highway & Transportation District (District) has initiated a planning process to relocate the C. Paul Bettini San Rafael Transit Center (SRTC), which is currently located at 850 Tamalpais Avenue. The District is focusing on a study area for a new SRTC in and around the current facility and the Downtown San Rafael SMART station. At present, five site location options within this study area have been identified. Per the provisions of the California Environmental Quality Act (CEQA) Guidelines, the development of a new SRTC is subject to environmental review. The District has published a Notice of Preparation (NOP) to start the environmental review process and to solicit comments from agencies and the public on the topic areas to be studied in an Environmental Impact Report (EIR). As the City of San Rafael is a participant in and a "Responsible Agency" on this project, it is required that the City review and respond to the NOP.

Staff has reviewed the NOP finding that it is well written and identifies a broad scope of topic areas to be studied in the EIR. The broad topics that have been identified are appropriate for study. As presented below, staff recommends additions to the scope of studies for the specific topic areas. It is recommended that the City Council: a) review and confirm the comments and recommendations; and b) adopt the attached resolution authorizing staff to proceed with preparing a written response to the District for the Mayor's signature.

RECOMMENDATION:

Adopt a resolution authorizing the Mayor to sign a letter summarizing City comments on the Notice of Preparation.

FOR CITY CLERK ONLY

File No.: _____

Council Meeting: _____

Disposition: _____

BACKGROUND:

History

The [Golden Gate Bridge, Highway and Transportation District](#) (District) owns, operates and maintains Golden Gate Transit service. The District's major transportation hub in Marin County is in Downtown San Rafael. Opened in the 1992, the C. Paul Bettini San Rafael Transportation Center (SRTC) is located at 850 Tamalpais Avenue between 3rd and 2nd Streets. The SRTC currently serves local and regional transit buses including Golden Gate Transit, Marin Transit, Sonoma County Transit, Marin Airporter, Sonoma County Airport Express, Greyhound, and local taxis. The SRTC provides essential transit services to over 9,000 customers per day facilitating travel and transfers throughout Marin County to San Francisco, Sonoma and Contra Costa Counties.

The 1.5-acre, SRTC site contains bus parking bay and transit platforms (Platforms A-D), as well as other service and commercial structures. The former Northwestern Pacific railroad right-of-way (now owned by the [Sonoma-Marín Area Rail Transit](#), or SMART) bisects the SRTC site through transit Platform C and contains the remnants of abandoned railroad appurtenances.

The initial operating segment of the SMART service commenced in 2017, providing service from Santa Rosa to Downtown San Rafael. The Downtown San Rafael SMART station is in the street block immediately north of the SRTC, with the active rail line terminating at 3rd Street. SMART has received funding and is actively constructing the second phase of service to Larkspur Landing (SMART Phase 2). SMART Phase 2 will reuse the existing rail line and right-of-way that bisects the San Rafael SRTC, which will significantly impact the center property and its use.

In preparation for the potential second phase of SMART, in 2014, the City of San Rafael initiated a study (*San Rafael SRTC Relocation Study*, 2014) to assess interim and permanent solutions for a full or partial relocation of the SRTC. The assessment was a collaborated effort involving the City, the District, SMART, [Transportation Authority of Marin](#) (TAM) and the [Metropolitan Transportation Commission](#) (MTC). Interim solutions were identified as well as nine (9) permanent relocation solutions.

Following the City study and cross-agency collaboration, the District issued a Request for Proposal (RFP) to select an engineering/planning consultant to prepare a more in-depth relocation analysis, along with developing a preliminary design and required documents for environmental clearance. In 2017, the District selected and hired Kimley-Horn and Associates, transportation engineering consultants.

In coordination with a team of consultants, Kimley-Horn and Associates has been working to develop preliminary designs and prepare supportive studies. The consultant team has assisted the District in two community meetings (discussed below). In response to these community meetings, the District set aside the original relocation solutions and developed five (5) new site options (discussed below).

San Rafael SRTC Relocation Project

The District, in coordination with the City of San Rafael, Marin Transit, Transportation Authority of Marin (TAM), and SMART, plans to replace the SRTC. A new SRTC is needed primarily to preserve and enhance the functionality and effectiveness of the center following the implementation of the SMART Phase 2 line to Larkspur and the resulting loss of some of the transit center facilities. Specifically, the District has prepared the following "Project Objectives," summarizing the purpose of the project:

- Provide improved transit connectivity and ease of use in and around downtown San Rafael.

- Enhance local and regional transit use by bringing together multiple modes of the transportation network—including the SMART-bus connection—into a hub that affords transit users the safest, most efficient means of using bus and rail services.
- Efficiently accommodate transit users and services and optimize operating costs and improve transit desirability.
- Design a functional, attractive, cost-effective facility that can meet long-term projected service levels and be implemented in an expeditious manner, to minimize the period of use of the interim facility.
- Provide a transit facility that is readily accessible to individuals with disabilities, transit users, and transit-dependent populations, including those with low incomes.
- Provide a secure, safe, and inviting space for transit patrons.
- Create a more accessible transit facility for all users by reducing vehicular, rail, bicycle, and pedestrian conflicts and improving safety.
- Provide convenient, pedestrian connections to surrounding land uses.

At this time, the District has not identified or defined a “project” that is specific to one site for relocation. Rather, the District has identified five (5) preliminary project alternatives (site options), which are contained within a defined geographic “study area.” The general boundaries of the study area are Tamalpais Avenue/Lincoln Avenue to the west, 2nd Street to the south, 5th Avenue to the north and Irwin Street to the east. The five site options are graphically presented in Figures 2-6 in Attachment 2 of this report, and are described in the NOP as follows:

- ***Two-Story Concept*** is bounded by 4th Street to the north, Hetherton Street to the east, 2nd Street to the south, and Tamalpais Avenue to the west (Figure 2). This concept includes the parcel to the east of the SMART station as the ground-level of a proposed two-story transit center. This alternative includes 6 bus bays on the ground level and 12 bus bays on the upper level. This alternative has the smallest footprint, only requiring the acquisition of one parcel, but also would cost more due to the two-story construction.
- ***Across-the-Freeway Concept*** is bounded by 5th Avenue to the north, Irwin and Hetherton Streets to the east, 3rd Street to the south, and Tamalpais Avenue to the west (Figure 3). This alternative has two options: the first would include a three-bay transit island on Hetherton Street between 3rd and 4th streets, and the second would shift Hetherton Street to the west to allow for on-street bays on the east side of Hetherton Street between 3rd and 4th Streets. This concept incorporates the area underneath US-101, which would eliminate some existing California Department of Transportation (Caltrans) Park and Ride lot parking stalls and require covering Erwin Creek (a tributary of San Rafael Creek), across a portion of the block.
- ***4th Street Gateway Concept*** is bounded by 5th Avenue to the north, Hetherton Street to the east, 3rd Street to the south, and the SMART tracks to the west (Figure 4). In order to accommodate three curbside bus bays, southbound right-turn movements from Hetherton Street to 4th Street would be precluded.
- ***Whistlestop Block Concept*** is bounded by 4th Street to the north, Hetherton Street to the east, 3rd Street to the south, and Lincoln and Tamalpais Avenues to the west (Figure 5). This concept co-locates the proposed transit center on the same block as the existing SMART station. The Whistlestop building would either be relocated, reconfigured, or restored and used for customer service functions with the proposed transit center.
- ***North of 4th Street Concept*** would occupy the entire block bounded by 5th Avenue to the north, Irwin Street to the east, 4th Street to the South, and Hetherton Street to the west. It is generally

located beneath US-101 (Figure 6) and would eliminate some existing parking stalls in the Caltrans Park and Ride lot and require covering Irwin Creek (a tributary of San Rafael Creek), across the full length of the block. While this concept would accommodate 17 bus bays within this block, it would require customer service, restrooms, and pick-up/drop-off functions to be located off site.

Features common to all five alternatives include the provision of at least 17 bus bays, pickup/drop-off areas for passenger vehicles or taxis, bicycle parking, customer service and security space, bus operator restrooms, and parking for operations staff. The District's website includes a [project webpage](#), which provides more detailed information on the project and the public outreach conducted to date.

The District is the project proponent and the Lead Agency for permitting, financing, and environmental review and clearance.

City Role in SRTC Relocation Project

The City of San Rafael is a major stakeholder in the SRTC project. Therefore, the City's role in the relocation process is critical for the following reasons:

- a. The City streets surrounding the existing SRTC and the Downtown San Rafael SMART station are among the busiest streets in San Rafael and Marin County. The smooth and efficient flow of traffic in this area is a vital concern to the City, its residences, businesses and visitors. Signalized intersections in the area are closely spaced and are phased to achieve efficient flow while maintaining maximum pedestrian safety.
- b. The location and operation of the SRTC and the neighboring SMART station are key to long-range planning for Downtown San Rafael. Successful transit service is a critical factor for the sustainability, success and growth of Downtown businesses, employment and housing. Past City planning efforts for Downtown include the *San Rafael Downtown Vision* (1993) and the *San Rafael Downtown Station Area Plan* (2013). Both "vision-level" planning documents identify the SRTC and mass transit service as a catalyst to promoting and achieving smart planning and transient-oriented development. The *San Rafael Downtown Station Area Plan* focuses on the SMART station, service and rail line impacts on the current SRTC site. The long-term vision of this Plan suggests an "Integrated SRTC" that supports SMART and the SRTC in a single City block bound by 4th Street, 3rd Street, Hetherton Street and Tamalpais Avenue. This location would require the purchase of the existing Citibank site at 666 3rd Street.

Earlier this year, the City Council accepted a [presentation from a working group of local design professionals](#). The presentation consolidates the numerous design guidelines into one source entitled, "*Good Design*" *Guidelines for Downtown*. These guidelines clearly emphasize the importance of reinforcing good building design in the Downtown gateway.

- c. As part of the City's collaboration with the District, the City staff prepared the *San Rafael Transit Center Relocation Guidance Report*, February 2018 (see attachments). The purpose of this report was to recognize that the impact and influence of the ultimate location of a new SRTC will extend far beyond the specific site and significantly contribute to the gateway of Downtown San Rafael. This report defined a Transit Hub Focus Area, which is a ¼-mile circle around the existing Downtown SMART station. This report acknowledges the collaboration between the City and District setting forth a focus for the site selection design process. In this report, the City identified five key design goals to be considered in this site selection process:

1. Maximize 4th Street vitality;

2. Clearly define SRTC access routes;
 3. Improve utilization of the Caltrans right-of-way (under the US101 overpass);
 4. Demonstrate sustainable design; and
 5. Preserve the Whistlestop building (930 Tamalpais Avenue).
- d. The City has commenced with the preparation of the [San Rafael General Plan 2040](#), which will include a *Downtown Precise Plan*. The ultimate location of the SRTC is critical in the preparation and ultimate outcome of these plans. It is estimated that these plans will be adopted in mid-2020. While the City is continuing to process land development/planning applications during the General Plan 2040 preparation process, applicants are required to sign a notice of acknowledgement regarding this update (notice adopted by City Council Resolution No. 14276; available [here](#)). Specifically, the notice states that the property owner/applicant acknowledges that the General Plan update may result in amendments that could directly impact City action on the land development project.

In 2017, a Memorandum of Understanding (MOU) was executed between the District and the City. The MOU is provided as an attachment to this report. The MOU acknowledges that: a) the District will serve as the Lead Agency for permitting, financing and environmental clearance; and b) the City will serve as a Responsible Agency for purposes of environmental review of the project under the California Environmental Quality Act (CEQA). Other key terms of the MOU are:

- The City and the District shall cooperate to develop and consider, to the extent feasible, an additional alternative for the replacement of the SRTC, besides those identified in the March 2017 report.
- In planning and developing specific project features, the District shall meet and confer with the City's Community Development Department staff concerning consistency of the proposed project with the *San Rafael General Plan 2020*, *San Rafael Downtown Station Area Plan* and City Zoning Ordinance.
- The District and City agree that the selected alternative must be approved by the City Council.
- The City will waive standard application and public hearing fees and City shall streamline any application, as applicable, to the City for work affecting the public right of way or other public property.

Required Environmental Review

Per the provisions of the California Environmental Quality Act (CEQA) Guidelines, the SRTC relocation project is subject to environmental review. Further, the District has indicated that the project may require federal funding and has the potential to trigger federal agency permits and clearances. Therefore, the project may be subject to review under the National Environmental Protection Act (NEPA). Should this be the case, a combined Environmental Impact Report/Environmental Impact Assessment (EIR) may be prepared.

Consistent with the CEQA Guidelines, on October 16, 2018, the District published a Notice of Preparation (NOP). The NOP is attached and can be also be accessed [here](#). The CEQA Guidelines prescribe a 30-day review period for agency and public comments. Written comments must be submitted to the District by November 19, 2018. The purpose of the NOP is to solicit comments on what environmental topic areas and issues should be studied in the EIR. Consistent with the CEQA Guidelines, on October 30, 2018, the District held a "scoping session" to gather input and comments on the scope of the EIR to be

prepared. The scoping session was held at the Whistlestop facility (930 Tamalpais Avenue) and attended by approximately 75-100 persons.

CEQA Guidelines Section 15096 sets forth the role of a Responsible Agency (City in this case) during the environmental review process. The CEQA Guidelines require that the Lead Agency consult with the Responsible Agency. Further, the CEQA Guidelines require that the Responsible Agency review and comment on the NOP. Comments must be provided in writing to the Lead Agency, and delivered certified mail or other method that confirms notice of receipt. Ultimately, as a Responsible Agency that will take a formal action on the project, the City must make sure the environmental document adequately assesses its concerns and issues. Therefore, it is imperative for the City to ensure that the EIR is appropriately scoped, is adequate and complete, and that it complies with CEQA.

ANALYSIS:

Comments on Notice of Preparation

As a Responsible Agency, the City of San Rafael is required to comment on the NOP to specify the scope and content of the environmental information for the EIR, that is germane to the City's responsibility in connection with the project. As a Lead Agency, the District is required to include this information in the EIR. Staff has reviewed the NOP in tandem with the MOU and other City planning documents. Overall, the NOP is well written and identifies a broad scope of topic areas to be studied in the EIR. The broad topics that have been identified are appropriate for study. Staff has identified recommended additions to the required information within these topic areas.

At this time, a defined project location has not been determined as the primary project for study in the EIR. Therefore, in formulating comments on the NOP, staff has defined the "project" as the SRTC project study area and the five site options (alternatives) that have been presented in the NOP. Staff has referred to the CEQA Guidelines and Initial Study Environmental Checklist Form (CEQA Appendix G) in presenting the following comments and recommendations on the NOP:

A. Setting – History & Background

The District has clearly stated events leading to the required relocation of the SRTC.

Recommendation: The EIR section describing the setting, history/background and project location (study area) should acknowledge that this area of San Rafael has been substantially impacted by historic regional transportation activities including: rail; elevation of Highway 101 over city streets; and modifications of San Rafael, Mahon and Irwin Creeks for commercial purposes. It is the priority of the City to remedy these long-standing impacts by developing a transit center that compliments the gateway to Downtown, enhances resources, and maximizes efficient and safe movement of vehicles, bicyclists and pedestrians.

B. Project Objectives

The District has presented Project Objectives (listed above) and the purpose of the project have been clearly stated.

Recommendation: The project objectives should expressly state the City's key design goals presented in the *San Rafael Transit Center Guidance Report*, which is discussed above and attached (Attachment 4). As the SRTC project is a catalyst in planning for the future of Downtown San Rafael (*San Rafael General Plan 2040* and *Downtown Precise Plan*) and the City will be taking action on the SRTC project, it is critical that the City's design goals are incorporated. The District should also refer to the City's recently accepted report on "*Good Design*" *Guidelines for Downtown*.

C. Aesthetics

The project has the potential to degrade the existing scenic character or quality of the study area and the surrounding area. The NOP states that visual character will be assessed and the EIR will analyze key visual resources and scenic views.

Recommendation: The project study area is the gateway to Downtown San Rafael. The visual prominence of a transit center could dramatically impact the visual character of the studied site, the surrounding study area and the gateway appearance to Downtown. While the NOP states that visual character will be assessed, there are no specifics provided on the extent or scope of this assessment. First, the analysis of aesthetics should utilize the *San Rafael General Plan 2020 (which includes the San Rafael Downtown Vision)*, the *San Rafael Transit Center Relocation Guidance Report* (referenced above and attached) and the “*Good Design*” *Guidelines for Downtown* as a starting point for determining key goals and policies that are pertinent to design. Second, the EIR should include the preparation of computer-generated visual simulations for the site options identifying existing and post-development conditions. The District should provide public opportunities to review architectural renderings prior to issuance of a Draft EIR.

The project has the potential to result in new sources of light and glare.

Recommendation: The EIR should include: a) a qualitative analysis of glare associated with vehicles, buses and window glazing at the studied site; and b) an analysis of additional light sources for evening illumination associated with exterior lighting for the SRTC and vehicle/bus lights.

D. Air Quality

The project has the potential to: a) result in new or altered sources of air contaminants; b) expose sensitive receptors to substantial pollutant concentrations; and c) create objectionable odors affecting a substantial number of people. The NOP states that the EIR will describe the air quality conditions and evaluate the impacts of the project in accordance with the Bay Area Air Quality Management District’s CEQA Guidelines.

Recommendation: Existing residences in the study area have the potential to be exposed to additional pollutants and health hazards associated with project vehicle emissions and idling. The EIR should include the preparation of a quantitative air quality analysis. Further, the EIR should include the preparation of a health risk assessment as all the site options would be located closer to existing residential uses (sensitive receptors) than the current SRTC site.

E. Biological Resources

Two of the site options (Across-the-Freeway Concept & North of 4th Street Concept) have the potential to adversely impact: a) federally-protected wetlands as defined by Section 404 of the Clean Water Act; and b) the movement of native resident or migratory fish or wildlife.

Recommendation: As stated, two of the site options in the study area have the potential to impact (cover) existing tidal wetlands. The tidal wetlands may be subject to the jurisdiction of the US Army Corps of Engineers per Section 404 of the Clean Water Act. It is recommended that a Corps jurisdictional determination be prepared to determine the boundaries of the wetland. A qualified biologist should be retained to assess the biological resources in and around the tidal wetlands, and the potential impacts. As a Responsible Agency, the City requests that the District initiate an early consultation meeting with the appropriate regulatory agencies to discuss the tidal wetlands and potential impacts of the site options. Such meetings are regularly-hosted by the County of Marin Public Works Department.

The site options have the potential to adversely impact General Plan 2020 goals and policies that reinforce the protecting of biological resources (heritage street tree removal; wetlands).

Recommendation: As noted above, two of the site options in the study area (Across-the-Freeway Concept & North of 4th Street Concept) have the potential to impact (cover) existing tidal wetlands. A qualified biologist should be retained to assess biological resources and potential impacts associated with the development. Several of the site options have the potential to damage or destroy mature trees (e.g., mature street trees). All significant trees within the study area that have the potential of being removed or impacted by one or more of the site options should be identified and assessed by a qualified arborist. Further, the trees should be assessed by a qualified biologist to determine potential wildlife habitat value and appropriate mitigation.

F. Cultural Resources

The project has the potential to cause a substantial adverse change in the significance of a historic resource as defined by CEQA Guidelines Section 15064.5. The NOP states that the EIR will include an assessment of potential impacts on historic resources.

Recommendation: Downtown San Rafael is developed with many older buildings. Some of these buildings qualify as a historic resource as defined by CEQA Guidelines Section 15064.5. At present, the City relies on the *San Rafael Historical/Architectural Survey – Final Inventory List of Structures and Areas*, which was prepared for the City in 1977 (updated in 1986). This survey can be viewed [here](#). The following buildings/properties are listed in this survey and are considered potential historic resources:

- 930 Tamalpais Avenue (Whistlestop)
- 927 Tamalpais Avenue (Trevor's)
- 709 4th Street (4th Street Tavern)
- 633 5th Avenue
- 637 5th Avenue

These properties should be assessed by a qualified architectural historian to: a) confirm if they meet the CEQA Guidelines historic resource criteria; and b) determine potential impacts for developing the site options. In addition, it is recommended that the architectural historian complete a reconnaissance of the study area to determine if there are other existing buildings that may meet the historic resource criteria and could be impacted by development of the site options. The study should also evaluate possible relocation of identified historic structures and identify mitigations if included.

The project has the potential to cause a substantial adverse change in the significance of an archaeological resource pursuant to CEQA Guidelines Section 15064.5. The NOP states that the EIR will include an assessment of potential impacts to archaeological resources.

Recommendation: Downtown San Rafael has an abundance of known and registered pre-historic and archaeological sites. According to *Pastfinder*, the City's Archaeological Sensitivity Map database, the study area is rated in the categories of "High Sensitivity" and "Medium Sensitivity." City Council Resolution No. 10980 (December 3, 2001) sets forth procedures and regulations for archaeological resource protection. For the high and medium sensitivity areas, the procedures require that a qualified archaeologist prepare a report to identify potential resources and identify measures for resource protection. Therefore, it is recommended that a qualified archaeologist be retained to complete such a report for the EIR. Further, tribal consultation with the appropriate Native American tribe is required per SB52.

G. Geology, Soils, Seismicity

The project has the potential to be located on a site that contains landfill soil conditions with possible seismic risk. The NOP states that geologic and soil conditions will be assessed to address potential seismic risk and liquefaction.

Recommendation: Staff supports the NOP recommendations to assess geologic and soil conditions. As the study area: a) contains landfill; b) portions are historic marshland; and c) is within Geo-Seismic Zones 3 and 4 (high-risk), it is recommended that the EIR include the preparation of a Geotechnical Investigation, which would include subsurface borings and soil testing.

H. Greenhouse Gas Emissions

The project has the potential to generate greenhouse gas (GHG) emissions. The NOP states that potential construction and operation GHG emissions will be quantified and assessed.

Recommendation: Staff supports the NOP recommendations to assess GHG emissions. An update to the City's Climate Change Action Plan (CCAP) was recently completed and presented to the City Council. Although the plan has not yet been adopted by the City Council, it is expected that the City Council will take action on it in early 2019. It will be accompanied by an update to the adopted GHG Emissions Reduction Strategy. Staff recommends that the updated CCAP and reduction strategy be used in assessing GHG emissions for this project.

I. Hazards & Hazardous Materials

The project has the potential to be located on a site which contains contaminated soil and/or groundwater. The NOP states that existing soil and groundwater conditions will be assessed for potential hazardous materials or contaminants.

Recommendation: Staff supports the NOP recommendations to assess hazards and hazardous materials. A Phase I Site Assessment is recommended, which would confirm listed sites or properties within the study area that have known contaminants. One source that is available is the *Phase I Hazardous Waste Initial Site Assessment (ISA) for the Canalfront Conceptual Design Plan*, October 10, 2008. This assessment is on file with the Community Development Department.

J. Hydrology & Water Quality

The project has the potential to: a) violate water quality standards; and b) substantially alter the existing drainage pattern of the site or area. Further, the study area is located within the FEMA 100-year flood zone and is vulnerable to sea level rise. The NOP states that project flooding will be assessed in addition to storm water runoff, drainage infrastructure and water quality. However, the NOP does not mention or discuss assessing the potential for sea level rise.

Recommendation: Staff supports the NOP recommendations to assess hydrology and water quality. It is recommended that EIR assess the potential risk associated with projected sea level rise.

K. Land Use & Planning

The project has the potential to conflict with a land use plan, policy or regulation adopted for the purpose of avoiding or mitigating an environmental effect. The NOP states that the EIR will evaluate: a) the compatibility of the project with the neighboring areas; b) change to or displacement of existing uses; c) compliance with the zoning regulations; and d) consistency with the relevant land use policies that are adopted in the *San Rafael General Plan 2020*, and the recommendations of the *San Rafael Downtown Station Area Plan*.

Recommendation: Staff supports the NOP recommendations. However, staff recommends that this assessment be expanded to include the *San Rafael Transit Center Relocation Guidance Report* (referenced above and attached) and the “*Good Design*” *Guidelines for Downtown*. While the *San Rafael General Plan 2040* and *Downtown Precise Plan* are in the early stages of planning, the EIR should include a discussion of the SRTC project’s relationship to these plans, and the status of these plans at the time of Draft EIR publication.

L. Noise

The project has the potential to result in significant construction-related noise and new long-term operation-related noise to sensitive receptors (residences). The NOP states that both construction-related and operational noise and vibration impacts will be assessed in the EIR.

Recommendation: Staff supports the recommendation to assess these potential impacts. The NOP does not disclose if project construction will/could require pile-driving. The EIR should disclose if pile-driving is necessary (or proposed) for construction and the noise and vibration impacts should be assessed. The noise assessment should include field measurements of existing baseline conditions.

M. Population & Housing

The project has the potential to induce population growth. Further, several of the site options have the potential to displace housing and/or people necessitating the construction of replacement housing elsewhere. The NOP states that potential growth-inducing impacts and housing displacement will be assessed in the EIR.

Recommendation: Staff supports the recommendation to assess these potential impacts. It is recommended that the District staff closely work with City staff to assess both topic areas to ensure that the project is consistent with the *San Rafael General Plan 2020* and related plans, including the *Plan Bay Area 2040* growth projections for the Downtown Priority Development Area (PDA).

N. Utilities, Public Services & Recreation

The project has the potential to impact existing utilities (existing and planned services), public services (e.g., essential services response times and service ratios), and recreation within the study area. The NOP states that physical impacts on public facilities will be assessed, including existing water supply. However, the NOP does not address assessing potential impacts to public services and recreation.

Recommendation: Staff recommends that the scope of study be expanded to address public services and recreation. Essential service response times and ratios should be analyzed. Regarding recreation impacts, a review of potential, public realm impacts and opportunities within a ¼ mile radius of the project site should be included. Public facilities serving regional populations generate the need for associated public realm improvements, such as wider sidewalks, gathering areas, wayfinding signage, and landscaping.

O. Transportation & Transit

The five site options have the potential to: a) impact the performance of the circulation system for all modes of transportation including intersections, arterials/streets, US 101, pedestrian and bicycle path, and mass transit; b) result in an increase in hazards due to the specific design features; c) result in inadequate emergency access; and d) conflict with City-adopted policies, plans and programs for bicycles and pedestrian facilities that could decrease the performance and safety of these facilities. The NOP states that a transportation impact analysis will be prepared for the EIR.

Recommendation: Staff supports the recommendation to prepare a transportation impact analysis. Staff has been coordinating with the District traffic engineering consultants to define the scope of this

analysis for assessing level of service (LOS) including the intersections and arterials for study. Staff recommends that the following additional studies/analyses be completed and incorporated into the EIR:

1. An assessment of 'vehicle miles traveled.'
2. Review of emergency access and response times for service to the SRTC
3. Review and assessment of the bicycle and pedestrian network serving the study area for potential hazards and safety impacts associated with design features such as site access, visual obstructions and location of crosswalks.
4. Review for project consistency and/or conflicts with the circulation goals and policies set forth in the *San Rafael General Plan 2020* and *City of San Rafael Pedestrian and Bicycle Master Plan (2018)*.
5. Review of advanced signalization and other technological management system opportunities should be included for each design concept.
6. Given rapidly expanding and evolving mobility options and technologies, include a review of transit adaptation opportunities in the vicinity of the selected transit center site, including recommendations for corresponding land use.

P. Alternatives

CEQA Guidelines Section 15126.6 requires that an EIR describe a reasonable range of alternatives to the project, or to the location of the project, which would feasibly attain most of the basic objectives of the project but would avoid or substantially lessen any of the significant effects of the project. The NOP states that the five site options listed above in addition to a "No Project" alternative will be analyzed in the EIR.

Recommendation: Except as noted below, the five site options present a reasonable range of alternatives appropriate for study in the EIR. As a Responsible Agency, it is recommended that the City meet with the District to confirm the evaluation criteria that will be used to assess finalize the alternatives for further study. In addition, the following is recommended:

1. The City has previously expressed objection to the Two-Story Concept (Attachment 2, Figure 2) because of its impact on the Interim Center, its cost, and the visual impacts of crossing 3rd Street. The City has also expressed objection to the 4th St. Gateway Concept (Attachment 2, Figure 4) because of its impacts on: existing traffic circulation; 4th St. vitality; and Downtown gateway character. The District should undertake an initial screening of the five site location options to eliminate from further consideration those concepts that do not meet the Project Objectives.
2. The City has previously expressed objection to use of 3rd St. for bus bays in the Whistlestop Block Concept (Attachment 2, Figure 5). Alternatives within the identified study boundary for this block should illustrate internal vehicle circulation to access all properties within the block as well as potential land uses on remainder of parcels incorporated into the project. Future Whistlestop site ownership and management options should be analyzed.
3. The North of 4th Street Concept (Attachment 2, Figure 6) was developed and included at the request of the City. Prior to Figure 6 being developed by the District, the City provided a concept sketch, which included all use and improvement elements that have been programmed for transit center planning. Staff was disappointed to see that the District's Figure 6 varies from the City proposal by eliminating key ancillary facilities from the site and providing a public sidewalk on its western boundary. There is no explanation as to why these elements were not included, but the scope merely states that they would be accommodated off-site. Staff recommends that the District should carefully analyze the site to find a way to accommodate these ancillary facilities as

they are critical to providing a full-service transit center. Further evaluation should be undertaken before accepting the District's assumptions for this site. (Note: District information provided at the June 12, 2018 public meeting incorrectly stated that this concept had been eliminated from further consideration.)

4. The District statement regarding features common to all five site location options do not include public restrooms or space for possible concessions. Each of these is provided in the existing facility and should be considered "required".
5. Where the site location option results in or requires partial condemnation/purchase of private property, the Alternatives analysis should identify potential land uses on the remainder portions. Also, future re-use options of the current SRTC site should be included in the Alternatives analysis.

Q. Non-CEQA Topics Recommended for Study

In addition to above, staff recommends that the following non-CEQA-related topic areas be studied and be made available for public review with the Draft EIR:

1. Fiscal Impacts of the Project and Alternatives. Each alternative involves purchase of private property (possible condemnation); site improvements and construction costs that vary; and clearances/permits from other regulatory agencies. A Fiscal Impact Analysis will assist in assessing and weighing the ultimate project and alternatives.
2. Short-term and Long-term Parking Assessment. No mention is made regarding potential loss of short and long-term parking for the various site options/alternatives. Potential parking impacts should be evaluated for each alternative. Measures to accommodate/retain parking should be included in this assessment.

Conclusion:

The above comments and recommendations the NOP and scope for the SRTC EIR should be formalized in a letter form to the District. If the City Council finds that the above recommendations are adequate, it is requested that the Council adopt the attached resolution: a) directing staff to prepare a letter for the Mayor's signature; and b) authorizing the Mayor to sign the letter on behalf of the City Council.

COMMUNITY OUTREACH:

To date, the District has conducted two community workshops on the SRTC project focused on identifying alternative SRTC locations for study and selection. As discussed above, the District also conducted a "scoping session" on the NOP.

Notice of this City Council meeting was posted on the City website. In addition, an email notice of this meeting was sent to the members of the SRTC Ad Hoc group. This Ad Hoc group is comprised of representatives for the Federation of San Rafael Neighborhoods, Point San Pedro Road Coalition, neighborhood associations near the SRTC study area, special interest groups and interested parties.

FISCAL IMPACT:

There is no fiscal impact associated with this item. Providing Notice of Preparation comments to the District has no fiscal impacts on the City. Although the City is a responsible agency with authority to act on the ultimate location of a new SRTC, the cost of the environmental review process and document is fully borne by the District.

OPTIONS:

The City Council has the following options to consider on this matter:

1. Adopt resolution as recommended by staff, which provides comments on the NOP.
2. Adopt resolution with modifications.
3. Direct staff to return with more information.
4. Take no action.

RECOMMENDED ACTION:

Adopt a resolution authorizing the Mayor to sign a letter summarizing City comments on the Notice of Preparation.

ATTACHMENTS:

1. Resolution
2. Notice of Preparation
3. MOU between the City and the District
4. San Rafael Transit Center Relocation Guidance Report, February 2018
5. Correspondence received to date

ATTACHMENT 1

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL
APPROVING AND AUTHORIZING THE MAYOR TO SIGN A LETTER TO THE
GOLDEN GATE BRIDGE, HIGHWAY & TRANSPORTATION DISTRICT
SUMMARIZING CITY COMMENTS ON THE SAN RAFAEL TRANSIT CENTER
RELOCATION PROJECT (SRTC) NOTICE OF PREPARATION (NOP); P18-001**

WHEREAS, the Golden Gate Bridge, Highway & Transportation District (District) owns, operates and maintains the San Rafael Transit Center (SRTC), which is located at 850 Tamalpais Avenue in the City of San Rafael; and

WHEREAS, SMART has received funding and is actively constructing the second phase of commuter rail service to Larkspur. This second phase extension will actively use the currently inactive rail line and right-of-way which bisects the SRTC site, which will significantly impact the SRTC use; and

WHEREAS, commencing in 2014, the District, in collaboration with the City, began studying interim and permanent solutions for the SRTC. In 2017, the District hired a transportation engineering consultant to develop preliminary designs and supportive studies for relocation of the SRTC; and

WHEREAS, as the ultimate relocation of the SRTC is critical to the planning for Downtown San Rafael, in 2017 the District and City entered into a Memorandum of Understanding (MOU), to establish the respective roles of the two agencies and the process for the relocation project. The MOU confirms that the City will serve as a "Responsible Agency" for the purposes of environmental review of the relocation project under the California Environmental Quality Act (CEQA); and

WHEREAS, consistent with the CEQA Guidelines, the District has published a Notice of Preparation (NOP) to solicit comments on the scope of topic areas to be studied in the Environmental Impact Report (EIR) that will be prepared for this project. As a Responsible Agency, the City is required to comment on the NOP. City staff has reviewed the NOP and has recommended a scope of topic areas for study the EIR, which are summarized in a report to the City Council dated November 5, 2018; and

WHEREAS, at a regular City Council meeting held on November 5, 2018, the report to the City Council was presented. At this meeting, public comment was accepted, and the City Council discussed the report findings and recommendations;

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby authorizes the Mayor to sign, on behalf of the City Council, a letter to the District summarizing City comments on the SRTC project Notice of Preparation (NOP).

I, Lindsay Lara, Clerk of the City of San Rafael, hereby certify that the foregoing Resolution was duly and regularly introduced and adopted at a regular meeting of the San Rafael City Council held on the 5th day of November 2018 by the following vote to wit:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

LINDSAY LARA, City Clerk

ATTACHMENT 2

NOTICE OF PREPARATION

SAN RAFAEL TRANSPORTATION CENTER REPLACEMENT PROJECT



NOTICE OF PREPARATION

October 16, 2018

To:
Reviewing Agencies and
Organizations

From:
Golden Gate Bridge, Highway and
Transportation District
1011 Andersen Drive
San Rafael, CA 94901-5318

SUBJECT: Notice of Preparation of a Draft Environmental Impact Report for the San Rafael Transit Center Replacement Project and Notice of Scoping Meeting

The Golden Gate Bridge, Highway and Transportation District (District), as the lead agency under the California Environmental Quality Act (CEQA), will prepare an Environmental Impact Report (EIR) for the proposed San Rafael Transit Center Replacement Project (project). We are interested in your agency's views regarding the scope and content of the environmental documentation that is germane to your statutory responsibilities in connection with the proposed project. The project description, location, overview, EIR scope, and potential environmental effects are provided in the attached materials.

Comments focusing on your area of expertise, your agency's area of jurisdiction, or issues relative to the environmental analysis should be addressed to Raymond Santiago, Principal Planner, Golden Gate Bridge, Highway and Transportation District, at the address shown above, or email to SRTC@goldengate.org. Requests to be included on the project mailing list and receive additional information about the project should also be directed to SRTC@goldengate.org. Because of time limits mandated by state law, your written response must be sent at the earliest possible date, but no later than the later of 30 days after this notice or November 19, 2018. Please include a name and phone number of a contact person in your organization.

The District will hold a scoping meeting in an open-house format to discuss the proposed project and review environmental issues to be addressed in the draft EIR on Tuesday, October 30, 2018, from 5:30–7:00 p.m. at Whistlestop, 930 Tamalpais Avenue, San Rafael, CA. Persons with disabilities will be able to access the buildings used for the scoping meeting. Any individual who requires special assistance, such as a sign language interpreter, to participate in a scoping meeting should contact the dedicated project line at (415) 257-4444 by 5:00 p.m. no later than October 25, 2018. A Spanish interpreter will be available at the meeting.

If the project receives federal funding, it is anticipated that a joint EIR/National Environmental Policy Act document would be prepared and the Federal Transit Administration (FTA) will serve as the federal lead agency.

Date: 10/16/18

Signature: 

Name: Raymond A. Santiago

Title: Principal Planner

Telephone: (415) 257-4443

Email: SRTC@goldengate.org

Reference: California Code of Regulations, Title 14, (State CEQA Guidelines) Sections 15082(a), 15103, 15375.

**GOLDEN GATE BRIDGE, HIGHWAY AND TRANSIT DISTRICT
1011 Andersen Drive, San Rafael, CA 94901-5318**

**NOTICE OF PREPARATION
ATTACHMENT**

Project Title

San Rafael Transit Center Replacement Project

California Environmental Quality Act (CEQA) Lead Agency

Golden Gate Bridge, Highway and Transportation District

Project Information available at:

1011 Andersen Drive
San Rafael, CA 94901-5318

or via website:

<http://goldengate.org/SRTC/>

Project Location and Background

The San Rafael Transit Center, also known as the C. Paul Bettini Transit Center, is owned by the Golden Gate Bridge, Highway and Transportation District (District), which operates Golden Gate Transit regional and inter-county bus transit services. The transit center is located in downtown San Rafael at the intersection of 3rd Street and Hetherington Street (see Figure 1). With more than 500 bus trips daily and 17 operating bus bays, the transit center is the largest regional transit hub in Marin County, providing access to the regional transportation network for area residents and a key transfer point for employees, visitors, and students in San Rafael and the greater North Bay region. The transit center primarily serves bus routes operated by Golden Gate Transit and Marin Transit, but it is also served by Sonoma County Transit, Sonoma County Airport Express, Marin Airporter, Greyhound, and paratransit services. On weekdays, nearly 9,000 people board or alight buses at the transit center to make their necessary transportation connections. Downtown San Rafael is an important destination, with nearly half of the passengers travelling to or from downtown, and the remaining riders making transfers to other destinations. The 17 bus bays are well-utilized during most peak-period pulse times, leaving little room for growth in bus service.

In August 2017, the Sonoma-Marin Area Rail Transit (SMART) District commenced passenger rail service on its initial corridor, consisting of 43 miles of rail and 10 stations (Phase 1) in Sonoma and Marin Counties. SMART's Phase 1 corridor parallels U.S. Highway 101 (US-101) beginning at the Sonoma County Airport and terminating in downtown San Rafael just north of the transit center. SMART riders transferring from the downtown San Rafael SMART station—located north of 3rd Street—to access the current transit center south of 3rd Street, as well as riders originating from downtown San Rafael, must navigate congested vehicle traffic passing through local intersections and accessing the US-101 on-ramps adjacent to the transit center.

San Rafael Transit Center Replacement Project



Figure 1
Regional Location

In addition, Phase 2 of the SMART project, which was approved in 2015 and began construction in early 2018, will extend passenger rail service from its current downtown San Rafael terminus to Larkspur. The southward extension of SMART will require the construction of two sets of tracks through the middle of the existing transit center site south of 3rd Street. The SMART Phase 2 line will bisect the existing transit center, reconfigure Platforms C and B, negatively impact bus circulation and bus bay flexibility within and around the transit center, and disrupt pedestrian access and transfer activity among the remaining platforms at the site. This change will affect how buses and people access and travel through the transit center as well as the reduction in the amount of space available for buses and riders, which will be detrimental to bus, vehicle, and pedestrian access and safety. As a result, the transit center must be relocated to another location in downtown San Rafael.

Project Objectives

The District, in coordination with the City of San Rafael, Marin Transit, Transportation Authority of Marin (TAM), and SMART, plans to replace the transit center in downtown San Rafael. The proposed San Rafael Transit Center Replacement Project (project) is needed primarily to preserve and enhance the functionality and effectiveness of the transit center following the implementation of the SMART Phase 2 line to Larkspur and the resulting loss of some of the transit center facilities. Specifically, the purpose of the project is to:

- Provide improved transit connectivity and ease of use in and around downtown San Rafael.
- Enhance local and regional transit use by bringing together multiple modes of the transportation network—including the SMART-bus connection—into a hub that affords transit users the safest, most efficient means of using bus and rail services.
- Efficiently accommodate transit users and services and optimize operating costs and improve transit desirability.
- Design a functional, attractive, cost-effective facility that can meet long-term projected service levels and be implemented in an expeditious manner, so as to minimize the period of use of the interim facility.
- Provide a transit facility that is readily accessible to individuals with disabilities, transit users, and transit-dependent populations, including those with low incomes.
- Provide a secure, safe, and inviting space for transit patrons.
- Create a more accessible transit facility for all users by reducing vehicular, rail, bicycle, and pedestrian conflicts and improving safety.
- Provide convenient, pedestrian connections to surrounding land uses.

A new transit center solution in downtown San Rafael would address near-term and long-term transit needs while improving the desirability and usability of transit for both local residents and regional commuters. It would also, to the extent feasible, minimize traffic congestion and facilitate smooth transit operations while also promoting pedestrian safety.

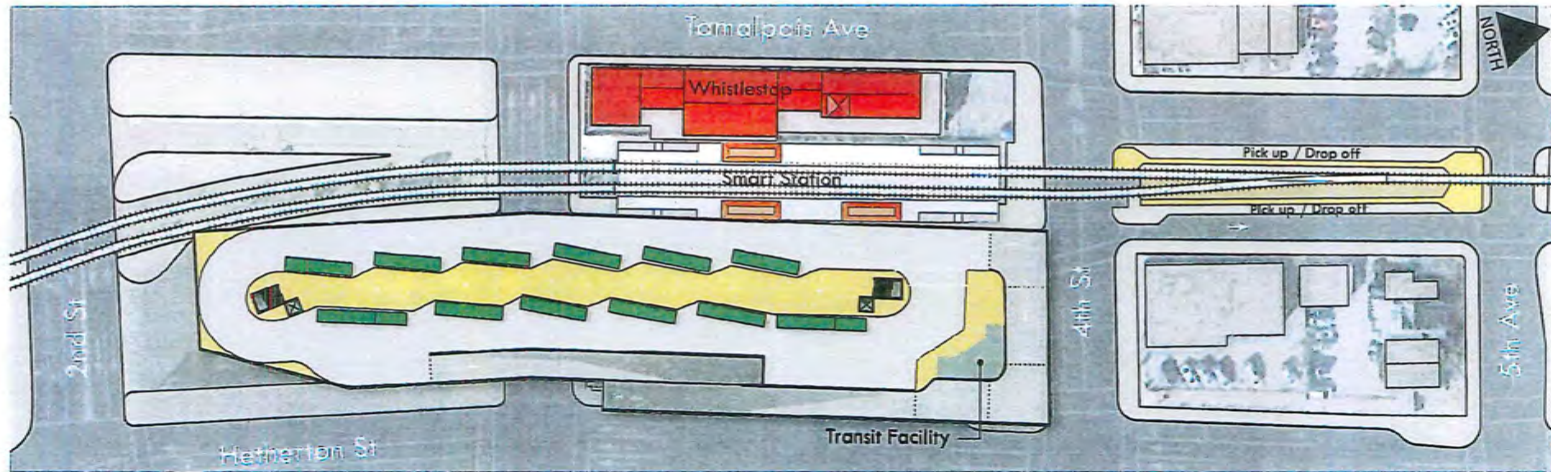
Preliminary Project Alternatives to Be Analyzed in the Draft Environmental Impact Report

The District has identified five preliminary alternatives. The alternatives are described below and the conceptual design for each alternative is shown in Figures 2, 3, 4, 5, and 6, respectively. The District also will study a No Project Alternative pursuant to CEQA requirements. These preliminary alternatives will be further refined and screened based on agency and public input.

- *Two-Story Concept* is bounded by 4th Street to the north, Hetherton Street to the east, 2nd Street to the south, and Tamalpais Avenue to the west (Figure 2). This concept includes the parcel to the east of the SMART station as the ground-level of a proposed two-story transit center. This alternative includes 6 bus bays on the ground level and 12 bus bays on the upper level. This alternative has the smallest footprint, only requiring the acquisition of one parcel, but also would cost more due to the two-story construction.
- *Across-the-Freeway Concept* is bounded by 5th Avenue to the north, Irwin and Hetherton Streets to the east, 3rd Street to the south, and Tamalpais Avenue to the west (Figure 3). This alternative has two options: the first would include a three-bay transit island on Hetherton Street between 3rd and 4th Streets, and the second would shift Hetherton Street to the west to allow for on-street bays on the east side of Hetherton Street between 3rd and 4th Streets. This concept incorporates the area underneath US-101, which would eliminate some existing California Department of Transportation (Caltrans) Park and Ride lot parking stalls and require covering Erwin Creek (a tributary of San Rafael Creek), across a portion of the block.
- *4th Street Gateway Concept* is bounded by 5th Avenue to the north, Hetherton Street to the east, 3rd Street to the south, and the SMART tracks to the west (Figure 4). In order to accommodate three curbside bus bays, southbound right-turn movements from Hetherton Street to 4th Street would be precluded.
- *Whistlestop Block Concept* is bounded by 4th Street to the north, Hetherton Street to the east, 3rd Street to the south, and Lincoln and Tamalpais Avenues to the west (Figure 5). This concept co-locates the proposed transit center on the same block as the existing SMART station. The Whistlestop building would either be relocated, reconfigured, or restored and used for customer service functions with the proposed transit center.
- *North of 4th Street Concept* would occupy the entire block bounded by 5th Avenue to the north, Irwin Street to the east, 4th Street to the South, and Hetherton Street to the west. It is generally located beneath US-101 (Figure 6) and would eliminate some existing parking stalls in the Caltrans Park and Ride lot, and require covering Erwin Creek (a tributary of San Rafael Creek), across the full length of the block. While this concept would accommodate 17 bus bays within this block, it would require customer service, restrooms, and pick-up/drop-off functions to be located off site.

Features common to all five alternatives include the provision of at least 17 bus bays, pick-up/drop-off areas for passenger vehicles or taxis, bicycle parking, customer service and security space, bus operator restrooms, and parking for operations staff. Some of these facilities could be provided at locations outside of the extents of the concepts shown in Figures 2 through 6 below. The project website provides more detailed information on the project and the public outreach conducted to date: <http://goldengate.org/SRTC/>.

Upper Level



Lower Level

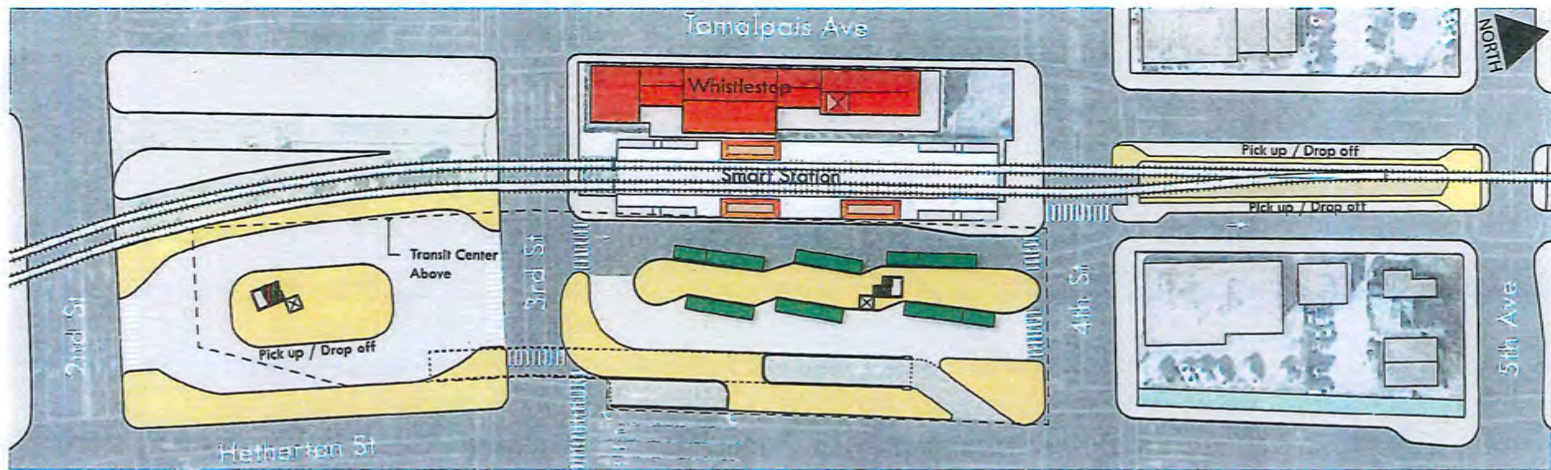


Figure 2
Two-Story Concept

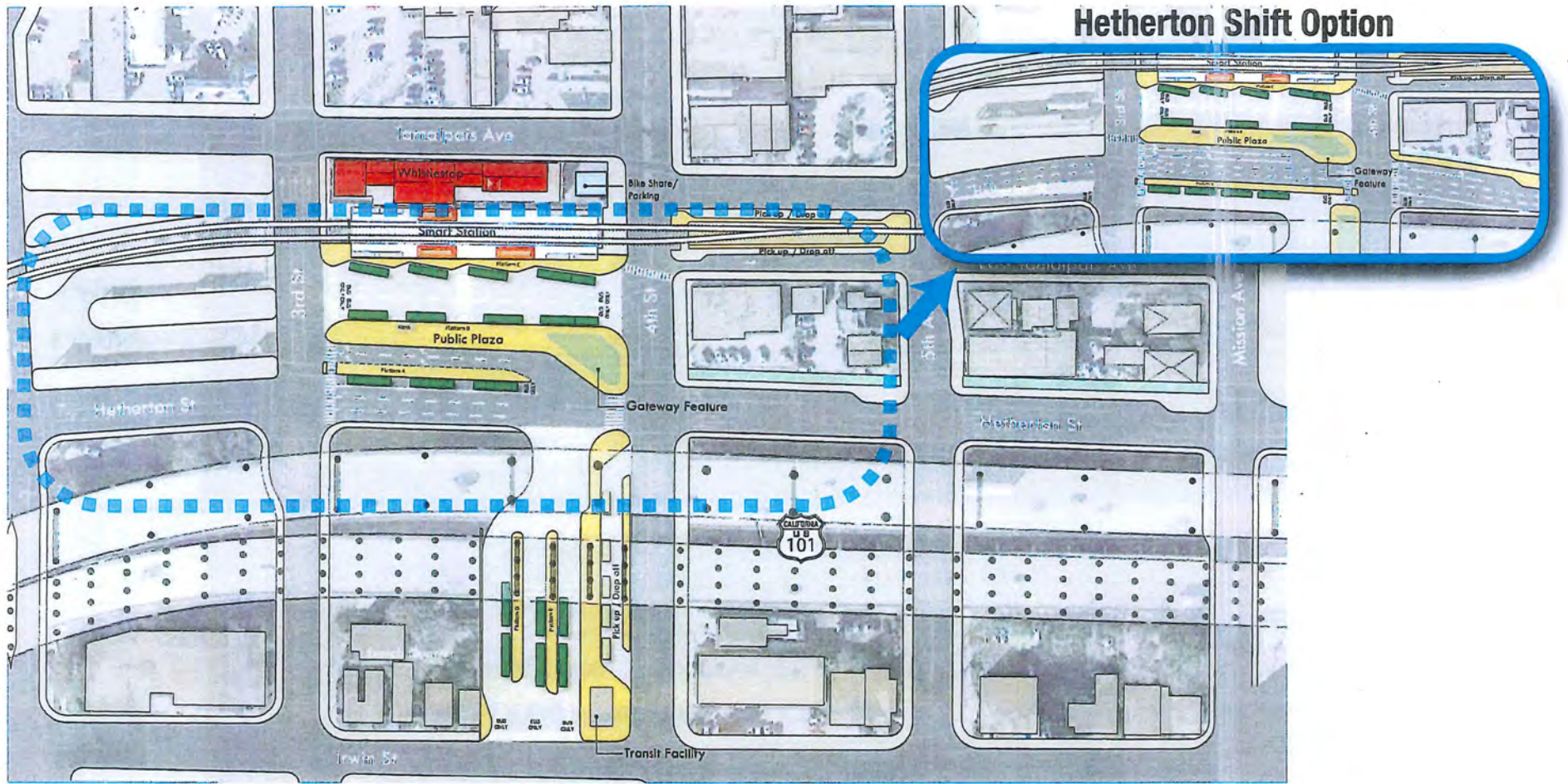


Figure 3
Across the Freeway Concept

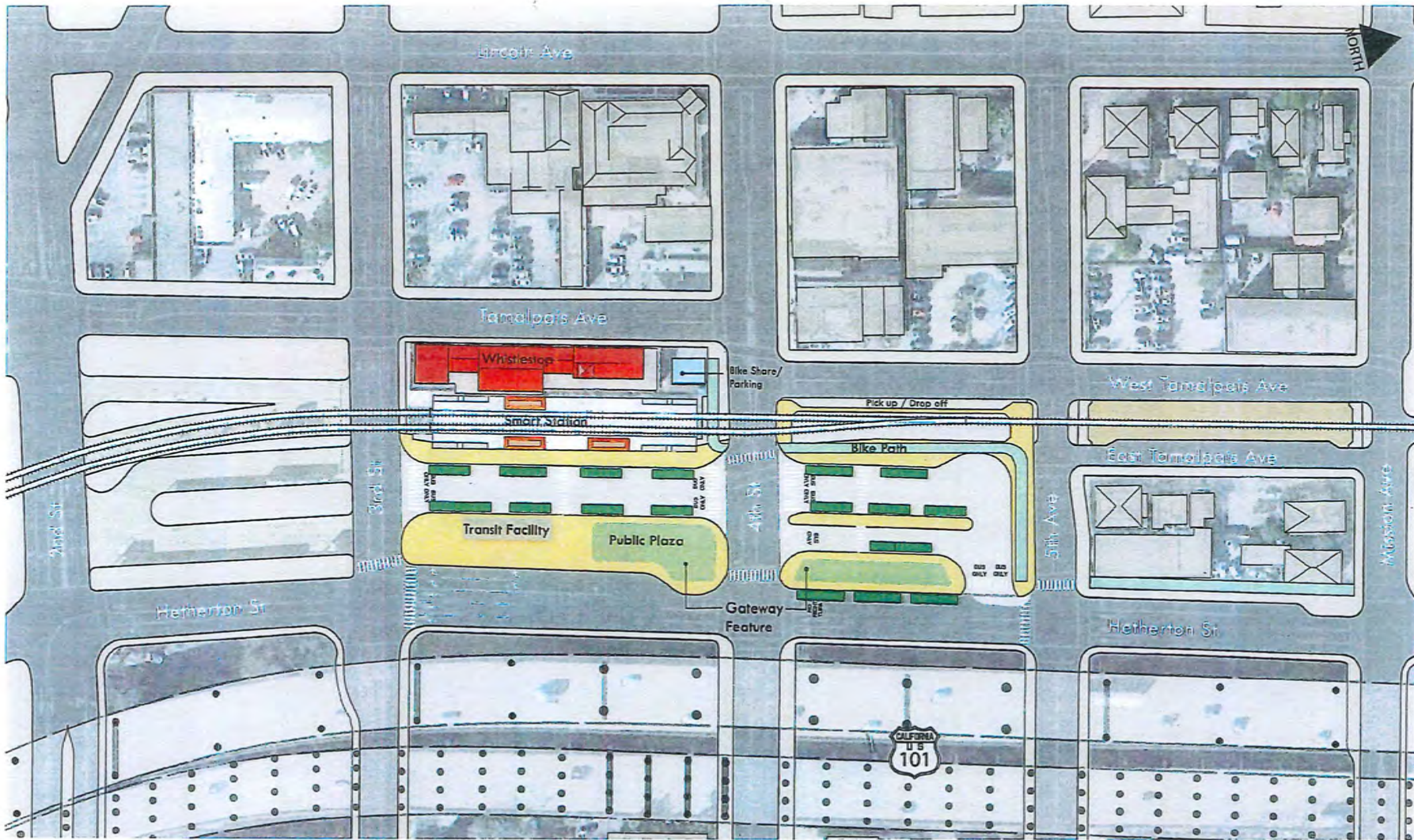


Figure 4
4th Street Gateway Concept

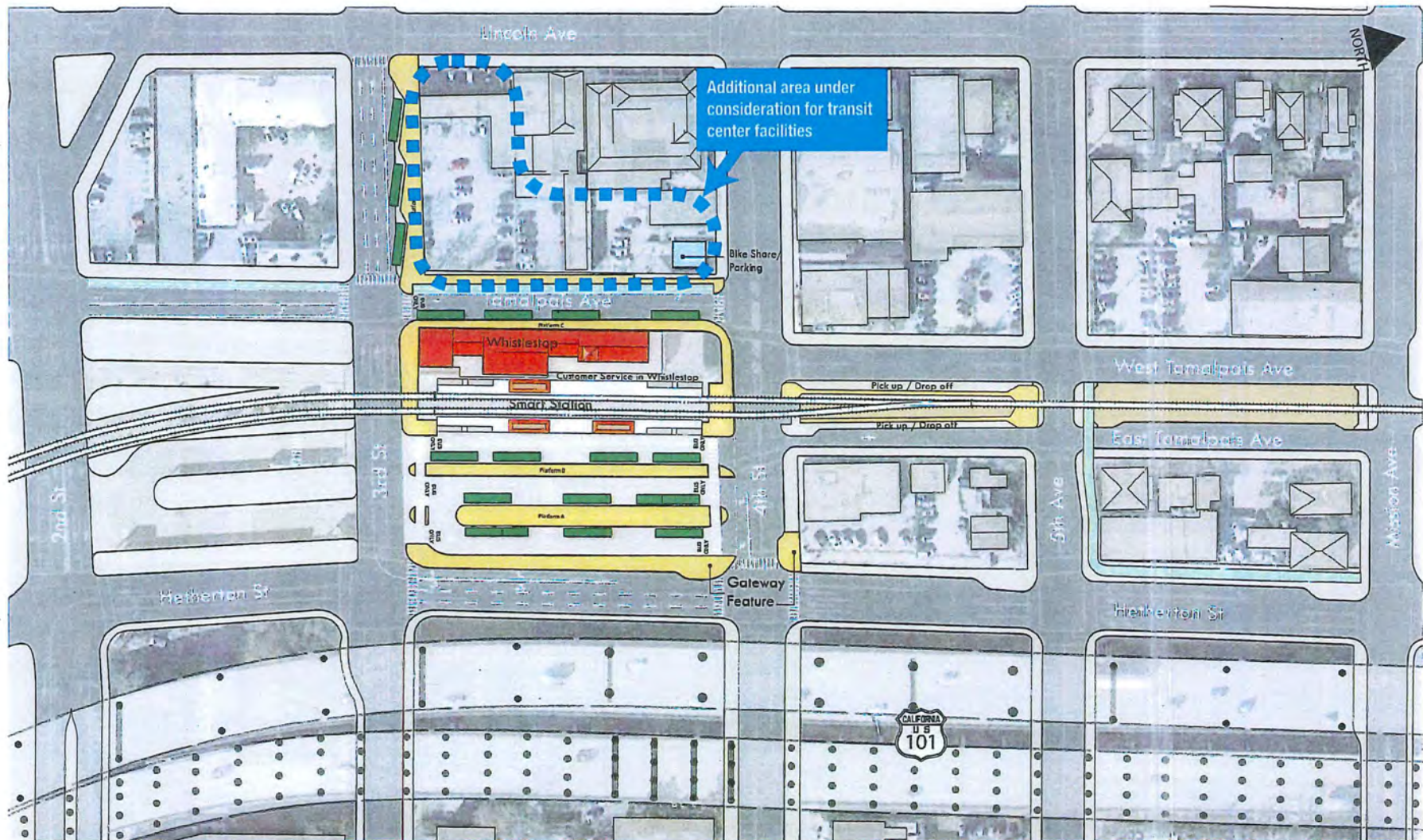


Figure 5
Whistlestop Block Concept

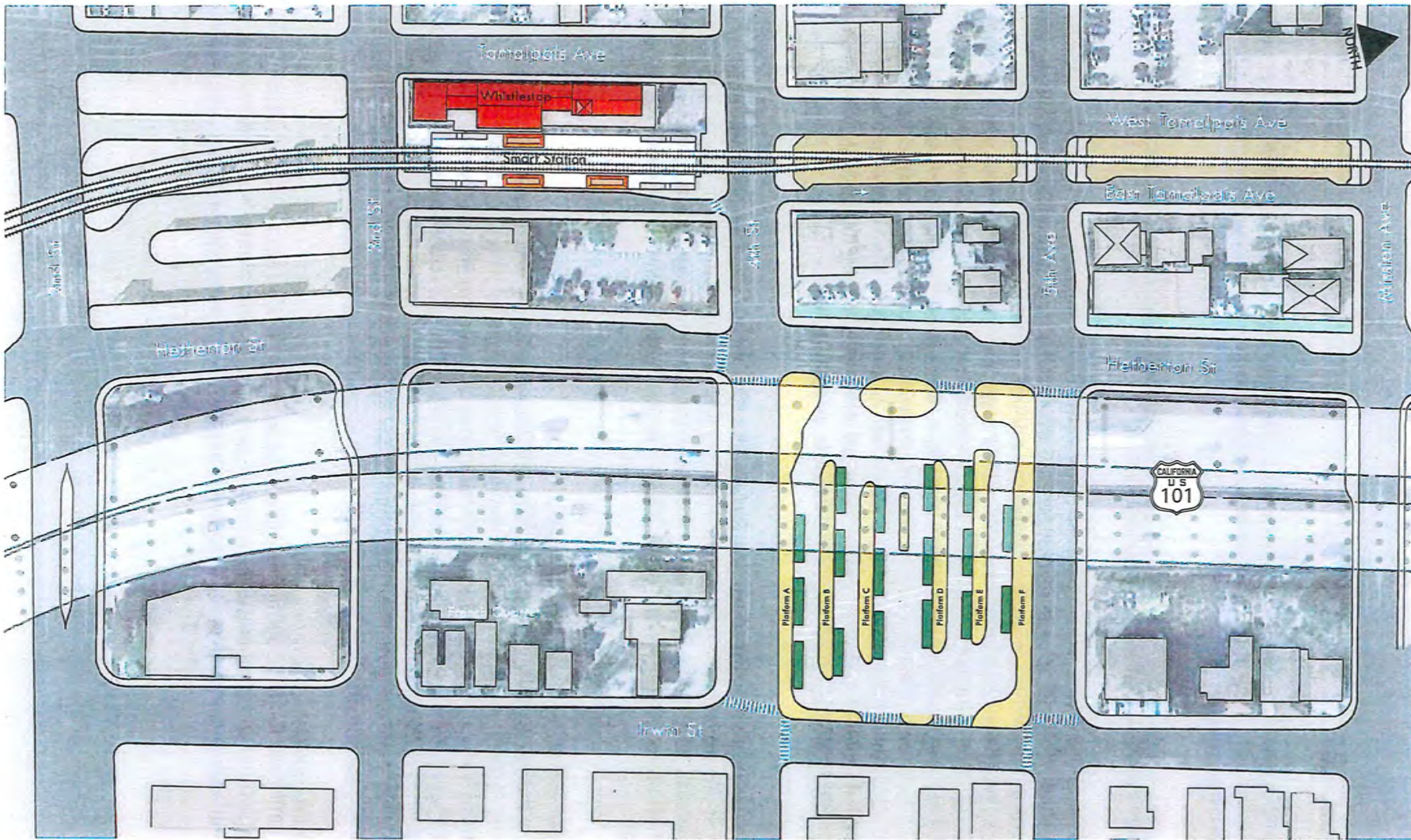


Figure 6
North of 4th Street Concept

Project Schedule

The District expects to complete the environmental review process by early 2020, and preliminary project design (30%) by the Fall of 2020; the final design, permitting, and construction would commence thereafter.

EIR Scope and Potential Environmental Effects

The purpose of the EIR will be to disclose the environmental impacts of the project. Potential environmental effects to be examined in the EIR are those related to aesthetics, air quality and greenhouse gas emissions; biological resources; cultural resources; geology, soils, and seismicity; hazards and hazardous materials; hydrology and water quality; land use and planning; noise and vibration; population and housing; transportation and transit; and utilities and public services (including recreation). Cumulative impacts, alternatives to the project, and growth-inducing impacts will also be analyzed. Impacts resulting from both short-term construction and long-term operation of the project will be identified. A brief discussion of the anticipated environmental impacts and what will be examined in the EIR is presented below. Mitigation measures will be identified for significant impacts, as appropriate.

Aesthetics

The project is located in downtown San Rafael. The EIR will describe the existing visual character of the project site and surrounding areas, and identify key visual resources and scenic views. The EIR will analyze impacts on these key visual resources and scenic views as a result of the proposed project. Lighting and glare impacts on any sensitive viewers/viewsheds will also be addressed.

Air Quality and Greenhouse Gas Emissions

The EIR will describe the existing air quality conditions in the San Francisco Bay Area basin and evaluate the impacts of the project, in accordance with current Bay Area Air Quality Management District (BAAQMD) CEQA Guidelines. The construction and operational greenhouse gas (GHG) emissions in the project vicinity related to implementation of the project will be quantified. Potential impacts related to climate change will be addressed consistent with the BAAQMD's current guidance. The project's consistency with the City of San Rafael's Climate Action Plan will also be discussed.

Biological Resources

The EIR will describe the existing biological resources on the site, discuss the impacts of the project on biological resources (plants, wildlife, and waters), and identify any conflicts with local policies and ordinances protecting biological resources, such as impacts on protected or heritage trees.

Cultural Resources

The EIR will evaluate potential impacts on historical, archaeological, and paleontological resources. The Native American Heritage Commission (NAHC) and any tribes it identifies will be contacted and consulted about the presence of traditional lands or cultural places in the project vicinity.

Geology, Soils and Seismicity

The EIR will describe the geologic and soil constraints that may affect the project design, including seismicity, landslide, lateral spreading, subsidence, liquefaction, or potential for expansive soils.

Hazards and Hazardous Materials

The EIR will describe the existing conditions on and adjacent to the project site—including the potential for existing soil and/or groundwater contamination near the site to affect future uses on the site—and will identify hazardous impacts from both construction and operations.

Hydrology and Water Quality

The EIR will discuss the potential for project-related flooding on the project site, and will describe construction and operational impacts related to stormwater runoff and drainage infrastructure, and water quality.

Land Use and Planning

The EIR will evaluate the compatibility of the project with neighboring areas, change to or displacement of existing uses, compliance with zoning regulations, and consistency of the project with relevant local land use policies that have been adopted in the City of San Rafael General Plan 2020 and the 2012 Downtown Station Area Plan.

Noise and Vibration

The EIR will identify sensitive noise receptors and sources of noise and vibration in the project area and analyze short-term construction and long-term operational noise and vibration impacts associated with moving the transit center to a new location. Noise from changes in traffic patterns associated with operations at the new location would also be evaluated.

Population and Housing

The EIR will address the project's potential for inducing population growth and displacing people and housing.

Transportation and Transit

A transportation impact analysis will be prepared for the EIR to describe the existing local and regional transportation network and to evaluate the proposed project's construction- and operations-related traffic impacts for vehicular, transit, bike, and pedestrian circulation.

Utilities and Public Services (including Recreation)

The EIR will describe the existing utilities at the project site and will address the ability of existing and planned public facilities and service systems to meet demands generated by the project. Physical impacts on public utilities—including sanitary sewers, storm drains, and solid waste—will be identified, as will any need to construct new facilities. The EIR will describe the existing water supply serving the project site and evaluate the impacts of the project on water supply.

Cumulative Impacts

Consistent with CEQA, this section will address the impacts of implementing the project in combination with other past, present, and reasonably foreseeable future projects in the project vicinity.

Alternatives to the Project

Alternatives to the project will be evaluated, including the No Project Alternative. Other alternatives analyzed in the EIR will be identified based on their ability to reduce or avoid environmental impacts.

Growth-Inducing Impacts

The EIR will discuss the ways in which the project could foster growth in the surrounding environment, including potential for growth from enhanced transit facilities and land use development surrounding the project site; growth-related secondary impacts also will be discussed.

Other CEQA-Required Analysis

The EIR will include other issues required by CEQA, including Significant Unavoidable Impacts, Significant Irreversible Environmental Change, Persons Consulted and List of Preparers, References, and technical appendices.

ATTACHMENT 3

MEMORANDUM OF UNDERSTANDING BETWEEN

Golden Gate Bridge, Highway & Transportation District and City of San Rafael

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE GOLDEN GATE BRIDGE, HIGHWAY AND
TRANSPORTATION DISTRICT AND THE CITY OF SAN RAFAEL**

This Memorandum of Understanding is entered into as of this 27 day of October, 2017, by and between the Golden Gate Bridge, Highway and Transportation District, a special district of the State of California, duly created and acting under California Streets and Highways Code Section 27000 et seq ("District") and the City of San Rafael, a California charter city ("City"), (collectively referred to as the ("Parties")).

RECITALS

A. The Sonoma Marin Area Rail Transit District ("SMART") was created pursuant to AB 2224 (California Public Utilities Code § 105000 et seq.) for the purpose of providing a passenger rail service and multi-use pathway within the Counties of Sonoma and Marin.

B. The SMART rail corridor, historically known as the Northwestern Pacific Railroad, runs north to south in Sonoma and Marin Counties, generally parallel to U.S. Highway 101, including a segment running through Downtown San Rafael between Hetherton Street and Tamalpais Avenue.

C. SMART has commenced passenger rail operations between the City of Santa Rosa and the Downtown San Rafael SMART Station, located in the block encompassed by Third Street, Hetherton Street, Fourth Street, and Tamalpais Avenue.

D. Adjacent to the Downtown San Rafael SMART Station to the south, District owns and operates the C. Paul Bettini Transportation Center, also commonly known as the San Rafael Transit Center ("Transit Center"), situated in the block encompassed by Second Street, Hetherton Street, Third Street, and Tamalpais Avenue. The SMART rail corridor runs north to south directly through the the Transit Center, and crosses Second and Third Streets.

E. The Transit Center is the main passenger transit terminal for Marin County, providing essential transit services to over 9,000 customers daily and facilitating travel and transfers throughout Marin County, to San Francisco, Contra Costa, and Sonoma Counties. The Transit Center accommodates transportation services provided by the District, Marin Transit, Sonoma County Transit, Greyhound Bus Lines, the Marin Airporter and the Sonoma Airporter. The continued and efficient operation of the Transit

Center is a crucial concern of District and the other transportation service providers operating there, and of their customers.

F. The streets surrounding the Downtown San Rafael SMART Station and the Transit Center are among the busiest streets in the City of San Rafael. Second Street and Third Street are the City's main east-west traffic corridors south of Puerto Suello Hill, providing a primary access between Highway 101 and West Marin, Fairfax, and San Anselmo as well as to Downtown San Rafael. The offramp from Highway 101 South into Downtown San Rafael feeds directly into Hetherton Street, which, four blocks farther south, feeds directly into the onramp to Highway 101 South from Downtown San Rafael. The smooth and efficient flow of traffic in this area is a vital concern to the City of San Rafael and its residents, businesses, and visitors, as well as to the transit operators whose buses use the City's streets, and transit passengers.

G. SMART is also proceeding with the design and construction of the improvements needed to extend its passenger rail service system the 2.2 miles from the Downtown San Rafael SMART Station to a location near the District's Larkspur Ferry Terminal in Larkspur (the "SMART Larkspur Extension Project").

H. Because the SMART rail corridor in San Rafael runs through the Transit Center, the SMART Larkspur Extension Project will require replacement of the Transit Center and its transit operations to an existing and/or new site in downtown San Rafael. The City and the District have cooperated to develop several options for the replacement Transit Center, more specifically identified in the March 2017 San Rafael Transit Center Relocation Study Final Report, all of which are within close proximity of the current Transit Center and the Downtown San Rafael SMART Station; and the District, as lead agency, will soon be undertaking the environmental analysis and design for the permanent replacement facility.

I. The District has worked with the City, SMART, and other transit agencies to design an "Interim Transit Center" for transit operations. The Interim Transit Center will be designed and constructed by SMART in association with its construction of the SMART Larkspur Extension Project. It will serve as the main passenger transit terminal in Marin County until such time as the permanent replacement of the Transit Center is constructed and occupied.

J. The City and District desire to memorialize herein their intention and agreements for cooperating on the environmental review, planning and approval of the Transit Center Replacement Project (hereafter, the "Project").

NOW, THEREFORE, the City and the District agree as follows:

AGREEMENT

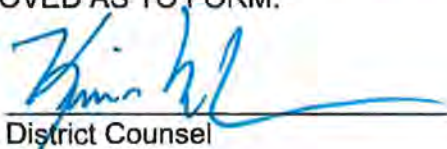
1. The District shall be the lead agency for purposes of environmental review of the Project under the California Environmental Quality Act ("CEQA").
2. The City shall be a responsible agency for purposes of environmental review of the Project under CEQA.
3. The District and the City shall cooperate to develop and consider, to the extent feasible, an additional alternative for the replacement Transit Center, besides those identified in the March 2017 Report.
4. In planning and developing specific Project features, the District shall meet and confer with the City's Community Development Department staff concerning consistency of the proposed Project with the City's General Plan, Station Area Plan, and Zoning Ordinance.
5. The parties agree that the selected alternative must be approved by the City Council.
6. In consideration of the obligations undertaken by District herein, City shall waive standard application and hearing fees for City review of the Project, and shall streamline any District applications, as applicable, to the City for work required in or affecting the public right-of-way or other public property.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day, month and year first above written.

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

By: 
Denis J. Mulligan, General Manager

APPROVED AS TO FORM:

By: 
District Counsel

CITY OF SAN RAFAEL

By: 
Jim Schutz, City Manager

ATTEST:

By: 
Esther Beirne, City Clerk

APPROVED AS TO FORM:

By: 
Robert F. Epstein, City Attorney

ATTACHMENT 4

SAN RAFAEL TRANSIT CENTER RELOCATION GUIDANCE REPORT

City of San Rafael

February 13, 2018

SAN RAFAEL TRANSIT CENTER RELOCATION GUIDANCE REPORT

INTRODUCTION

San Rafael looks forward to a successful collaboration with the Golden Gate Bridge District, its transit partners, transit users, and our community to plan and build an outstanding new transit center that improves regional transit mobility while also contributing to Downtown San Rafael's prosperity, vitality, and civic pride.

For a quarter century, the City has steadfastly embraced the focus of our Downtown Vision, and that remains so. The City values our Downtown being connected regionally with quality transit options.

At the same time, we recognize that the relocated transit center's impacts and influence will extend far beyond its specific site, warranting a clear demonstration of how the solution furthers our Vision, respecting existing neighborhood context while also contributing to the emergence of a more inviting gateway into Downtown.



In fulfillment of the Downtown Vision, numerous City-adopted plans and studies provide substantial direction and detailed guidance. They will form the City's basis of review as the process of identifying a preferred option moves forward.



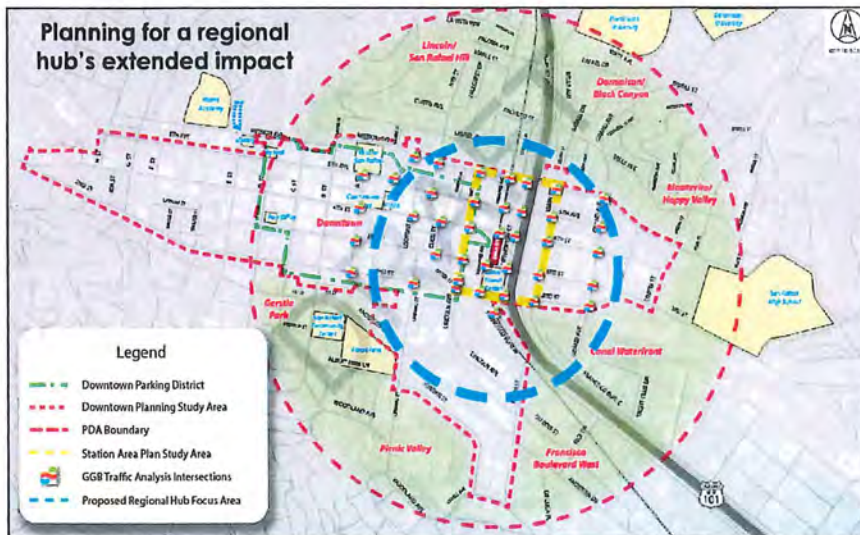
THE IMPORTANCE OF THE 4TH OPTION

The 2016 Kimley-Horn Transit Center Relocation Study identified three alternatives to be further evaluated and refined for additional consideration as part of the Bridge District's study. The City is concerned that none of these alternatives will adequately achieve the City's goals for this neighborhood.

To address this, the City asked the Bridge District to identify a 4th Option before initiating Environmental Review, and to actively engage our community in its development. We appreciate their willingness to do so. This Guidance Report identifies the City's primary area of concern associated with relocation of the transit center. It also highlights key improvements the City is seeking in the 4th Option.

DEFINING A TRANSIT HUB FOCUS AREA

To successfully integrate with the existing Downtown and contribute to a neighborhood renaissance, transit center relocation planning and design must extend beyond its specific site.



The City has identified a Transit Hub Focus Area extending ¼ mile circle around the existing SMART station. This area is within easy walking distance for most transit users, and includes the retail core, the area under 101, and private property zoned for mix use development.

All forms of mobility within the Hub Focus Area require careful attention, and intersection analyses will need to extend beyond the boundary.

For the transit center to successfully integrate with the Downtown, public gathering spaces within and adjacent to it, lighting, landscaping, wayfinding, and other distinguishing features will be included in District plans.



VISION FOR THE HUB FOCUS AREA

The Transit Hub Focus Area will be a vibrant, prosperous neighborhood, welcoming both residents and visitors with a memorable sense of arrival. Our diverse cultural heritage and historic neighborhoods will be respected, while encouraging infill development that expresses fresh ideas and urban form.

4TH St. will remain our retail backbone, extending its pedestrian-friendly hometown sense of place beneath the 101 viaducts. SMART riders' approaching or departing the Downtown station will enjoy a "shady lane" feeling between Mission and 2ND St.

Caltrans' right-of-way beneath 101 will be visually transformed using creative lighting, artwork, street vendors, and landscaped pathways alongside a healthy, restored creek. Bus stop or parking improvements will increase the functional use of the land.

We value:
Sense of Community
Healthy Economy
Hometown Feel
Complete Urban Community
Strong Identity
Clean, Safe and Attractive
Pleasant to Walk In
Active, Outdoor and People Orientation
Gathering Place
Historic Heritage
Good Neighbor to Neighborhoods
Easy to Move About
Diversity
Environmentally Sound Practices
Civic Cooperation

From 1993 Downtown Vision



The entire Transit Hub Focus Area will be interconnected along broad, inviting, tree-lined sidewalks teeming with vitality both day and night.

People will stay, rather than simply pass through the area. Bicyclists and pedestrians will come and go along safe, well-defined routes and find abundant bike parking and bike share opportunities near the transit stations.

Excellent transit connections, functioning in concert with traffic-calmed streets will keep auto traffic moving efficiently. Curbside "Last mile" pick-up and drop-off will be close by, with both car share opportunities and easily identified short-term and all-day parking available within walking distance.

The transit center will be clean, safe, well-lit and designed to become an enduring neighborhood landmark. It will reflect the City's pursuit of sustainability in its design and operation, and forward-thinking adaptability. Attractive onsite and nearby public gathering opportunities will benefit transit riders and residents living in a variety of new housing types over shops and businesses.

KEY 4th OPTION ELEMENTS

The Bridge District has agreed to work with City staff and our residents to develop a 4th Option for relocating the bus transit center. To focus the design process, the City has identified five key design goals for the 4th Option alternative.

MAXIMIZE 4TH STREET VITALITY

CLEARLY DEFINE TRANSIT CENTER ACCESS ROUTES

IMPROVE UTILIZATION OF THE CALTRANS RIGHT-OF-WAY

DEMONSTRATE SUSTAINABLE DESIGN

PRESERVE THE WHISTLESTOP BUILDING

A brief description of detailed aspects of these elements follows.

MAXIMIZE 4TH STREET VITALITY

- 1- Foster 4th Street's "main street" feeling between Lincoln and Irwin. Accommodate broader tree-lined sidewalks with fewer vehicle crossings, unique, street-facing storefronts and inviting public space, adequately sized to allow outdoor dining, family fun, community events, and people watching.
- 2- Respect the City's mid-term goal to eliminate vehicle access from 4th St. north onto both West and East Tamalpais, expanding opportunities for public space.
- 3- Continue preventing vehicle access into Caltrans' parking lot on the north side of 4th St, to maximize pedestrian safety.
- 4- Identify the safest, most convenient bikeway crossing location of Fourth St. at W. Tamalpais.
- 5- Prevent permanent 4th St. bus stops under the freeway to allow for safer shared use of the roadway.
- 6- Limit any 4th St. transit center driveways to the minimum width necessary, with excellent sight lines.
- 7- The 4th St. intersection at Hetherton is a priority location for gateway elements, including signature landscaping, artwork, wayfinding signage, electronic message boards and specialty lighting.



CLEARLY DEFINE TRANSIT CENTER ACCESS ROUTES

All east-west downtown access streets between Mission and 2nd St shall be kept open.

- 1- Within the Hub Focus Area, prioritize pedestrian safety. Identify preferred transit center access routes for student and Canal transit riders.
- 2- Minimize rider transfer times for rail and bus services.
- 3- Design adaptive Last Mile pick up and drop off locations for a minimum of 10 vehicles.
- 4- Identify preferred nearby public or private replacement parking space locations for all displaced existing spaces, plus an additional 60 parking spaces serving regional transit users.



5- North-south transit center access for bikes, between Mission and 2nd St., will be from a two-way Class IV bikeway on W. Tamalpais

6- Anticipate a landscaped pathway on the east side of Hetherton between Mission and 3rd St. where feasible.



7- Wayfinding elements should be integrated into the project, and complementary to the building design.

8- Incorporate traffic signalization and other technological methods to increase bus movement efficiency.

9- Safe, inviting mid-block pedestrian routes to the transit center should be provided, where possible.

IMPROVE UTILIZATION OF THE CALTRANS RIGHT-OF-WAY



1- Transformation of the Caltrans property will increase transit center safety and use. Identify modifications that will benefit the project and the overall improvement of the neighborhood.

2- Explore increasing the efficiency of Caltrans' land use under the freeway by either creating a safe, inviting transit center or expanding parking capacity using vertical lift parking systems.

3- The area under the raised freeway structures should be redeveloped to increase the visual appeal and unique sense of Gateway arrival into the Downtown. Include elements such as identity graphics, artwork, creek restoration, landscaped plazas and sitting areas, historic markers, electronic message signs, special effect lighting, and food trucks and kiosk vendors.



4- Include more street trees on both sides of this roadway to add visual relief and calm traffic. Accommodate landscaping within Caltrans' right-of-way on the eastern frontage of the existing Bettini Transit Center if Hetherton bus pads are discontinued.

5- Create an attractive landscaped terminus adjacent to the SB 101 on-ramp south of 2nd St.

DEMONSTRATE ENDURING DESIGN

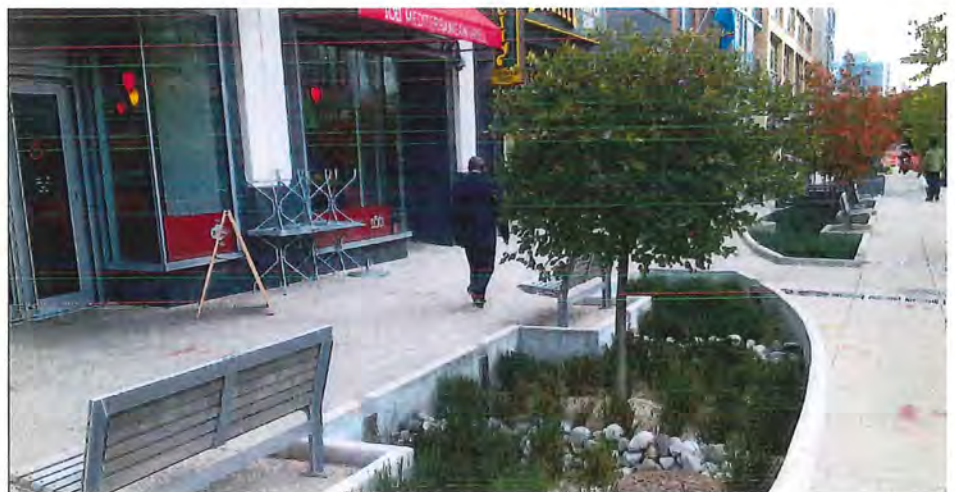


1- The relocated transit center will be a central facility in the Downtown, and serve as a welcoming point of arrival for regional travelers and visitors to

San Rafael. In concert with other Gateway features, the building and site should reflect the heritage of the City, contribute to the City's Vision for extension of the 4th St. Retail Core, and afford transit users the safest, most efficient means of using bus and rail services.

- 2- The transit center should reflect San Rafael's pattern, scale, and neighborhood heritage, while also being a unique, innovative architectural statement. Construction materials should produce an enduring high quality with reasonable ongoing maintenance needs.
- 3- The Transit Center should be safe, well-lit, and attractively landscaped, creating a welcoming effect for users and passers-by. Include Gateway features within the site plan and facility design that are compatible with the City Vision. Nighttime lighting should create a safe, artistic sense of arrival, while limiting night sky glare.

- 4- Sustainable elements should be visible in its site planning, building design, and operation. Identify storm water pollution prevention, water and energy conservation, renewable energy integration, air and noise quality, waste management, and green construction technology components.





5- Identify locations for appropriately sized public gathering areas to complement the center's function as a regional and Downtown hub. These settings would include attractive seating, unique paving, landscaping, lighting, directional signage, informational kiosks, historic markers, play areas, public art, trash and recycling containers, and flexible space for micro-enterprise and event opportunities.

6- Advanced communication technology should be integrated into the transit center design, including electronic, real-time messaging, and public Wi-Fi.

7- Transit Center planning should accommodate emerging trends in mobility and mobility technology. Incorporate surrounding site flexibility for change over time.

8- Provide a minimum of 15 ft. wide sidewalks within the block surrounding the new Transit Center

PRESERVE WHISTLESTOP



1- Retain the Whistlestop building on its current site, with street level modifications to improve pedestrian enjoyment. Create wider sidewalks on the south and west side of the building.

2- At the north end of Whistlestop, anticipate more public amenities, including possibly a coffee kiosk, fountain, landscaping, or other gateway features.

3- Anticipate removal of a portion of the south end of the Whistlestop building to create safer transit user movement across 3rd St. and more interesting public space.

4- Integrate last-mile drop-off/pick up spaces and a two-way Class IV bikeway into the W. Tamalpais street section.



ATTACHMENT 5

CORRESPONDENCE RECEIVED TO DATE

October 17, 2018

Mayor Phillips and Councilmember Bushey,
City Hall
1400 5th Avenue, Room 203
San Rafael, CA 94901

Via e-mail and hand delivered

Reference: Recommendations for siting and design criteria for the proposed Downtown San Rafael Transportation Gateway

Mayor Philips and Councilmember Bushey,

I appreciate your willingness to take the time to read this summary. Undoubtedly your inboxes are full of correspondence on many topics. I feel compelled to focus attention on this issue. I believe it's critical to the future of Downtown and our City.

Best Regards,



Jeffrey D, Rhoads RA LEED AP
Principal

Downtown San Rafael Transportation Gateway Executive Summary

1. The key vision is to consider relocation of Bettini as an opportunity to create a *Transportation Gateway* for Downtown: not a bus terminal.
2. Comments received from the community can be seen as input for design of a *Transportation Gateway* rather than determinants to site selection.
3. Existing Downtown roadways are congested and will become more so after completion of the SMART extension to Larkspur. Downtown development capacity is constrained by limited roadway capacity.
4. Increasing transit and active transportation trips equates to additional development capacity for Downtown and reduced greenhouse gasses.
5. There are more development opportunity sites available downtown than available roadway and infrastructure capacity. Setting aside private land for the *Transportation Gateway* will not materially affect property tax receipts or constrain market driven development opportunities.

6. The best location for the Transportation Gateway from an operation, user safety and convenience and planning standpoint is on the west side of Hetherton Street between 3rd Street and 5th Avenue.
7. Concerns about visual and operational impacts on 4th Street and the Heatherton block faces can be effectively addressed by good design.
8. The historic residences located on 5th Avenue can be used as the 4th Street Gateway feature, our downtown's front door. This also affords the existing owners of the properties the option of retaining their properties or selling them.
9. Land banking the proposed Transportation Gateway site will pay future dividends with transit oriented air rights development and the ability to accommodate evolving transportation needs.

Creating a Transportation Gateway for Downtown San Rafael

The Bridge Highway and Transportation District Transit Center project is a once in a generation opportunity to improve mobility and access to Downtown. It is also has the potential to be a strategic public investment that can be leveraged to enhance Downtown and attract private investment.

Vision: A Transportation Gateway... not a bus terminal

As community, San Rafael runs the risk of singular focus on perceived negative impacts of a bus terminal and not on the potential advantages of a *Transportation Gateway*: A well designed facility located at the intersection of rail, busses, bikes, pedestrians, automobiles, for hire vehicles including bikes and scooters, and future mobility devises yet to be determined. With many unknowns about the future of public transit, decisions made now need to allow sufficient flexibility for the Transportation Gateway to be reinterpreted in the future.

Extensive public comment has focused on limited aspects of relocating Bettini, primarily around mitigation of perceived negative impacts. In the opinion of this writer, the bigger picture is being ignored. The discussion has emphasized avoiding things that might happen as a result of relocating the transit center. For example:

- We don't want an ugly bus terminal at the gateway to our Downtown (gateway being defined as approaching Downtown from the east by automobile)
- We don't want to replace tax revenue generating private property with a public use
- Heatherton is too congested
- We don't want busses on each side of 4th Street
- We don't want to lose the Victorians on 5th Avenue
- We don't want to lose the Northwestern Pacific Railroad Depot
- A bus terminal along Hetherton Street will take away our "small-town feel"
- Busses traveling and stopping in front of the depot will conflict with bikes and pedestrians and adversely impact the depot

There are aspirational objectives as well:

- We need to improve pedestrian and bicycle safety
- We want to improve environmental quality by opening up the creek
- We want to turn the area into a park

Each of these are representative of ideas and concerns that should be addressed in the location, planning and design of the facility. However, judgement is required in how they will be addressed. Most can be resolved through optimal site selection, good site planning and urban design. Good design can make the appropriate site selection a true plus for the city and region.

Existing Limits on Roadway Capacity:

Downtown's growth is constrained by limited roadway capacity at peak periods.

- No currently planned projects have been identified to provide additional roadway capacity
- Funds for roadway projects are scarce
- Right of way is expensive and difficult to acquire
- Social and environmental impacts are difficult to mitigate
- For hire vehicles will increase congestion Downtown

East-West roadway capacity will be further impacted when SMART is extended to Larkspur:

- Active railroad grade crossings will be added at 2nd and 3rd Streets. This will likely reduce through capacity due to train movements and required clear zones at the crossings. This will result in less vehicle queuing space between the Hetherton Street and Tamalpias Avenue signalized intersections adversely impacting vehicle progression and increasing delay. The impact will be most noticeable at peak periods.
- The current operational limitations, observed at the Mission Avenue, 5th Avenue and 4th Street SMART rail crossings at peak and other times, will extend to 2nd and 3rd Streets

These roadway capacity constraints underscore the desirability of experiencing real growth in transit use and active transportation such as bicycle, e-bikes and walking. The north-south greenway and SMART provide parallel capacity for the 101 freeway.

Will land set aside for a Transportation Gateway have a significant fiscal impact on the City?

This paper focuses on a single aspect of fiscal impact: Potential increase in property tax revenue afforded by private land ownership and infill development. In the opinion of the writer, setting aside potentially developable land for a Transportation Gateway will not have a significant mid or long term adverse impact on property tax receipts. This conclusion is reached through a familiarity with land ownership patterns, availability of potential development sites and infrastructure constraints on development capacity.

Based on the above observations, there is sufficient land availability to meet market demand within the context of other development constraints. There are a number of underutilized sites, with obsolete improvements, available for infill development throughout Downtown. Some examples near the SMART station include the Glass and Sash Site, and properties on the west side of Tamalpias Avenue.

Using Redwood City's recent experience as a model, completion of a San Rafael Downtown Precise Plan in 2020, will likely result in private land owners being motivated to assemble numerous sites for development. This is due to the Precise Plan reducing the time and uncertainty associated with obtaining development approvals and reduced carrying costs and market risk.

Unlike downtown Redwood City, with its large concentration of county government offices, a prison and courts, a relatively small percentage of San Rafael's downtown land area is occupied by property tax exempt land uses.

What about the properties between 2nd Street and 5th Avenue on the west side of Hetherton Street?

If the Bridge District purchases the blocks between 3rd Street and 5th Avenue on the west side of Hetherton Street, these parcels would, at least for the interim, be taken off the tax roll.

The Citibank site between 3rd and 4th Streets is bank owned and not likely to be in play for transit oriented development for the foreseeable future. This is based on research conducted on the Wells Fargo and Chase sites in Downtown Redwood City. The property tax basis of the Citibank site is relatively low due to its age and Proposition 13 constraints. Banks aren't in the real estate development business and tend to continue operating branches with a low cost basis, superior locations and good market penetration.

The parcels north of 4th Street are constrained by the existence of historic resources, two Queen Anne houses, converted to office use. However, the southerly half of the block including two properties fronting 4th Street currently have one story retail buildings and parking lots. These could have significant development potential but for the challenge of meeting parking requirements. These parcels are not in the parking district.

Freeing up the Bettini site for development will make a significant parcel available for transit oriented development at current property tax basis. This would likely more than compensate for removal of the other parcels from the tax roll.

What's in Shortest Supply: Available Development Sites or Infrastructure Capacity?

There is a very high probability that analysis planned for the 2040 General Plan update and Downtown Precise Plan will show there are more available developable sites Downtown (currently assembled or potentially assembled) than can be served by existing available peak roadway capacity.

One of the challenges the City Council will likely face is determining how to allocate this limited capacity. Looking at the Redwood City example, a decision was made to focus development on underutilized sites while protecting specific historic resources. Additionally, building heights were limited for defined setbacks along key streets to protect pedestrian character and respect the scale of historic buildings. (Broadway and Main Street). Potential candidate streets in San Rafael could include 4th and B Streets.

In Redwood City's case, the available capacity identified in the programmatic EIR was quickly used up and many sites remain available for development. Having a location at ground zero in the Silicon Valley tech boom fueled this unanticipated velocity of absorption. Regardless of the planning constraints, the market had no difficulty finding sites for infill. San Rafael's absorption is likely to be slower due to market differences. However, land ownership patterns and infill opportunities are similar.

The Downtown Precise Plan and much of the 2040 General plan update will reflect a state mandated shift away from the current Level of Service Model (LOS) to Vehicle Miles Traveled (VMT) in the Environmental Impact Report and certification. The LOS model focuses on intersection function. For example, LOS F would indicate that it takes more than one signal cycle to pass through an intersection. Several intersections along the 101/SMART corridor Downtown are currently functioning at LOS F or worse particularly during peak periods. This condition has become common at off peak times.

VMT focus is on the number of vehicle miles traveled a project will generate rather than impacts on intersection function. The VMT approach encourages project developers to shift trips to different travel modes for people coming and going from their site and discourage automobile use. Typical transportation demand management tools are used such as: carpooling, discouraging onsite parking or requiring paid parking, encouraging active transportation such as bicycles and walking by providing showers and safe bike storage, and encouraging transit use by providing subsidies for employees. Another approach is to encourage off-peak trips with staggered work shifts when there is available roadway capacity.

Increasing development Downtown is dependent on efficiently using available excess capacity and increasing capacity through the use of alternative transportation modes. This underscores the importance of building an excellent Transportation Gateway and recognizing it as a critical infrastructure investment to implement the vision for Downtown.

The transit center currently serves 9,000 trips a day. Nearly 50% of these trips are destined for Downtown, based on the Bridge District's consultant's analysis (Kimley Horn). Growing this percentage and increasing real numbers of transit users is a strategic action to compensate for limited roadway capacity.

Getting people to use transit and active transportation (trains, busses, e-bikes conventional bicycles, walking, scooters) provides a potentially cost-effective way to increase capacity for Downtown growth. Since development opportunities are constrained by available roadway capacity, there is an incentive to increase trips by other modes to support Downtown's evolution. These options must be far more desirable than they are at present to motivate people to use them.

Optimizing use of alternative transit modes depends on improving user experience, convenience and safety.

Goals for Improving User Experience Convenience and Safety:

A symbiotic relationship occurs with the concentration of activity and ease of transfer between transportation modes. This creates a very desirable place to do business, build active public spaces, and is safer for people due to the concentration of “eyes on the street” and extended hours of activity. Good design is required. There are many successful examples of this globally.

- Create a great environment for users including exemplary design, and excellent edges with retail, food and beverage and other services in and around the Transportation Gateway.
- Focus on improving the 4th Street, Tamalpias Avenue and Hetherton Street environments around the Transportation Gateway.
- Place the Transportation Gateway in a location where pedestrians and alternative mode users going to and from Downtown can avoid crossing busy high capacity roadways. While people heading to the Bio Marin campus from SMART trains and busses will still need to cross 2nd and 3rd Streets, no one should have to cross Hetherton Street unnecessarily.
- Make bus access and maneuverability to the Transportation Gateway as easy and delay free as possible, equal to or better than it is at present.
- Relocate the segment of the north-south greenway between 2nd Street and Mission Avenue to Tamalpias Avenue reducing right turn conflicts. The Station Area Plan envisions activating Tamalpias Avenue as a pedestrian/bike/scooter slow vehicle street. This can include for hire vehicles and “kiss and ride” pick up and drop off.
- Make transfer between different transportation modes as seamless as possible.
- Don’t “muck up” our current near capacity roadway function with complicated access and turning movements or additional bus stops outside of the Transportation Gateway.
- Plan for future change by providing a large enough Transportation Gateway footprint to provide a measure of flexibility. The modes of travel will change, however, a well-chosen site with adequate size area and configuration will be adaptable and stand the test of time.
- Bank the Transportation Gateway public land holdings to accommodate future mixed-use development.

Siting Recommendations Based on the Above Goals:

The strip of land between Hetherton Street and the railroad is the place where it all comes together. This is where SMART, the north-south greenway, east-west bike and pedestrian routes, Bridge District, Marin Transit and other busses and for hire vehicles intersect. This is the natural place for a Transportation Gateway based on the existing roadway, rail and bike

way networks. Any site between 2rd Street and 5th Avenue between Hetherton Avenue and the SMART tracks must address design, safety and historic resource concerns.

GGBHTD'S 4th Street Gateway Site Alternative

Two key blocks are assembled in this site alternative to create a Transportation Gateway for Downtown. This site is located between Hetherton Avenue and the SMART right of way extending from 3rd Street and 5th Avenue. In the opinion of the writer, this is the natural location for the Transportation Gateway based on its locational attributes and relationship to the existing road, greenway and rail networks. It's large enough to accommodate current programmatic requirements. Public ownership of this land will allow for implementation of a truly functional "transportation commons" that can be designed for present requirements and adapted to meet changing needs over time.

- The site is of adequate size to accommodate existing bus routes and boarding requirements.
- The user experience is design dependent. It can range from poor to excellent depending on the facility design, relationship to adjacent roadways, the north-south greenway and adjacent land uses and what amenities are provided.
- Bus access and egress are similar to the existing Bettini facility with a particularly good relationship to 101 southbound routes. Bus access to and from the facility would impact Hetherton, 3rd and 4th Streets and 5th Avenue. This is a matter of concern that must be addressed.
- Patron access to and from Downtown and the greenway is excellent with crossing conflicts limited to lower volume streets including 4th Street and Tamalpias Avenue. Origins and destinations from the west do not need to cross Hetherton Street.
- The site provides optimal transfer to other transit modes as they all converge on this location.
- There are excellent opportunities for symbiotic land use relationships particularly on 4th Street and the west side of Tamalpias Avenue.
- Impact on developable land: As noted previously the Citibank site is unlikely to be in play for the foreseeable future. Parcels on the block between 4th Street and 5th Avenue are privately held with historic residences situated on the 5th Avenue frontage. Two small parcels with development potential front on 4th Street. Development of the current Bettini Site is a compensating factor for loss of the Citibank and 4th Street parcels from the tax roll. As noted previously, it is unlikely there is adequate peak roadway capacity to serve all existing and projected developable sites available Downtown.
- Historic resources: The existing Northwestern Pacific Depot is not specifically impacted by this site. The Station Area Plan proposes adaptive use of the building in a manner similar to the Ferry Building in San Francisco. The building size and configuration will result in a more modest outcome; however, private development of the site can accommodate similar uses and its location will be optimal as use of the Transportation Gateway increases. It may be necessary to facilitate transfer of development rights

from this site to another downtown location to make stabilization, restoration and adaptive use of the building financially viable. The two Queen Anne houses on 5th Avenue are legitimately seen by the preservation community as important and valuable. They are on the City's historic resource inventory.

- Visual and urban design considerations: The issues identified in community engagement are primarily focused on impact on the Hetherton and 4th Street frontages specifically the view of a bus terminal from our "front door" and impacts of bus turns and wide driveways on 4th Street. Additionally, there is a legitimate concern about interruption of the pedestrian experience on 4th, specifically a break in the street wall and retail frontage.

Solving the Design Challenges of the 4th Street Gateway Site:

Locational characteristics favor this site. However, success is dependent on thoughtful and sensitive design addressing both functional needs and user experience. Excellent design can address both physical challenges and the perceptions of patrons and those passing by. This writer is confident optimal results can be achieved through efficient use of limited resources and appropriate design. A well located and designed Transportation Gateway is a key strategic action to provide meaningful additional mobility capacity for implementation of the Downtown Precise Plan. This approach has been successfully implemented in many cities globally. The core philosophy is to select the most advantageous site to accommodate the intended use. It is what it is. Let's make this an advantage for Downtown.

4th Street:

- ***Making the intersection at 4th Street and Hetherton Avenue a compelling east front door for Downtown.*** The Bridge District's consultant has shown plaza treatments on each corner. These are not likely to be successful as the proposed plazas will not have supporting uses on their edges and the sites are impacted by noise and traffic. An alternative is to reserve these corners for small commercial buildings to "bookend" 4th Street. This provides the benefit of screening the loading platforms and busses from 4th Street. These corners could remain in private ownership (transferring fee from the existing locations) or could be placed under long term ground leases. The District's site plan suggests the corners are not critical for transit operations.
- ***Relocation of the Queen Anne houses facing 5th Avenue.*** These buildings have been converted to commercial use and can be easily relocated to the corners of 4th and Hetherton Streets. There are no overhead utilities to contend with, they are light ductile structures and the sites could be prepared to receive the buildings prior to moving them, minimizing disruption of use. Only one building would be moved across 4th Street. Relocation of these structures would not jeopardize their potential for listing on the National Register as they maintain their context, specifically being close to their original location and the railroad (they were formerly railroad related housing). This represents an opportunity for the existing property owners to retain their assets, moved

to new locations on San Rafael's main street, or sell the properties either through a negotiated transaction or eminent domain.

- **Converting the Whistlestop 4th Street Plaza to a more suitable use.** This site is under private ownership. Its current use is for parking Zip Cars. Change of use to outdoor dining is more consistent with the character of 4th Street.
- **Enhancing the pedestrian character of 4th street and linking to the east.** Having driveways to the Transportation Gateway interrupt 4th Street sidewalks is not desirable but likely necessary with this scenario. The key mitigations are reducing the driveway width to the minimum needed, providing well-designed pedestrian refuges and locating ample landscaping outside of site triangles. Presence of buildings on the corners of 4th and Heatherton Streets provides a pedestrian refuge and reduces the perception of a long trek across an open unpleasant place. Continuing the street tree program and sidewalk treatments is also helpful.

Hetherton Street:

- **Creating a distinguished streetscene on the Heatherton frontage of the Transportation Gateway.** Bettini currently has bus stops along the Hetherton Street frontage. There are obvious operational advantages to avoiding entering the terminal for certain bus routes. An extended Hetherton Street frontage afforded by the two-block site allows greater flexibility to introduce a robust street trees canopy and avoid contiguous runs of shelter structures. This is a solvable urban design challenge. Relocating the north-south greenway to Tamalpias Avenue also provides greater flexibility for streetscape and bus stop design solutions in addition to reducing right turning vehicle, bicycle and pedestrian conflicts. Bus access to the Transportation Gateway from 5th Avenue can also be studied to eliminate driveways on Hetherton Street.

Tamalpias Avenue:

- **Making Tamalpias Avenue the front door for the Transportation Gateway.** Tamalpias Avenue is not specifically part of the site. However, its design and use figures into a vision for the Transportation Gateway. The station area plan envisions this as a local street and the route of the north-south greenway. A common solution for this kind of street is to treat the public right of way with a single durable attractive pavement with no differentiation for sidewalks. In essence, the street becomes a continuous plaza open to vehicles, active transportation and pedestrians. Low traffic volumes allow this to occur. Experience in the EU and UK has shown this to be safer than providing defined places for each type of user due to increased driver awareness and caution. This is similar to the Bahnhof Strassa in Zurich. As mentioned previously, this street can accommodate for hire vehicles, drop off and pick up. The western side of the street from 2nd Street to Mission Avenue can be earmarked for transit oriented development with street level retail and food and beverage uses.

Predicted result: Increase in transit and active transportation use and a catalyst for creation of public spaces and Downtown's evolution.

Analysis of Other Site Options

Below is an analysis of additional site alternatives based on the Improving User Experience, Safety and Convenience Goals.

Around Whistlestop:

This site has some of the attributes of the 4th Street Gateway. The primary differences are:

- The site is too small to accommodate all programmed uses onsite resulting in a congested impacted facility and adjacent streets. It doesn't rise to the level of "Transportation Gateway". Its size leaves no room for flexibility.
- Disperses bus stops and transfers them to city streets off site with attendant inconvenience for transit users and broader conflicts with vehicles and pedestrians.
- Bus loading and movement results in a significant negative impact on the Tamalpias Avenue corridor as a safe and pleasant pedestrian/bicycle environment. This has the potential to degrade access from the transit center site to Downtown for transit users and crowds the Northwestern Pacific Depot Building and its uses. It adversely impacts user experience and is not consistent with the vision of the Station Area Plan.
- Efforts to correct the site deficiencies have led to consideration of acquiring additional land on the west side of Tamalpias Avenue and possibly relocating the Depot building. This is symptomatic of attempting to force a solution onto an inadequate site. Relocating the Depot building would be challenging as it is a number of different buildings that have grown together and its existing relationship to the street and railroad would be difficult to reconcile potentially impacting landmark designation.
- Significant pedestrian/transit vehicle conflict on the south 4th Street block face for an extended curb cut.

Predicted results: Difficult to ascertain. The primary unknown is the impacts on bus routing and delay. Eliminates some 3rd Street patron crossings (a positive). Some adverse impact on active transportation users due to north-south greenway conflicts around the Depot building. The site doesn't allow for significant growth in transit use.

Two Level Concept:

This location and solution is impaired by the following:

- Transit facility is inflexible limiting expansion potential or change in vehicle types
- Virtually impossible to mitigate visual impact and unpleasant street level perimeter conditions on 2nd, 3rd, 4th, and Hetherton Streets
- Creates a tunnel at 3rd Street
- Difficult to get vehicles and transit users up to the second level requiring ramps and vertical conveyances (elevators, stairs, ramps or escalators)
- Poor gateway for Downtown
- Continues to require pedestrian crossings across 3rd Street on the east side of Hetherton Street to access the transit terminal from the pick-up and drop off area

- Constrains future reinterpretation of the area for mixed-use transit oriented projects.
- Constrains right turn movements from southbound Hetherton Street to westbound 3rd Street
- High construction cost
- Costly to operate
- Highly disruptive construction impact

Predicted result: Reduced transit use

Under the Freeway:

These locations are impaired by the following considerations:

- Poor user experience due to an inherently unpleasant environment under a busy freeway
- Operational constraints posed by bridge bents
- Isolation from downtown and origins and destinations west of Hetherton Street and related crossing safety concerns. All Downtown trips require crossing Hetherton Street
- Transfer to other transportation modes is impaired by isolation
- No opportunity for a symbiotic relationship exists for adjacent land uses
- Depending on site circulation, function of Hetherton Street will be adversely impacted by bus access and egress
- Covering the creek would require clearance by the resource agencies: a likely challenge

Predicted result: Reduced transit use

Glass and Sash Site:

This location is impaired by the following considerations:

- An isolated site inconvenient for transit user access particularly to and from Downtown (long walk to the core of Downtown)
- Impaired transit operations including poor bus access and major routing changes resulting in delays
- Transfer to other transportation modes is impaired by isolation
- Poor access from east of the freeway (the Canal immigrant community has significant transit dependency)
- Requires crossing of the busy 2nd and 3rd Street arterial couplet with related safety concerns
- Little opportunity for a symbiotic relationship exists for adjacent land uses unless the retail center to the east is redeveloped.
- This is a prime site for transit oriented development

Predicted result: Reduced transit use

c: Jim Schutz, Paul Jensen, Bill Guerin

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SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: FINANCE

**Prepared by: Nadine Hade
Finance Director**

City Manager Approval:

A handwritten signature in black ink, appearing to be 'AS', written over a horizontal line.

TOPIC: YEAR-END FINANCIAL STATEMENTS AND RELATED AUDIT REPORTS

SUBJECT: FISCAL YEAR 2017-2018 ANNUAL FINANCIAL REPORT; GANN APPROPRIATIONS LIMIT; MEMORANDUM ON INTERNAL CONTROL; CHILD DEVELOPMENT PROGRAM; AND SINGLE AUDIT FOR FEDERAL GRANTS

RECOMMENDATIONS: ACCEPT THE FISCAL YEAR 2017-2018 ANNUAL FINANCIAL REPORT, THE GANN APPROPRIATIONS LIMIT REPORT, THE MEMORANDUM ON INTERNAL CONTROL, CHILD DEVELOPMENT PROGRAM REPORT, AND THE SINGLE AUDIT REPORT

BACKGROUND: As required by local code, State law, bond covenants, and best practices, the City of San Rafael completes an annual audit of its financial activities. The auditing firm of Maze and Associates, Accountancy Corporation conducted the audit for fiscal year 2017-2018. Their work was completed in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, Audits of State and Local Government and Non-Profit Organizations.

The requirements of Section 1.5 of Article XIII B of the California Constitution are met with an agreed-upon procedure report applied to the Gann Appropriation Limit calculated for the year ending June 30, 2019. A Memorandum on Internal Control is also prepared by the auditors to address the City's controls over its financial activities. These reports are also attached to this staff report.

Also, as part of the fiscal year-end closing activities, the Finance and Community Services departments worked with Maze and Associates to complete the annual audit of the City's childcare program, as required by the State of California.

FOR CITY CLERK ONLY

File No.:

Council Meeting:

Disposition:

Finally, the federal Single Audit Act requires that any local agency expending \$750,000 or more in combined federal grant funds, either directly or indirectly in a fiscal year, is subject to a separate audit on those programs and a separate Single Audit Report is issued. This threshold was triggered in fiscal year 2017-2018.

Progress on the year-end audit was discussed at the City Council Finance Committee meeting of October 2, 2018, and these final reports were presented to the City Council Finance Committee on October 30, 2018 at which time it was agreed that staff would bring the reports forward to the full City Council.

ANALYSIS:

Overview

The Fiscal Year 2017-2018 saw a moderate improvement in fiscal performance, following the sales tax revenue stall that weighed down the revenues of the previous fiscal year. Property tax revenues remained reasonably strong; however, the recovery of assessed value from properties that were reassessed during the recession has peaked. The City's General Fund Emergency Reserves continue to meet the target level of ten percent of operating expenses established by City Council Policy. Although the City's year ending fund balances are strong, critical unmet needs have accumulated as a result of the past, multi-year deferral of various capital improvements, maintenance and technology support projects and initiatives.

Fiscal year 2017-2018 marks the fourth year of implementation of the pension accounting standard issued by the Governmental Accounting Standards Board (GASB) known as GASB 68, and the second year of implementation of the new Other Postemployment Benefits (OPEB) accounting standard issued by the Governmental Accounting Standards Board (GASB) known as GASB 75. These requirements, which affect all public agencies with defined benefit retiree plans, are designed to enhance the comparability of financial statements by requiring the measurement of pension-related assets and liabilities at fair value, using a consistent and detailed definition of fair value and accepted valuation techniques. The net impact of reporting under GASB 68 lowers the City's net position as of June 30, 2018 by \$113.7 million from a reporting perspective. The net pension liability as of this date was measured to be \$120.6 million. The net impact of reporting under GASB 75 lowers the City's net position as of June 30, 2018 by \$29.4 million. The net OPEB liability as of this date was measured to be \$33.7 million.

The full annual funding of the City's Retiree and OPEB costs have been incorporated into the adopted fiscal year 2018-2019 budget; therefore, there is no negative impact on City operations or services resulting from the reporting of financial information under these reporting standards.

Consistent with the policy adopted by the City Council upon the implementation of Measure E transactions and use tax (TUT) in April 2014, the City has set-aside the portion of the Measure E that exceeds the former Measure S TUT (i.e., one-quarter of one percent from the three-quarter of one percent tax) for public safety facilities construction and improvements. The accumulated balance of \$4.8 million as of July 1, 2017 was combined with \$4.0 million of revenues during the fiscal year, as well as \$2.2 million in County Reimbursements for Fire Station No. 57 and \$5.6

million in bond proceeds to support \$16.6 million in project expenditures. Approximately thirty percent of the expenditures during the fiscal year went to Fire Station 57, with the remaining 70% split evenly between the Public Safety Center and Fire Station 52. Total project-to-date spending is approximately \$18.8 million.

Fiscal Year 2017-18 Annual Financial Report – Citywide Financial Results

The actual results of the City's financial activities are presented in the attached Comprehensive Annual Financial Report. The report includes Government-wide financial statements with governmental activities and business-type activities presented separately. Net position is one indicator of the City's financial position. At the end of the fiscal year, net position of the City governmental activities was \$115.5 million, a decrease of \$4.1 million from the prior year adjusted balance. This decrease is largely attributable to the spending down of accumulated funds that had been set aside for the public safety facilities construction and improvements. The Parking Fund, reported as a business-type activity, ended the fiscal year with a net position of \$10.1 million, or \$0.6 million more than that of the previous fiscal year. Cash contributes approximately 32% of this net position, with the remainder contributed by parking infrastructure.

Additional explanatory information is provided in the Management's Discussion and Analysis (MD&A) section beginning on page five of the attached CAFR. The MD&A provides key highlights and a summary view of financial activities for the year.

Financial Results: General Fund

General fund operating revenues exceeded expenditures by \$4.6 million. Measure E revenues of \$4.0 million dedicated to public safety facilities construction and infrastructure and \$4.8 million of previously accumulated Measure E funds were transferred out of the General Fund in support of the projects. Other operating net transfers out of \$0.3 million resulted in a \$4.5 million reduction in fund balance for the year. There were sufficient funds available at the end of the fiscal year to maintain the required balance in the Emergency and Cash Flow Reserve. As of June 30, 2018, the entire spendable portion of the General Fund balance has been assigned.

Gann Appropriations Limit

The Agreed-Upon Procedures report for the Gann Appropriations Limit required three procedures to be performed including testing the accuracy of the calculations and comparison of information presented. No exceptions were noted in these procedures for compliance with the Proposition 111 fiscal year 2018-2019 Appropriations Limit calculation.

Memorandum on Internal Control

The auditors are required to communicate to the City Council matters that come to their attention relating to the audit in a report entitled Memorandum on Internal Control and Required Communications. No additional issues were raised during this audit.

Child Development Program (Childcare) Audit

The Childcare Program had positive operating results, with \$3.9 million in total revenues and \$3.7 million in expenditures for the fiscal year. The fund balance increased from \$1.4 million to \$1.6 million. Approximately half of the residual funds have been accumulated for capital improvements. The audit resulted in no adverse findings.

Single Audit

The City incurred a total of \$1,336,897 in federal expenditures during fiscal year 2017-2018 that fell under the parameters of this audit. The auditor identified the following major program to be audited:

U.S Department of Transportation-Highway Planning and Construction – \$754,400.

Approximately two-thirds of this funding supported modifications to the intersection at 2nd Street at Grand, and approximately one-third was allocated to the Southern Heights bridge replacement.

As required under the Single Audit Act, several separate reports are contained within the document. Most of these reports comment on either compliance with Federal assistance regulations or recommendations regarding the City's accounting practices. The auditors identified three deficiencies in the City's procedures that needed attention. One of the items pertained to adequate review of reimbursements prior to submission, another addressed the procedures to ensure subcontractor compliance with payroll-related regulations, and the final item involved the refinement of the City's tracking of federal grants. The City has addressed each of these three items in a corrective action plan and anticipates that the implementation of the proposed corrections currently underway will be determined to be satisfactory in subsequent audits.

FISCAL IMPACT: No fiscal impact occurs by the City Council's acceptance of these reports. The fiscal year 2017-2018 Comprehensive Annual Financial Report and related reports are presented as the actual results of the City and related entities' financial activities for the year.

RECOMMENDATION: Staff recommends that City Council accept the reports as presented. The reports will remain as "draft" until City Council has accepted the reports.

ATTACHMENTS:

1. FY 2017-18 Draft Comprehensive Annual Financial Report
2. FY 2017-18 Draft Gann Appropriations Limit
3. FY 2017-18 Draft Memorandum of Internal Controls and Required Communications
4. FY 2017-18 Draft Child Development Program Financial Statements
5. FY 2017-18 Draft Single Audit Report



SAN RAFAEL

THE CITY WITH A MISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2018



Fourth Street, San Rafael, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2018

City of San Rafael, California
1400 Fifth Avenue
San Rafael, California 94901

Prepared by the Finance Department of the City of San Rafael





Courtyard in Front of Bank of America Building

INTRODUCTORY SECTION



CITY OF SAN RAFAEL, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2018

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DRAFT



October 5, 2018

Honorable Mayor, Members of the City Council and Residents of San Rafael:

The Comprehensive Annual Financial Report (“CAFR”) of the City of San Rafael (“City”) for the year ended June 30, 2018, is hereby submitted as required by local ordinances, state statutes and bond covenants. This financial report has been prepared in conformance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) and includes the report of the independent certified public accounting firm, Maze and Associates Accountancy Corporation, which has issued an unqualified, or “clean” opinion on the City’s financial statements for the fiscal year ended June 30, 2018.

The independent audit of the financial statements is part of a broader, federally mandated examination known as a “Single Audit”, which is designed to meet the needs of federal grantor agencies. The standards governing Single Audits require the independent auditor to report on the audited agency’s internal controls and compliance with legal requirements, with special emphasis on such controls and requirements involving the administration of federal funding. These reports will be available in the City’s separately issued Single Audit Report.

City Management is responsible for both the data accuracy, and the completeness and fairness of the presentation of this report. To the best of our knowledge and belief, the data presented is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City. Further, the CAFR is prepared in accordance with procedures and policies set by the Government Finance Officers Association. The analysis of the financial condition and the result of operations can be found in the financial section of the Management’s Discussion and Analysis document. The CAFR is organized into three sections:

1. Introductory section, which is unaudited, includes this letter of transmittal, an organizational chart and a list of the City’s elected and appointed officials.
2. Financial section, includes the general-purpose financial statements, related footnote disclosures, and the combining and individual fund and account group financial statements and schedules, as well as the independent auditors' report.
3. Statistical section, which is unaudited, includes selected financial and demographic information, presented on a multi-year basis. Generally, ten-year data is presented for expenditures, revenues, assessed valuation for local properties and construction activity.



REPORTING ENTITY – PROFILE OF THE GOVERNMENT

The City of San Rafael is located 17 miles north of San Francisco in Marin County. Protected by its Mediterranean like setting along the shores of the San Francisco Bay, the City enjoys a mild climate year-round. As the County seat, San Rafael is considered the commercial, financial, cultural and civic hub of Marin County. Abundant recreational facilities are available in and around the City. The City's park and recreational resources include 19 city parks, 393 acres of developed parkland, city and county open space, and China Camp State Park. San Rafael is close to other attractions, including the Golden Gate Bridge, Muir Woods, Point Reyes National Seashore, Mount Tamalpais, multiple state parks, San Francisco, Oakland and the Sonoma and Napa wine country.

In 1874, the City of San Rafael became the first incorporated city in the county, later becoming a charter city in 1913 by vote of City residents. The City Council comprises five members; four are elected at-large to four-year terms while the mayor is elected separately to a four-year term. The City's land area is 22 square miles, including seventeen square miles of land and 5 of water and tidelands. San Rafael's population on January 1, 2018 was 60,842 and is projected to grow at an average rate of 0.4% per year.

Downtown San Rafael is the location of many community events, including the Thursday night Farmers Market Festivals six months out of the year, Second Friday Art Walks, the Twilight Criterium Bike Race, Mill Valley Film Festival, Winter Wonderland/Parade of Lights, and is one of only 14 Cultural Arts Districts in the State of California. San Rafael is also the heart of the County's cultural activities with venues such as the Marin Center, which presents numerous ballets, concerts, speaking engagements as well as the award-winning Marin County Fair; the Falkirk Cultural Center, providing art exhibits and children's programming; the Christopher B. Smith Film Center, and a host of other diverse dining and entertainment venues. The City is also home to the distinguished Dominican University of California.

The City of San Rafael provides a full range of municipal services required by statute or charter, namely: police and fire protection, construction and maintenance of streets, parks, storm drains and other infrastructure, recreation, childcare, permits, planning, code enforcement, and a library system serving two locations. The City performed certain infrastructure construction and economic development activities through a separate Redevelopment Agency until its dissolution on February 1, 2012. The City of San Rafael accepted the role of Successor Agency to the Redevelopment Agency per Council action on January 3, 2012, and now conducts its economic development activities with funding from its General Fund.

The City and California Municipal Finance Authority compose the San Rafael Joint Powers Financing Authority, originally established by the City and former Redevelopment Agency for the purpose of financing redevelopment and other projects. The San Rafael



Sanitation District is a discretely presented component unit of the City of San Rafael and is presented independent of City financial information. For a further explanation of these entities, refer to Note 1 – Summary of Significant Accounting Policies in the Financial Section of the CAFR.

The City participates in various organizations through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these agencies exercise full powers and authorities within the scope of the related Joint Powers Agreement including the preparation of annual budgets, accountability for all funds, and the power to make and execute contracts. Obligations and liabilities of the separate entities are not those of the City. For a further explanation of these separate entities, refer to Note 12 – Jointly Governed Organizations in the CAFR.

The City's net pension liability under GASB 68 reported as of June 30, 2018 is based on the latest available GASB 67/68 report prepared by the Marin County Employees Retirement Association (MCERA), which was prepared as of June 30, 2017. The next annual report is anticipated to be completed within the upcoming 30 days. The City is aware of factors that may have an impact on the future measurement of the net pension liability. For example, the MCERA Board reduced the discount rate from 7.25% to 7.00%, increasing the likelihood of attaining targets and regulating risk. The City does not expect these factors to result in a net material difference in the measurement of its net pension obligation of \$120.6 million reported in this year's financial reports.

During fiscal year 2017-2018, the City made significant progress towards improving our essential facilities. Building from over a decade of community efforts to address San Rafael's aging essential public safety facilities, the Essential Facilities project includes a total of seven projects recommended for either replacement or renovation, including a new public safety center across the street from City Hall. These new buildings will be seismically-safe and provide modern facilities for our firefighters, police officers, paramedics and dispatchers. They will include an upgraded dispatch and communications center, and a new classroom and training tower for emergency preparedness. Construction of both Fire Station 57, located at 3530 Civic Center Drive, and Fire Station 52, located at 210 3rd Street, began in June 2017 and is expected to be completed by the beginning of 2019.

ECONOMIC FACTORS

The City has a diversified economic base, which includes an assortment of high-tech, financial, service-based, entertainment and industrial businesses. Downtown San Rafael provides a mix of restaurants, retail shops and financial institutions. The City's varied economic base is reflected in its property tax base, which is 71% residential, 19%



commercial, 4% institutional, 6% unsecured and others. The top 25 sales tax producers provide 50% of overall sales tax revenues.

The California economy has recovered from the Great Recession and is experiencing one of the most prolonged periods of expansion in state history. Unemployment is currently at an all-time low of 4.2% and has held steadily below 5% for over a year. In November of 2017, the Federal Government passed the Tax Cuts and Jobs Act providing a temporary boost to the nation's economy and, as a result, California is projected to record unprecedented capital gains for the fiscal year ahead.

Locally, Marin County's unemployment rate is among the lowest in the State at 2.7% and total employment figures are forecasted to grow at an average rate of 0.9% through 2022. Per capita income has seen an average annual increase of over 4% over the last two years and is projected to continue to grow 2.1% per year through 2022. Overall, economic indicators show Marin County to be in a steady growth pattern for the foreseeable future with taxable sales, industrial production as well as per capita income all projected for growth in the years ahead.

Demographic Data

The following is a sample of demographic and economic attributes that make San Rafael an exceptional place to live and work.

- ☑ Economic development organizations in San Rafael include the San Rafael Chamber of Commerce, Downtown Business Improvement District, and the Marin Economic Forum.
- ☑ Marin County's top 10 employers include Kaiser Permanente, Marin General Hospital, BioMarin Pharmaceutical, Glassdoor, Dominican University of California, Bradley Real Estate, Novato Community Hospital, Wells Fargo, FICO, and W Bradley Electric.
- ☑ Major shopping areas, as measured in available retail square footage, include the Downtown corridor (938,000 aggregate), Northgate Mall (725,000), Montecito Center (130,000) and Northgate One (113,900).
- ☑ The top three sales tax categories in 2017 for San Rafael were: 1. Autos and Transportation (29.3%), 2. General Consumer Goods (17.3%), and 3. Building and Construction (16.8%)
- ☑ Several hotels and motels support tourism activity, led by a combined 471 rooms in the Embassy Suites and Four Points Sheraton. Citywide, the total number of hotel rooms is 787.
- ☑ Establishing and maintaining affordable residential housing for sale and lease continues to be a challenge both in San Rafael and throughout Marin County. The median rent price in San Rafael is \$4,000 (3 bdr home). The median home value in San Rafael is \$1,027,700.



Recent growth and economic vibrancy:

- San Rafael ranked No. 4 on Milken Institute Best-Performing Cities Index. This index provides an objective benchmark for examining the underlying factors and identifying unique characteristics of economic growth in metropolitan areas. The index uses metrics such as job creation, wage gains, and technology developments to evaluate the relative growth of metropolitan areas.
- San Rafael ranked No. 3 on the SMU National Center for Arts Research Vibrancy Index. This overall index is composed of three dimensions: supply, demand, and government support. Supply is assessed by the total number of arts providers in the community, including the number of arts and culture organizations and employees, independent artists, and entertainment firms. Demand is gauged by the total nonprofit arts dollars in the community, including program revenue, contributed revenue, total expenses, and total compensation. Lastly, the level of government support is based on state and federal arts dollars and grants.
- San Rafael ranked 26th of 100 cities nationwide in online community research publication Livability.com's annual listing of Best Places to Live in America.
- San Rafael issued \$48.5 million in bonds and began construction on a new Public Safety Center as well as two fire stations and the City's bond rating improved from AA- to AA.
- San Rafael integrated SMART train service into San Rafael's transportation network, including new signal systems, a Quiet Zone, parking, and other improvements.
- San Rafael developed a pilot program to regulate cannabis business activity, including zoning changes and licensing in an effort to enhance revenues for regulatory efforts and other city services.

FINANCIAL INFORMATION

The City's management is responsible for establishing and maintaining internal controls to ensure that the City's assets are adequately protected from loss, theft or misuse. In addition, management controls ensure that proper accounting data is collected so as to prepare reports in conformance with generally accepted accounting principles.



Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. All internal control evaluations occur within the above framework. It is management's belief that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

The City develops a budget based upon City Council priorities and department objectives. The Finance Department maintains a traditional line item budget by major function. Budget control is accomplished at the functional or division level within each fund. This budget creates a comprehensive management and fiscal system aimed at achieving the objectives of each operating level consistent with those that have been set for the community by the City Council. Each department director is responsible for accomplishing goals within his or her functional area and monitoring the use of her or his budget allocations consistent with policies set by the City Council and monitored by the City Manager.

ACKNOWLEDGMENTS

The preparation of this City-wide document would not have been possible without the assistance of each of the City's departments. In addition, Finance support staff Sara Smith, Shawn Plate and Whitney Fry, led by Accounting Manager Van Bach and RGS Consultant Mark Moses were key to the timely issuance of this report. We believe this document meets the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting requirements and will be submitting it to the GFOA to determine its eligibility. If accepted, this will mark the seventh consecutive year for which the City received the award.

Lastly, we appreciate the ongoing leadership and support from the Mayor, City Councilmembers and the City Council Finance Committee made up of Mayor Phillips and Vice-Mayor Gamblin. Their strong commitment to financial accountability and stewardship provide inspiration to the organization and motivate a high level of achievement.

Respectfully submitted,

Jim Schutz
City Manager

Nadine Atieh Hade
Interim Finance Director



SAN RAFAEL

THE CITY WITH A MISSION

MISSION STATEMENT

The Mission of the City of San Rafael is to enhance the quality of life and to provide for a safe, healthy, prosperous and livable environment in partnership with the community.

VISION STATEMENT

Our vision for San Rafael is to be a vibrant economic and cultural center reflective of our diversity, with unique and distinct neighborhoods in a beautiful natural environment, sustained by active and informed residents and a responsible innovative local government.

January 1996



SAN RAFAEL
THE CITY WITH A MISSION

City Council and Staff

As of October 5, 2018

City Council

Gary O. Phillips, Mayor
John Gamblin, Vice Mayor
Maribeth Bushey, Councilmember
Kate Colin, Councilmember
Andrew McCullough, Councilmember

Elected Officials

Rob Epstein, City Attorney
Lindsay Lara, City Clerk

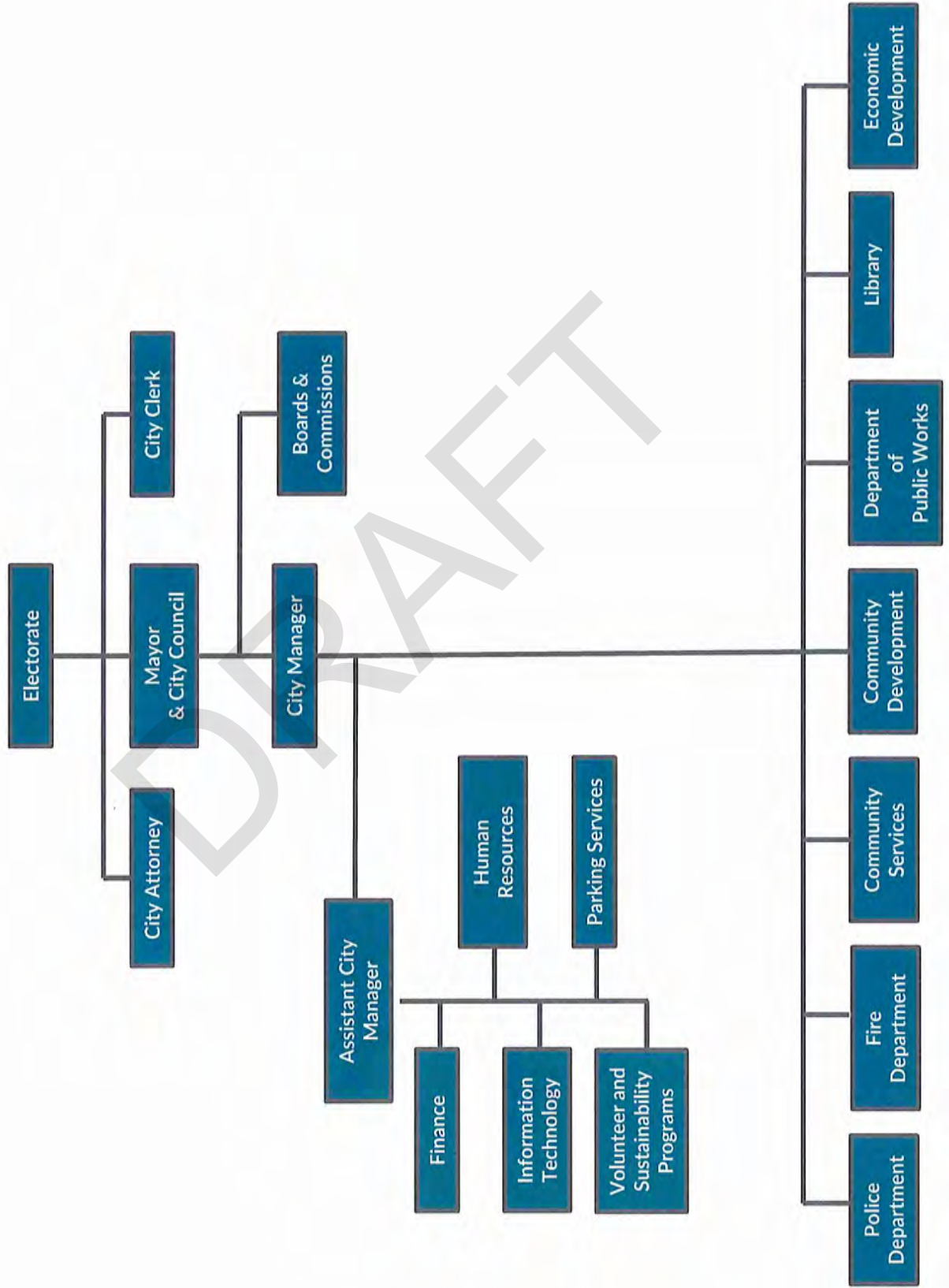
Executive Team

Jim Schutz, City Manager
Cristine Alilovich, Assistant City Manager
and Interim Human Resources Director
Diana Bishop, Chief of Police
Chris Gray, Fire Chief
Henry Bankhead, Interim Library Director
Paul Jensen, Community Development Director
Bill Guerin, Public Works Director
Susan Andrade-Wax, Community Services Director
Nadine Hade, Interim Finance Director
Doris Toy, District Manager/Engineer-SRSD



LOCATION MAP

ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of San Rafael
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO





View of San Rafael from Mount Tamalpais, East Peak

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of San Rafael, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Rafael (City), California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements of the San Rafael Sanitation District, which represents 22%, 36%, and 14%, respective, of the assets, net position, and revenues of the entity-wide reporting entity. These component unit financial statements were audited by other auditors, whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for the San Rafael Sanitation District, is based solely on the report of these auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinions, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the discretely presented component unit of the City as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Pleasant Hill, California
October 5, 2018

DRAFT



CITY OF SAN RAFAEL

Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

This analysis of the City of San Rafael's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the basic financial statements and the accompanying notes to those basic financial statements.

FINANCIAL HIGHLIGHTS

Government-wide:

- *Net Position* – The assets of the City exceeded its liabilities as of June 30, 2018 by \$130.2 million.
- *Activities* – During the fiscal year the City's total revenues of \$112.6 were greater than expenses of \$108.0 million for governmental and business-type activities.
- *Changes in Net Position* – The City's total net position increased by \$4.6 million in fiscal year 2017-2018 as compared to the net position of the previous year. Net position of governmental activities increased by \$4.6 million, while net position of the business-type activities decreased by \$32 thousand.

Fund Level:

- *Governmental Funds* – As of the close of fiscal year 2017-2018, the City's governmental funds reported combined ending fund balances of \$87.9 million, an increase of \$41.8 million primarily due to bond proceeds from fund balance of the prior year. Of this total amount, \$1.3 million is nonspendable, \$73.5 million is restricted, \$1.8 million is committed, and \$11.3 million is assigned.
- Governmental fund revenues totaled \$107.4 million, an increase of \$9.6 million from the those of the previous fiscal year. Approximately one-half of this increase was in the General Fund and is attributable to positive trends in property tax and sales tax performance. The remainder was due to an increase in traffic mitigation fees, reimbursements from the County of Marin for major improvements to Fire Station 57, large donations to the library facility fund, and first-time revenues for a new community facilities district. Aside from these items, the City experienced modest to moderate growth in revenues.
- Governmental fund expenditures increased by \$17.7 million to \$120.4 million, from \$102.7 million in the prior year, due primarily to public safety infrastructure and other capital improvement program expenditures.
- Enterprise fund operating revenue dropped slightly by \$65 thousand to \$5.2 million. Enterprise operating expenditures totaled \$4.6 million, an increase of \$0.8 million over the previous year. The expenditure increase was attributable primarily to the pension-related accounting adjustments in the parking fund.

OVERVIEW OF FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report is composed of the following:

1. Introductory section, which includes the Transmittal Letter and general information
2. Management's Discussion and Analysis (this part)
3. Basic Financial Statements, which include the Government-wide and the Fund financial statements along with the Notes to these financial statements
4. Combining statements for Non-Major Governmental Funds, Internal Services Funds, and Fiduciary Funds
5. Statistical Information

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which have three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements.

The basic financial statements include the City (primary government) and all legally separate entities (component units) for which the government is financially accountable. This report also contains other supplementary information in addition to the basic financial statements for further information and analysis.

Government-wide Financial Statements

The government-wide financial statements present the financial picture of the City and provide readers with a broad view of the City's finances. These statements present governmental activities and business-type activities separately and include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain interfund receivables, payables, and other interfund activity have been eliminated as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Statement of Net Position and the Statement of Activities and Changes in Net Position* report information about the City as a whole. These statements include *all* assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

The *Statement of Activities and Changes in Net Position* presents information showing how the City's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows.

In the *Statement of Net Position* and the *Statement of Activities and Changes in Net Position*, City activities are separated as follows:

Governmental Activities – Most of the City's basic services are reported in this category, including Public Safety, Public Works and Parks, Community Development, Cultural and Recreation, and Government Administration (finance, human resources, legal, City Clerk and City Manager operations). Property tax, sales and use taxes, user fees, interest income, franchise fees, hotel taxes, business licenses, and property transfer taxes, plus state and federal grants finance these activities.

Business-type Activities – The City charges fees to customers to cover the full costs of certain services it provides. The City's Parking Services program is the City's sole business-type activity.

Discretely Presented Component Units – The government-wide financial statements include not only the City itself (the primary government), but also the San Rafael Sanitation District, a legally separate entity for which the City is financially accountable. Financial information for the San Rafael Sanitation District is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 25 through 27 of this report.

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018**

Fund Financial Statements and Major Component Unit Financial Statements

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

The fund financial statements provide detailed information about each of the City's most significant funds called major funds. The concept of major funds and the determination of the major funds were established in the Governmental Accounting Standards Board Statement No. 34. Each major fund is presented individually with all non-major funds summarized and presented in a single column. Further detail on the non-major funds is presented on pages 114 through 144 of this report.

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

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

The City has twenty-nine governmental funds, of which four are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's four major funds are: the General Fund, Traffic and Housing Mitigation, Gas Tax and Essential Facilities Capital Projects. Data from the other twenty-five governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 30 through 34 of this report. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 114 through 133 of this report.

Proprietary Funds – The City maintains two different types of proprietary funds - enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Parking Services program and reports it as a major fund. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its building maintenance; vehicle, equipment and computer replacement; workers' compensation; general liability; self-insured dental program; other employee and retiree benefits programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 36 through 38 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City acts as an agent on behalf of others, holding amounts collected, and disbursing them as directed or required. The City's fiduciary activities are reported in the separate Statements of Fiduciary Net Position and the Agency Funds Statement of Changes in Assets and Liabilities. The City's fiduciary funds include a private purpose trust fund to account for activities of the City of San Rafael Successor Agency and an agency fund that accounts for resources held by the City in a custodial capacity for the Pt. San Pedro Road Assessment District. Information for the fiduciary funds can be found on pages 41 through 42 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 through 94 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. One section includes budgetary comparison statements for the major funds (general, gas tax, traffic and housing mitigation, and essential facilities capital projects). The other section is a schedule of funding progress for the Marin County Employees' Retirement System. All budgeted positions that are filled by either full-time or permanent part-time employees (working seventy-five percent of full-time equivalent) are eligible to participate in this system. Required supplementary information can be found on pages 96 through 108 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS***Statement of Net Position***

Net position is one measurement of the City's financial position. During this fiscal year, the net position of the City was \$120.1 million from Governmental Activities and \$10.1 million from Business-type Activities, for a total of \$130.2 million. This represents an increase of \$4.6 million from the prior year net position.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018**

The following is the condensed Statement of Net Position for the fiscal years ended June 30, 2018 and 2017:

	Governmental Activities		Increase	Business-Type Activities		Increase
	2018	2017	(Decrease)	2018	2017	(Decrease)
Current and other assets	\$126,251	\$83,145	\$43,106	\$3,199	\$3,267	(\$68)
Capital assets	221,978	199,506	22,472	16,151	16,444	(293)
Total assets	<u>348,229</u>	<u>282,651</u>	<u>65,578</u>	<u>19,350</u>	<u>19,711</u>	<u>(361)</u>
Deferred outflows (Notes 9 and 11)	44,932	76,869	(31,937)	1,364	2,394	(1,030)
Current and other liabilities	19,363	12,923	6,440	439	432	7
Noncurrent liabilities	219,709	209,678	10,031	9,151	10,882	(1,731)
Total liabilities	<u>239,072</u>	<u>222,601</u>	<u>16,471</u>	<u>9,590</u>	<u>11,314</u>	<u>(1,724)</u>
Deferred inflows (Notes 9 and 11)	33,947	21,403	12,544	1,060	693	367
Net Position:						
Net investment in capital assets	217,170	199,203	17,967	10,952	10,969	(17)
Restricted	25,550	29,225	(3,675)	0	0	0
Unrestricted	(122,577)	(112,913)	(9,664)	(887)	(872)	(15)
Total net position	<u>\$120,143</u>	<u>\$115,515</u>	<u>\$4,628</u>	<u>\$10,065</u>	<u>\$10,097</u>	<u>(\$32)</u>

Current Governmental assets increased by \$43.1 million, primarily due to bond proceeds being held for the public safety facility construction and improvements. The \$22.4 million increase in Capital assets reflects project-to-date activity for this activity in combination with major traffic infrastructure improvements. Current and other liabilities increased by approximately \$6.4 million, primarily due to an increase in accounts payable due to a higher level of construction activity. Noncurrent governmental liabilities increased by \$10.0 million, a result of the new bond and loan obligations of \$54.8 million and offset by a \$45.0 decrease in net pension and OPEB liabilities (Notes 9 and 11).

The net position in business-type activities reflects the fiscal activity of the Parking Services program and decreased by \$32 thousand from the previous year. The \$1,731 thousand decrease in noncurrent liabilities is driven by the decrease in net pension and OPEB liabilities. Decreases to deferred outflows and increases to deferred inflows under the reporting requirements of GASB 68 and GASB 75 offset the liability increase, thus reducing the impact on net position.

At June 30, 2018, the largest portion of net position in the amount of \$228.1 million consisted of the City's investment in capital assets net of related debt. This component represents the total amount of funds required to acquire capital assets less any related debt used for such acquisition that is still outstanding. The City uses these assets to provide services to residents. The capital assets of the City are not sources of income for repayment of debt as most assets are not revenue generating and generally are not liquidated to repay debt. Therefore, debt service payments are funded from other sources available to the City.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018**

A portion of the City's net position, \$25.6 million, is subject to external restrictions, and their use is determined by those restrictions whether legal or by covenant. The remaining portion, unrestricted negative \$123.5 million, represents the extent to which the net investment in capital assets and restricted net position exceed total assets.

Net Position as of 6/30/2018	
Total = \$ 130,208 (in thousands)	
Invested in Capital Assets (net)	\$228,122
Restricted	25,550
Unrestricted	<u>(123,464)</u>
Total Net Position	<u>\$130,208</u>

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CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018**

Statement of Activities - Governmental

The following is the condensed Statement of Activities and Changes in Net Position for the fiscal years ended June 30, 2018 and 2017:

Summary of Changes in Net Position
(in thousands)

	Governmental Activities		Increase (Decrease)
	2018	2017	
REVENUES			
Program revenues:			
Charges for services	\$19,142	\$17,282	\$1,860
Operating grants and contributions	5,143	3,965	1,178
Capital grants and contributions	975	1,703	(728)
Total program revenues	<u>25,260</u>	<u>22,950</u>	<u>2,310</u>
General revenues:			
Property taxes	24,627	23,343	1,284
Sales taxes	34,120	31,819	2,301
Paramedic tax	4,923	5,486	(563)
Transient occupancy tax	3,115	2,985	130
Franchise tax	3,727	3,611	116
Business license tax	2,790	2,775	15
Other taxes	2,246	1,825	421
Investment earnings	557	211	346
Miscellaneous	5,992	2,449	3,543
Total general revenues	<u>82,097</u>	<u>74,504</u>	<u>7,593</u>
TOTAL REVENUES	<u>107,357</u>	<u>97,454</u>	<u>9,903</u>
EXPENSES			
General government	9,836	10,996	(1,160)
Public safety	53,231	44,367	8,864
Public works and parks	22,085	19,846	2,239
Community/economic development	4,040	4,243	(203)
Culture and recreation	13,286	14,131	(845)
Interest on long-term debt	884	271	613
TOTAL EXPENSES	<u>103,362</u>	<u>93,854</u>	<u>9,508</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>3,995</u>	<u>3,600</u>	<u>395</u>
Transfers in	<u>633</u>	<u>536</u>	<u>97</u>
Total Other Financing Sources (Uses)	<u>633</u>	<u>536</u>	<u>97</u>
Net Change in Net Position	4,628	4,136	492
Beginning Net Position	115,516	111,380	4,136
Change due to implementation of GASB 75 (See Note 1Q)			0
Ending Net Position, June 30	<u>\$120,144</u>	<u>\$115,516</u>	<u>\$4,628</u>

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018**

The City's governmental activities net position increased by \$4.6 million during fiscal year 2017-2018. Year-over-year increases revenues of \$9.9 million outpaced the increase in expenses of \$9.5 million by \$0.4 million. Revenue increases were concentrated in the areas of charges for services, property taxes and sales taxes, while increases in program expenses were concentrated in public safety.

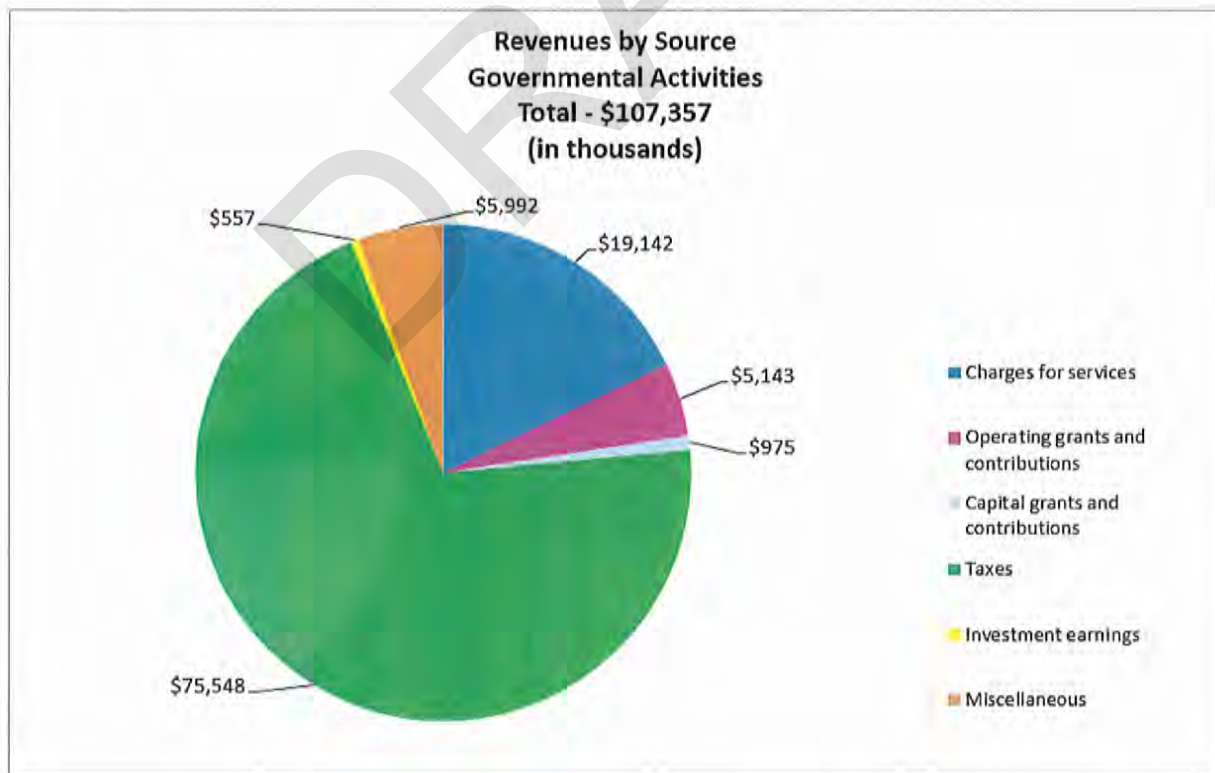
Growth in property taxes was aided by Measure D, a library parcel tax which generated revenues of a little over \$1.0 million, up from the \$868 thousand generated by the preceding library tax, Measure C.

The year-over-year \$2.8 million increase in sales taxes was buoyed by a surge in auto sales coupled with adjustments corresponding to activity in prior years.

The \$563K decline in paramedic tax revenues was due to the large collection of prior year taxes in the previous fiscal year.

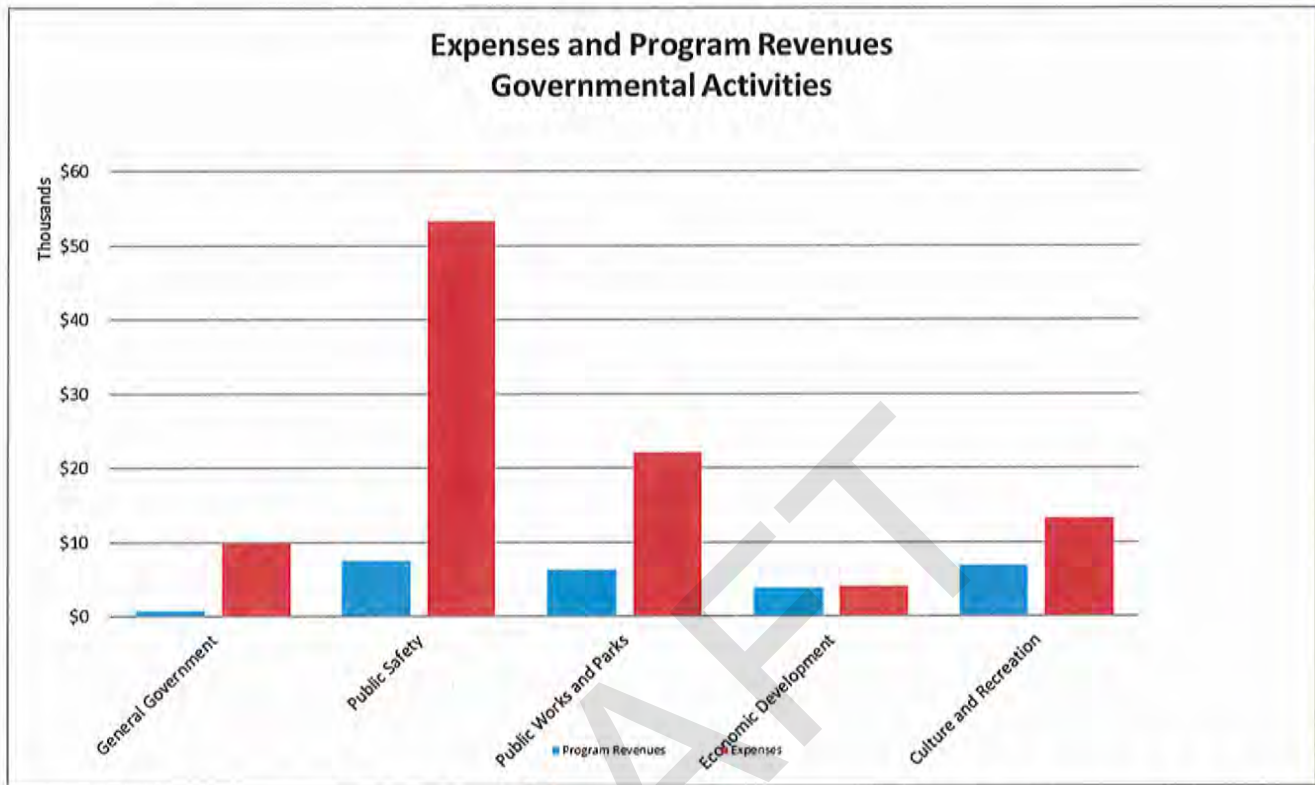
The increase in fiscal year 2017-2018 governmental expenses was due, in part to pension expense adjustments recorded under GASB 68 and increased internal service fund expenditure allocations resulting primarily from increased Liability Insurance and Workers' Compensation premiums and claims during the year. The remaining year-over-year increase is attributable to other operating costs, which increased by approximately \$5 million as a result of overtime necessary for public safety emergencies during the year as well as a general increase in overall expenditures.

The following graph shows governmental revenues by source:



CITY OF SAN RAFAEL

Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2018



Total expenses for governmental activities were \$102.5 million (excluding interest on long-term debt of \$884 thousand). Program revenues offset total expenditures as follows:

- Those who directly benefited from programs contributed \$19.2 million in charges for services.
- A total of \$6.1 million in operating and capital projects were funded by outside agencies through operating, capital grants, and contributions.

As a result, total expenses that were funded by tax revenues, investment income, other general revenues and fund balance were \$77.2 million.

Functional expenses for the year ended June 30, 2018 were as follows:

Expenses by Function
(in thousands)

Function	Amount	Percent of Total
General government	\$9,836	9.4%
Public safety	53,231	51.5%
Public works and parks	22,085	21.4%
Community development	4,040	3.9%
Culture and recreation	13,286	12.9%
Interest on debt	884	0.9%
Total expenses	\$103,362	100%

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018**

Statement of Activities – Business-type

**Summary of Changes in Net Position
For the periods ended June 30, (in thousands)**

	Business-Type Activities		Increase (Decrease)
	2018	2017	
Revenues			
Program revenues:			
Charges for services	5,204	5,268	(\$64)
Total program revenues	5,204	5,268	(64)
General revenues:			
Miscellaneous	24	11	13
Total general revenues	24	11	13
TOTAL REVENUES	5,228	5,279	(51)
Expenses			
General government	4,628	4,188	440
TOTAL EXPENSES	4,628	4,188	440
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	600	1,091	(491)
OTHER FINANCING SOURCES (USES)			
Transfers out	(633)	(536)	(97)
Total Other Financing sources (uses)			
Net Change in Net Position	(33)	555	(588)
Net Position, Beginning as of 7/1/17	10,097	9,542	555
Net Position, Ending as of 6/30/18	510,064	510,097	(\$33)

The net position for business-type activities decreased from the prior year by \$33 thousand.

- Parking services is the City's only business-type activity with income derived from program revenues of \$5.2 million. Program revenues include parking meter coin income of \$1.9 million and parking garage hourly and monthly parking income of \$1.3 million. Revenues also include parking and non-vehicle code fines totaling \$2.0 million. Total expenses for parking services were \$4.6 million and transfers out to general fund and non-major governmental fund for support totaled \$633 thousand during the fiscal year 2017-2018. The year-over-year increase in expenses was driven by routine pension-related accounting adjustments in the parking fund.

CITY OF SAN RAFAEL

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

Governmental Funds

Fund Balance Classifications

In February 2009, the Governmental Accounting Standards Board issued Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of GASB 54 was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be applied. Under GASB 54, fund balances are classified in five categories: nonspendable, restricted, committed, assigned, and unassigned based on hierarchy of constraint. Further details on fund balance classifications can be found in Note 8B.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial capacity. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2018, the City reported a combined ending fund balance of \$87.9 million of all its governmental funds (an increase of \$41.8 million from the prior year): \$1.3 million is non-spendable, \$73.5 million is restricted, \$1.8 million is committed, and \$11.3 million is assigned.

General Fund – The General Fund is the primary operating fund of the City.

General Fund – The fund balance of the General Fund as of June 30, 2018 was \$12.2 million (a decrease of \$4.5 million from the prior year balance): \$1.0 million is non-spendable and \$11.2 million is assigned. The assigned portion of the balance includes \$7.5 million for emergency and cash flow needs.

General Fund Budgetary Highlights:

The original adopted General Fund budget projected total revenue of \$77.2 million and transfers-in of \$1.3 million for total resources of \$78.5 million. This budget appropriated expenditures of \$73.0 million and transfers-out of \$6.4 million for total appropriations of \$79.4 million. Expenditures were later increased to \$74.4 million to accommodate bond issuance costs and reimbursable fire strike team expenses. Transfers-out were later increased to \$65.2 million in order to accommodate the funding of the San Rafael Essential Facilities project from Measure E Transactions and Use Tax (TUT), based on actual project expenditures; the transfer of a PG&E loan to a capital project fund; and the transfer of bond proceeds to the Essential Facilities Capital Project Fund.

Actual revenues, at \$78.5 million, were higher than the original budgeted revenues by \$1.3 million. This positive performance was primarily due to stronger-than-anticipated property tax and sales tax revenues. Actual expenditures of \$73.9 million were greater than the original budgeted expenditures by \$1.0 million, primarily due to the cost of bond issuance coupled with higher than anticipated overtime costs.

Fiscal year 2017-2018 General Fund revenues, transfers, and financing sources of 134.6 million were exceeded by expenditures, operating and capital transfers out of \$139.1 million by \$4.5 million. Consistent with the City's Essential Facilities Project funding policy, previously accumulated funds of \$4.8 million assigned to Public Safety Facilities from Measure E funds were used to cover this difference. Net operating results were sufficient to ensure that the General Fund Emergency and Cash Flow Reserve maintained its target level of 10 percent of actual expenditures.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018**

**Summary of General Fund Budget and Actual
For the fiscal year ended June 30, 2018 (in thousands)**

	Adopted Budget	Revised Budget	Actual
Revenues	\$77,133	\$78,454	\$78,469
Transfers in	1,356	1,356	1,356
Financing sources		54,814	54,814
Total resources	78,489	134,624	134,639
Expenditures	72,885	\$74,281	73,913
Operating transfers out	2,350	2,350	2,350
Capital Transfers out	4,025	62,857	62,857
Total uses	79,260	139,488	139,120
Net Results	(\$771)	(4,864)	(\$4,481)

Traffic and Housing Mitigation Fund – The City uses this fund to collect developer contributions to be used for major street improvement and housing infrastructure projects. During the year, the fund balance decreased from \$9.1 million to \$6.3 million. Revenues totaled \$0.8 million, while \$3.0 million was charged against this fund to support the maintenance of the City-wide traffic model. Intersection improvements at Freitas and Las Gallinas accounted for charges of \$2.9 million and a traffic study at Third and Hetherton added \$32.8 thousand in charges. The balance in the fund is being held in anticipation of major street projects identified in the General Plan 2020 and other qualifying expenditures.

Gas Tax Fund – The City uses this fund to manage its allocation of State gasoline taxes and local funding for street maintenance projects. Gas tax revenues were exceeded by expenditures and net transfers by \$731 thousand in fiscal year 2017-2018 resulting in a drop in fund balance from \$6.7 million to \$6.0 million.

Expenditures during fiscal year 2017-2018 totaled \$4.6 million. In addition to routine street-related maintenance which included \$1.0 million in street resurfacing, major expenditures included \$1.1 million for modifications to 2nd Street at Grand Avenue, \$537 thousand for improvements on G Street, \$522 thousand for the Francisco Blvd. multi-use path, \$266K for modifications to the corner of 3rd and Cijos, \$245 thousand for the Grand Avenue pedestrian bicycle trail, and \$218 for the Third Street rehabilitation project study.

The largest sources of revenues were \$1.1 million in development impact fees, \$1.3 million from State gasoline taxes, \$678 thousand in local Measure A, and \$280 thousand in State RMRA (Road Maintenance and Rehabilitation Account) funding.

Essential Facilities Capital Projects Fund – The City uses this fund to account for major capital improvements to public safety facilities. The currently active construction projects are Fire Station 57, Fire Station 52 and the Public Safety Center. Expenditures during fiscal year 2017-2018 totaled \$16.6 million, of which \$8.8 million was transferred from the General Fund from an allocation of Measure E Transaction and Use Tax, \$2.3 million from reimbursements from the County of Marin for its share of Fire Station 57 costs, and the remainder provided from bond proceeds associated with the 2018 Lease Revenue Bonds.

CITY OF SAN RAFAEL

Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

Non-major Governmental Funds – The City's non-major funds are presented in the basic financial statements in the aggregate. At June 30, 2018, non-major funds had a total fund balance of \$14.2 million, a \$0.6 million increase over that of the previous year. The largest fund balance increase, \$1.7 million, was recorded in the Library Fund which recorded two large bequeathments. The Stormwater fund increased by \$400 thousand, in anticipation of large maintenance needs. The largest decline in fund balance, \$475 thousand, was in the Emergency Medical Services Fund, a direct result of planned capital transfers to support the delivery of medical transport services.

Of the ending total non-major fund balances of \$14.2 million: \$12.0 million (84%) is legally restricted for specific purposes by external funding source providers, \$1.8 million (13%) is committed for special purposes by the City Council, \$0.3 (2%) million is nonspendable, and \$0.1 million (1%) is assigned. Additional information about these aggregated non-major funds is presented in the combining statements which immediately follow the required supplementary information.

Proprietary Funds

The City's proprietary funds are presented in the basic financial statements in a manner similar to that found in the government-wide financial statements, but in more detail. As noted in the Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position at page 37, the City's Enterprise fund net position decreased by \$152 thousand during the fiscal year. The Parking Services Fund is the City's sole business-type (Enterprise) activity.

The proprietary fund operating revenue decreased by \$65 thousand in fiscal year 2017-2018 to \$5.2 million. The Enterprise fund operating expenses were \$4.6 million in fiscal year 2017-2018, an increase of \$0.8 million over the prior fiscal year. The change in operating expenses was primarily driven by the recognition of pension and OPEB expenses under Governmental Accounting Standards Board Statement Nos. 68 and 75.

The City's Internal Service Funds are also reported in this Proprietary Fund classification. In fiscal year 2017-2018, the Internal Services Funds were comprised of: Building Maintenance, Vehicle Replacement, Equipment Replacement, Employee Benefits, Liability Insurance, Workers' Compensation, Dental Insurance, Employee Retirement, OPEB/Retiree Medical, Radio Replacement, Telephone Replacement and Sewer Maintenance. The net position of the Internal Service Funds decreased by \$391 thousand. Net investment in capital assets increased by \$4.9 million, while unrestricted fund balance decreased by \$5.3 million. The increase in capital assets resulted primarily from facility projects and vehicle replacements. The decrease in unrestricted fund balance reflected the use of accumulated funds in support of these projects. In addition, unrestricted funds were applied to the \$1.0 million increase in general liabilities in the Liability Insurance fund. The other Internal Service Funds reported small-to-moderate changes to their respective net positions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$238.1 million, net of accumulated depreciation of \$174.8 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items. The net addition to the City's investment in capital assets for the current fiscal year was \$29.0 million, offset by accumulated depreciation of \$6.9 million.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018**

Additions to capital assets during fiscal year 2017-2018 included:

- Building and structure projects: \$0.7 million
 - City Hall & Terra Linda Center Re-Roof - \$661k
- Infrastructure: \$2.5 million
 - G Street Improvement Phase I- \$538k
 - Del Presidio Blvd-Pt. San Pedro Resurfacing - \$841k
 - 2nd Street at Grand Ave. Intersection Modification - \$1.2 million

The City's Capital Assets for the fiscal years ending June 30, 2018 and 2017 were as follows:

Summary of Capital Assets (in thousands)		
	2018	2017
Governmental Activities		
Land	\$83,662	\$83,662
Construction in progress	35,720	11,847
Land improvements	9,020	9,020
Buildings and structures	43,559	42,896
Machinery and equipment	20,971	18,841
Infrastructure	199,560	197,025
Less accumulated depreciation	(170,514)	(163,785)
Subtotal Governmental Activities	221,978	199,506
Business-type Activities		
Land	8,621	8,621
Buildings and structures	10,714	10,714
Machinery and equipment	1,128	1,212
Less accumulated depreciation	(4,313)	(4,103)
Subtotal Business-type Activities	16,150	16,444
Total Capital Assets	\$238,128	\$215,950

Additional information on the City's capital assets can be found in Note 5 on pages 63 through 64 of this report.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018****Debt Administration**

The City's debt obligations were stable year-over year and reflect payments of principal made during the year. The debt of the former Redevelopment Agency is reported under the Successor Agency, which is presented as Private-Purpose Trust Fund on the Statement of Fiduciary Net Position. (See Note 6 of the financial statements for additional information on the debt obligations of the City and Note 15 for additional information on the Successor Agency.) The City's long-term obligations for the fiscal years ending June 30, 2018 and 2017 were as follows:

**Summary of Long-Term Debt
(in thousands)**

	<u>2018</u>	<u>2017</u>
Governmental Activity Debt:		
2018 Authority Lease Revenue Bond	\$53,612	
2010 Taxable Pension Obligation Bonds	4,185	\$4,390
PG & E City Hall HVAC Retrofit Note Payable	179	213
PG & E Street Light Retrofit Note Payable	49	91
PG & E Efficiency Note Payable	1,081	
Subtotal Governmental Activity Debt	<u>59,106</u>	<u>4,694</u>
Business-type Debt:		
PG & E Parking Lot Lighting Retrofit Note Payable	35	41
2012 Authority Lease Revenue refunding Bonds, as adjusted	5,164	5,434
Subtotal Business-type Debt	<u>5,199</u>	<u>5,475</u>
Total Long-Term Obligations	<u><u>\$64,305</u></u>	<u><u>\$10,169</u></u>

ECONOMIC CLIMATE AND NEXT YEAR'S BUDGET

This fiscal year begins on a high note. From a national perspective unemployment is at a 17-year low of 3.9% and the current bull market has become the longest in U.S. history with the S&P 500 setting a record high in August. Tax cuts enacted at the end of 2017 have provided a boost to the national economy and as a result economic growth has hit an almost four-year high and job creation as well as wage growth remain strong. However, significant challenges still exist with rising income inequality, increasing medical and pension costs, deteriorating infrastructure, and government deficits. Not to mention the looming trade war with China, where newly announced tariffs \$200 billion of Chinese goods threatens consumer spending and business investment.

California is also on strong economic footing to begin the fiscal year with unemployment at 4.2% with almost 350,000 nonfarm payroll jobs created in the last year, an increase of over 2%. The state's fiscal 2019 budget assumes continued expansion and forecasts capital gains at unprecedented high levels allowing for the state's rainy day fund to project full funding by year-end. Concerns of the next recession remain and the identified "Wall of Debt" still looms over the state's long-term outlook.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018**

Locally, Marin County's unemployment rate is among the lowest in the State at 2.7% and total employment figures are forecasted to grow at an average rate of 0.9% through 2022. Per capita income has seen an average annual increase of over 4% over the last two years and is projected to continue to grow 2.1% per year through 2022. Overall, economic indicators show Marin County to be in a steady growth pattern for the foreseeable future with taxable sales, industrial production as well as per capita income all projected for growth in the years ahead.

In San Rafael, property taxes have sustained moderate growth while sales taxes have begun to level out after years of steady growth. The trend of consumer spending continues to shift to online retailers and away from brick-and-mortar locations. The Wayfair ruling in June of this year could lead to a positive impact in this regard should California capitalize on the ruling which overturned the Supreme Court's 1992 physical presence threshold for when states could tax remote sales.

The City's general fund has been fueled by the momentum of six consecutive years of solid operating results. Service levels have increased moderately over the past few years, with resources being allocated to homeless issues, massage ordinance enforcement, open space management and deferred maintenance. At the same time, the City is fully funding its actuarially-determined, required contributions for both pension and retiree medical (OPEB) obligations.

Reductions in staffing and service levels, coupled with deferred maintenance of City facilities as method of coping with past economic downturns means that, although the City is able to maintain and, in some cases, improve on its level of services and make some strategic investments for the City's future, there will still be critical, unfunded capital and maintenance needs.

Sales tax and transactions and use tax (Measure E) combined, represent the City's largest tax revenue generators. The City's forecast shows continued, but moderate, growth interrupted by a flat year in fiscal year 2018-2019. A handful of retail store closures account for this slow down.

The City's second largest tax generator is property tax. The City is expecting the fiscal year 2018-2019 tax roll to increase by approximately four percent over the previous year. Other tax and non-tax revenues are expected to grow moderately, in the range of two to four percent.

The City's largest expenditure relates to personnel costs. Salaries and benefits are tied to the labor agreements with each bargaining group. With the exception of SEIU-Childcare, which has a three-year contract terminating on October 31, 2019, the City's labor units are all operating under two-year contracts that expire on June 30, 2020.

In the bond markets, the San Rafael name is recognized as a high credit municipal entity given both the City's financial strength and solid financial management. Because the City's bonds are highly sought by investors and are competitive in the marketplace, the City can borrow funds at reasonably attractive rates. The City maintains an AA issuer credit rating with Standard & Poor's Ratings Services.

Following three years of funding the San Rafael Essential Facilities capital improvements project exclusively from current General Fund Measure E revenues, the City has begun to use proceeds from the 2018 Lease Revenue Bonds. The project, which includes a new public safety administrative building and major safety and operational improvements to fire stations, is being funded from a dedicated portion of the Measure E TUT which will be used to pay debt service on the bonds after construction. General Fund balances are expected to remain stable for the year and the Emergency and Cashflow Reserve will continue to meet or exceed the ten percent target funding level.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018**

REQUEST FOR INFORMATION

This financial report is designed to provide our residents, businesses, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for providing high quality services within the limits of our fiscal resources. If you have questions about this report or need additional financial information, contact the City of San Rafael – Finance Department at 1400 Fifth Avenue, Room 204, San Rafael, California 94901.

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CITY OF SAN RAFAEL

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position. They are also referred to as Government-wide financial statements.

The Statement of Net Position reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's net position, by subtracting total liabilities from total assets.

The Statement of Net Position summarizes the financial position of all of the City's Governmental Activities in a single column, and the financial position of all the City's Business-type Activities in a single column; these columns are followed by a total column which presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues - that is, revenues which are generated directly by these programs - are then deducted from program expenses to arrive at the net expense of each governmental and Business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City and the San Rafael Joint Powers Financing Authority which are legally separate but are considered to be component units of the City because they are controlled by the City, which is financially accountable for their activities. The balances and the activities of the San Rafael Sanitation District, a discretely presented component unit, are included in these statements in a separate column.



CITY OF SAN RAFAEL
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	San Rafael Sanitation District
ASSETS				
Cash and investments available for operations (Note 2)	\$55,696,735	\$3,200,268	\$58,897,003	\$30,502,613
Restricted cash and investments (Note 2)	50,816,452		50,816,452	
Receivables:				
Accounts	4,108,284	41,347	4,149,631	324,537
Taxes	8,035,409		8,035,409	
Grants	473,510		473,510	
Interest	279,785		279,785	
Loans (Note 4)	460,026		460,026	
Long-term receivable from the Successor Agency (Note 15D)	571,330		571,330	
Long-term receivable from San Rafael Sanitation District (Note 4F)	4,621,437		4,621,437	
Internal balances (Note 3B)	42,069	(42,069)		
Prepaid expenses and others	1,146,459		1,146,459	55,289
Capital assets (Note 5):				
Nondepreciable	119,382,477	8,620,853	128,003,330	891,133
Depreciable, net	102,595,551	7,529,538	110,125,089	47,741,924
Total Assets	348,229,524	19,349,937	367,579,461	79,515,496
DEFERRED OUTFLOWS				
Deferred outflows related to pension (Note 9)	37,363,857	1,199,315	38,563,172	
Deferred outflows related to OPEB (Note 11)	7,567,802	165,198	7,733,000	
Total Deferred Outflows	44,931,659	1,364,513	46,296,172	
LIABILITIES				
Accounts payable	14,521,173	95,513	14,616,686	386,592
Deposits payable	243,783		243,783	
Interest payable		44,522	44,522	
Developer deposits payable	599,675		599,675	
Unearned revenue	231,594		231,594	
Claims payable (Note 13):				
Due in one year	2,696,736		2,696,736	
Due in more than one year	6,846,939		6,846,939	
Compensated absences (Note 1K):				
Due in one year	574,457	16,933	591,390	
Due in more than one year	4,021,198	118,531	4,139,729	
Long-term debt (Note 6):				
Due in one year	495,172	281,816	776,988	
Due in more than one year	58,610,876	4,917,057	63,527,933	
Long-term payable to the City of San Rafael (Note 4F)				4,621,437
Net OPEB liability (Note 11)	33,332,951	363,049	33,696,000	
Net pension liability (Note 9)	116,897,481	3,752,206	120,649,687	
Total Liabilities	239,072,035	9,589,627	248,661,662	5,008,029
DEFERRED INFLOWS				
Deferred inflows related to pension (Note 9)	30,624,579	982,996	31,607,575	
Deferred inflows related to OPEB (Note 11)	3,321,843	77,157	3,399,000	
Total Deferred Inflows	33,946,422	1,060,153	35,006,575	
NET POSITION (Note 8):				
Net investment in capital assets	217,170,376	10,951,518	228,121,894	48,633,057
Restricted for:				
Special revenue projects:				
Housing and street improvements	13,205,588		13,205,588	
Stormwater	589,023		589,023	
Emergency medical services	1,269,432		1,269,432	
Other	8,962,590		8,962,590	
Capital projects	1,354,628		1,354,628	
Debt service	168,322		168,322	
Total Restricted Net Position	25,549,583		25,549,583	
Unrestricted	(122,577,233)	(886,848)	(123,464,081)	25,874,410
Total Net Position	\$120,142,726	\$10,064,670	\$130,207,396	\$74,507,467

See accompanying notes to financial statements

CITY OF SAN RAFAEL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$9,835,941	\$517,542	\$252,490	
Public safety	53,231,197	5,628,478	1,842,521	
Public works and parks	22,084,433	2,362,375	2,919,868	\$974,603
Community development	4,040,195	3,814,892		
Culture and recreation	13,285,563	6,819,303	127,791	
Interest on long-term debt and fiscal charges	884,336			
Total Governmental Activities	103,361,665	19,142,590	5,142,670	974,603
Business-type Activities				
Parking services	4,627,716	5,203,585		
Total Business-type Activities	4,627,716	5,203,585	-	-
Total Primary Government	\$107,989,381	\$24,346,175	\$5,142,670	\$974,603
Component Unit				
San Rafael Sanitation District	\$12,235,868	\$16,829,908	\$ 58,440	\$ 105,734

General revenues:

- Taxes:
 - Property
- Sales:
 - Sales and Use
 - Measure E half-cent sales
 - Measure E quarter-cent sales
 - Measure S
- Paramedic
- Transient occupancy
- Franchise
- Business license
- Other
- Investment earnings
- Miscellaneous
- Transfers (Note 3A)

Total general revenues and transfers

Change in Net Position

Net Position, beginning of year

Net Position, end of year

See accompanying notes to financial statements

Net (Expenses) Revenues and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	San Rafael Sanitation District
(\$9,065,909)		(\$9,065,909)	
(45,760,198)		(45,760,198)	
(15,827,587)		(15,827,587)	
(225,303)		(225,303)	
(6,338,469)		(6,338,469)	
(884,336)		(884,336)	
<u>(78,101,802)</u>		<u>(78,101,802)</u>	
	\$575,869	575,869	
-	575,869	575,869	
<u>(78,101,802)</u>	<u>575,869</u>	<u>(77,525,933)</u>	
			\$4,758,214
24,627,373		24,627,373	1,620,584
22,024,974		22,024,974	
8,050,000		8,050,000	
4,025,000		4,025,000	
19,528		19,528	
4,923,148		4,923,148	
3,115,151		3,115,151	
3,726,841		3,726,841	
2,790,212		2,790,212	
2,245,882		2,245,882	
556,745	24,436	581,181	234,379
5,991,713		5,991,713	10,690
632,657	(632,657)		
<u>82,729,224</u>	<u>(608,221)</u>	<u>82,121,003</u>	<u>1,865,653</u>
4,627,422	(32,352)	4,595,070	6,623,867
<u>115,515,304</u>	<u>10,097,022</u>	<u>125,612,326</u>	<u>67,883,600</u>
<u>\$120,142,726</u>	<u>\$10,064,670</u>	<u>\$130,207,396</u>	<u>\$74,507,467</u>



FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year. Only individual major funds are presented in the Fund Financial Statements, while non-major funds are combined in a single column. Individual non-major funds may be found in the Supplemental Section.

The funds described below were determined to be major funds by the City in fiscal year 2017-2018:

GENERAL FUND

Established to account for all financial resources necessary to carry out basic governmental activities of the City which are not accounted for in another fund. The General Fund supports essential City services such as police and fire protection, building and street maintenance, libraries, recreation, parks and open space maintenance.

TRAFFIC AND HOUSING MITIGATION SPECIAL REVENUE FUND

Established to maintain long-term developer contributions for major housing and street improvement projects.

GAS TAX SPECIAL REVENUE FUND

Established to receive and expend the City's allocation of the State gasoline taxes.

ESSENTIAL FACILITIES CAPITAL PROJECTS FUND

Established to account for major capital improvements to public safety facilities.

CITY OF SAN RAFAEL
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	Special Revenue Funds		
	General	Traffic and Housing Mitigation	Gas Tax
ASSETS			
Cash and investments available for operations (Note 2)	\$7,628,610	\$6,661,776	\$6,318,344
Restricted cash and investments (Note 2)			
Receivables:			
Accounts	1,435,919		703,254
Taxes	7,612,489		153,689
Grants	134,479		
Interest	204,510		
Loans (Note 4)	164,141	45,716	
Long-term receivable from the Successor Agency (Note 15D)	571,330		
Prepays	844,093		
Total Assets	\$18,595,571	\$6,707,492	\$7,175,287
LIABILITIES			
Accounts payable	\$4,029,694	\$401,119	\$1,183,006
Deposits payable	220,730		
Developer deposits payable	454,797		
Unearned revenue			
Total Liabilities	4,705,221	401,119	1,183,006
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - SB90 reimbursement receivable	1,096,066		
Unavailable revenue - long-term receivable from Successor Agency	571,330		
Total Deferred Inflows of Resources	1,667,396		
Fund Balances (Note 8):			
Nonspendable	1,008,234		
Restricted		6,306,373	5,992,281
Committed			
Assigned	11,214,720		
Total Fund Balances	12,222,954	6,306,373	5,992,281
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$18,595,571	\$6,707,492	\$7,175,287

See accompanying notes to basic financial statements

Essential Facilities Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$3,155,347	\$14,494,490	\$38,258,567
50,113,396	703,056	50,816,452
1,055,056	895,086	4,089,315
	269,231	8,035,409
	339,031	473,510
71,123	4,152	279,785
	250,169	460,026
		571,330
	302,366	1,146,459
<u>\$54,394,922</u>	<u>\$17,257,581</u>	<u>\$104,130,853</u>
\$5,185,870	\$2,702,783	\$13,502,472
	23,053	243,783
	144,878	599,675
	231,594	231,594
<u>5,185,870</u>	<u>3,102,308</u>	<u>14,577,524</u>
		1,096,066
		571,330
		1,667,396
	302,366	1,310,600
49,209,052	11,981,982	73,489,688
	1,754,983	1,754,983
	115,942	11,330,662
<u>49,209,052</u>	<u>14,155,273</u>	<u>87,885,933</u>
<u>\$54,394,922</u>	<u>\$17,257,581</u>	<u>\$104,130,853</u>

CITY OF SAN RAFAEL
 GOVERNMENTAL FUNDS
 BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
 FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
 JUNE 30, 2018

Total fund balances reported on the governmental funds balance sheet	\$87,885,933
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:</p>	
<p>Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds.</p>	208,207,110
<p>Internal service funds are used by management to charge the cost of management of building, workers' compensation, employee benefits, insurance, and post-retirement healthcare benefits to individual funds. The assets and liabilities are included in Governmental Activities in the Statement of Net Position.</p>	20,707,748
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.</p>	(59,106,048)
Compensated absences	(4,595,655)
Unavailable revenue	1,667,396
Long-term receivables from San Rafael Sanitation District	4,621,437
Deferred outflow related to pension	37,363,857
Net pension liability	(116,897,481)
Deferred inflow related to pension	(30,624,579)
Deferred outflow related to OPEB	7,567,802
Deferred inflow related to OPEB	(3,321,843)
Net OPEB liability	<u>(33,332,951)</u>
Net position of governmental activities	<u><u>\$120,142,726</u></u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				Total Governmental Funds
	General	Traffic and Housing Mitigation	Gas Tax	Essential Facilities Capital Projects Fund	
REVENUES					
Taxes and special assessments	\$68,079,065	\$39,619	\$44,478		\$6,730,627
Licenses and permits	2,718,166				
Fines and forfeitures	384,268				
Use of money and properties	175,230	56,994	45,748	\$196,846	179,713
Intergovernmental	4,103,766		2,949,961		1,825,247
Charges for services	2,379,046	662,332	1,097,941		10,520,775
Other revenue	629,348			2,158,166	2,431,900
Total Revenues	78,468,889	758,945	4,138,128	2,355,012	21,688,262
EXPENDITURES					
Current:					
General government	9,686,131	50,900			273,069
Public safety	43,481,474				8,324,234
Public works and parks	11,953,335	2,974,669	1,580,271		1,139,037
Community development	4,051,224				
Culture and recreation	3,229,533				9,594,238
Capital outlay	225,996		2,986,597	16,622,567	2,980,807
Debt service:					
Principal	280,172				
Interest and fiscal charges	1,005,636				
Total Expenditures	73,913,501	3,025,569	4,566,868	16,622,567	22,311,385
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,555,388	(2,266,624)	(428,740)	(14,267,555)	(623,123)
OTHER FINANCING SOURCES (USES)					
Bonds Issued (Note 6A)	45,485,000				
Bond premium (Note 6)	8,248,397				
Note Issued (Note 6A)	1,080,800				
Transfers in (Note 3A)	1,356,344	148,788	246,113	63,476,607	3,124,112
Transfers out (Note 3A)	(65,207,407)	(711,221)	(548,788)		(1,905,806)
Total Other Financing Sources (Uses)	(9,036,866)	(562,433)	(302,675)	63,476,607	1,218,306
Net Change in Fund Balances	(4,481,478)	(2,829,057)	(731,415)	49,209,052	595,183
FUND BALANCES, BEGINNING OF YEAR	16,704,432	9,135,430	6,723,696		13,560,090
FUND BALANCES, END OF YEAR	\$12,222,954	\$6,306,373	\$5,992,281	\$49,209,052	\$14,155,273

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$41,762,285

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

Capital Assets Transactions

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. Capital outlay and improvement expenditures are added back to fund balance 22,815,967
 Other capitalized expenditures are added back to fund balance 1,440,629
 Loss on disposal of capital assets is deducted from fund balance (237,868)
 Depreciation expense is deducted from fund balance (6,489,952)

Long-Term Debt Proceeds and Payments

Governmental funds record proceeds and payments as other financing sources and expenditures. However, in the Statement of Net Position, those costs are reversed as increases and decreases in long-term liabilities. Long-term debt issuance (54,814,197)
 Repayments on long-term debt principal 280,172
 Amortized bond premium expense is added back to fund balance 121,300

Accrual of Non-Current Items

The amount below included in the Statement of Activities does not require the use of current financial resources and therefore is not reported as revenue or expenditures in governmental funds (net change): Compensated absences (210,912)
 Unavailable revenue (190,617)
 Long-term receivable from San Rafael Sanitary District 93,601

Net Pension Liability Transactions

Governmental funds record pension expense as it is paid. However, in the Statement of Activities those costs are reversed as deferred outflows/(inflows) and an increase/(decrease) in net pension liability. 403,481

Net OPEB Liability Transactions

Governmental funds record OPEB expense as it is paid. However, in the Statement of Activities those costs are reversed as deferred outflows/(inflows) and an increase/(decrease) in net OPEB liability. 164,186

Allocation of Internal Service Fund Activities

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service fund is reported with governmental activities. (510,653)

Change in Net Position of Governmental Activities \$4,627,422

See accompanying notes to financial statements

PROPRIETARY FUND FINANCIAL STATEMENTS

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

The City reports its only enterprise fund, as a major fund.

PARKING SERVICES FUND

Established to maintain parking garages, lots and spaces in the Downtown Parking District, and to pay for parking enforcement and meter collection.

INTERNAL SERVICE FUNDS

Established to account for department services and financing performed for other departments within the same governmental jurisdiction. Funding comes from charges assessed to the departments benefiting from the service.

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CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2018

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
ASSETS		
Current Assets:		
Cash and investments available for operations (Note 2)	\$3,200,268	\$17,438,168
Receivable:		
Accounts	41,347	18,969
Total Current Assets	3,241,615	17,457,137
Noncurrent Assets:		
Capital assets (Note 5):		
Nondepreciable	8,620,853	3,153,481
Depreciable, net	7,529,538	10,617,437
Total Noncurrent Assets	16,150,391	13,770,918
Total Assets	19,392,006	31,228,055
DEFERRED OUTFLOWS		
Deferred outflows related to pension (Note 9)	1,199,315	
Deferred outflows related to OPEB (Note 11)	165,198	
Total Deferred Outflows	1,364,513	
LIABILITIES		
Current Liabilities:		
Accounts payable	95,513	1,018,701
Interest payable	44,522	
Compensated absences, due in one year (Note 1K)	16,933	
Claims payable, due in one year (Note 13)		2,696,736
Long-term debt, due in one year (Note 6)	281,816	
Total Current Liabilities	438,784	3,715,437
Noncurrent Liabilities:		
Compensated absences (Note 1K)	118,531	
Claims payable (Note 13)		6,846,939
Long-term debt (Note 6)	4,917,057	
Net OPEB liability (Note 11)	363,049	
Net pension liability (Note 9)	3,752,206	
Total Noncurrent Liabilities	9,150,843	6,846,939
Total Liabilities	9,589,627	10,562,376
DEFERRED INFLOWS		
Deferred inflows related to pension (Note 9)	982,996	
Deferred inflows related to OPEB (Note 11)	77,157	
Total Deferred Inflows	1,060,153	
NET POSITION (Note 8):		
Net investment in capital assets	10,951,518	13,770,918
Unrestricted	(844,779)	6,894,761
Total Net Position	10,106,739	\$20,665,679
Some amounts reported for <i>business-type activities</i> in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with <i>business-type</i> activities.	(42,069)	
Net position <i>business-type activities</i>	\$10,064,670	

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
OPERATING REVENUES		
Charges for current services	\$3,166,681	\$14,840,684
Other operating revenues	2,036,904	965,033
Total Operating Revenues	5,203,585	15,805,717
OPERATING EXPENSES		
Personnel	2,366,761	3,670,463
Insurance premiums and claims		7,533,460
Maintenance and repairs	203,002	(146,671)
Depreciation (Note 5)	241,389	1,203,311
General and administrative	1,752,383	4,739,382
Total Operating Expenses	4,563,535	16,999,945
Operating Income	640,050	(1,194,228)
NONOPERATING REVENUES (EXPENSES)		
Investment income	24,436	128,744
Interest expense	(184,163)	
Miscellaneous income		44,124
Loss on sale of capital assets		(23,226)
Total Nonoperating Revenues (Expenses)	(159,727)	149,642
Income Before Transfers	480,323	(1,044,586)
TRANSFERS IN (Note 3A)		1,265,351
TRANSFERS OUT (Note 3A)	(632,657)	(611,436)
Change in Net Position	(152,334)	(390,671)
NET POSITION, BEGINNING OF YEAR	10,259,073	21,056,350
NET POSITION, END OF YEAR	\$10,106,739	\$20,665,679

* Reconciliation of the Change in Net Position with the Statement of Activities

Change in Net Position (\$152,334)

Some amounts reported for *business-type activities* in the Statement of Activities are different because the portion of the net income of certain internal service funds is reported with the business-type activities which those funds serviced.

119,982

Change in Net Position of Business-type Activities

(\$32,352)

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers/other funds	\$3,166,681	\$15,902,273
Cash payments to suppliers for goods and services	(1,795,085)	(13,328,317)
Cash payments to employees for salaries and benefits	(2,422,672)	(1,099,561)
Other operating revenues	2,052,607	965,033
Cash Flows from Operating Activities	1,001,531	2,439,428
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund receipts		1,265,351
Interfund payments	(570,877)	(611,436)
Cash Flows from Noncapital Financing Activities	(570,877)	653,915
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on revenue bonds and note payable	(276,092)	
Interest expenses and fiscal charges	(186,188)	
Acquisition of capital assets	(9,953)	(6,338,654)
Proceeds from sale of property		44,124
Cash Flows from Capital and Related Financing Activities	(472,233)	(6,294,530)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	24,436	128,744
Cash Flows from Investing Activities	24,436	128,744
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,143)	(3,072,443)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,217,411	20,510,611
CASH AND CASH EQUIVALENTS, END OF YEAR	\$3,200,268	\$17,438,168
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$640,050	(\$1,194,228)
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation	241,389	1,203,311
Net change in assets and liabilities:		
Accounts receivable	15,703	(18,969)
Prepays and deposits	154,835	
Loans receivable		1,080,558
(Decrease) in due to OPEB system	(3,814)	
Accounts payable	5,465	572,419
Compensated absence obligations	(6,161)	
(Decrease) in due to retirement system	(45,936)	
Claims payable		796,337
Net Cash Provided by Operating Activities	\$1,001,531	\$2,439,428
NON-CASH TRANSACTIONS:		
Amortization of bond discount	\$725	

See accompanying notes to basic financial statements

FIDUCIARY FUND FINANCIAL STATEMENTS
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Fiduciary funds are used to account for assets held by the City as an agent or custodian for other entities. The financial activities of such funds are excluded from the Government-wide financial statements and presented in fund statements that consist of a Statement of Net Position.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY – PRIVATE PURPOSE TRUST FUND

Established to account for the activities of the Successor Agency to the San Rafael Redevelopment Agency.

PT. SAN PEDRO ROAD ASSESSMENT DISTRICT AGENCY FUND

Established to accumulate funds for payment of principal and interest for Pt. San Pedro Road Median Landscaping Assessment District bonds.

DRAFT

CITY OF SAN RAFAEL
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2018

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund	Pt. San Pedro Road Assessment District Agency Fund
ASSETS		
Cash and investments (Note 2)	\$194,173	
Restricted cash and investments (Note 2)	53	\$286,396
Receivable:		
Taxes	3,277,450	983
Total Assets	\$3,471,676	\$287,379
LIABILITIES		
Accounts payable	\$5,666	
Interest payable	59,575	\$25,474
Other long-term obligations (Note 15D)	571,330	
Due to bondholders		261,905
Long-term debt (Note 15C):		
Due within one year	3,229,081	
Due more than one year	12,907,667	
Total Liabilities	16,773,319	\$287,379
NET POSITION (DEFICIT)		
Held in trust for private purpose	(\$13,301,643)	

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2018

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
	Trust Fund
ADDITIONS	
Property taxes	\$3,930,522
Use of money and property	\$437
Bond premium	\$79,861
Total Additions	4,010,820
DEDUCTIONS	
General government	156,641
Interest expense	860,792
Total Deductions	1,017,433
Change in Net Position	2,993,387
NET POSITION HELD IN TRUST FUND FOR OTHER PURPOSES	
Beginning of year	(16,295,030)
End of year	(\$13,301,643)

See accompanying notes to financial statements



CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Description of the Financial Reporting Entity*

As required by generally accepted accounting principles, the financial statements present the City of San Rafael (the City) as the Primary Government, with its component units for which the City is considered financially accountable. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City.

B. *Description of Blended Component Units*

The accompanying basic financial statements include all funds and boards and commissions that are controlled by the City Council. The basic financial statements include the City's blended component units, entities for which the City is considered to be financially accountable. A blended component unit, although a legally separate entity, is in substance, part of the City's operations and so data from this entity is combined with the City. The City's blended component units are described below.

San Rafael Joint Powers Financing Authority – The San Rafael Joint Powers Financing Authority (Authority) was formed by the City of San Rafael and the former San Rafael Redevelopment Agency (Agency) pursuant to Articles 1 and 2 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California for the purpose of assisting in the financing and refinancing of certain assessment district and redevelopment-related activities in the City. On March 18, 2013, the Agency was replaced by the California Municipal Finance Authority (CMFA) in order that the life of the Authority would extend beyond that of the Agency. The Authority is administered by a governing board whose members are the City Council of the City of San Rafael.

Activities of the Authority related to the 2012 Authority Lease Revenue Refunding Bonds are reported in the Parking Services Enterprise Funds. Activities of the Authority related to the 2018 Authority Lease Revenue Bonds are reported in the City's General Fund and the Essential Facilities Capital Projects Fund. Separate financial statements are not prepared for the Authority.

C. *Description of Discretely Presented Component Unit*

San Rafael Sanitation District – The San Rafael Sanitation District (District) was formed in 1947 under Section 4700 of the California Health and Safety Code to provide wastewater transmission over the southern two-thirds of the City and adjacent unincorporated areas.

The District is governed by a three-member Board of Directors who are appointed to four-year terms. The City Council of the City appoints two out of the three board members and has the ability to remove the two board members at will.

The City contracts with the District to maintain the collection systems in the City and surrounding unincorporated areas. These employees are paid through the City's payroll department and participate in the City's cost-sharing multiple-employer defined benefit pension plan administered by the Marin County Employees' Retirement Association. The employees also participate in the City's healthcare benefits plan which includes a provision for postemployment benefits. These costs are the obligation of the District and not the City. As discussed in Note 4F, a receivable from the District has been established.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District's activities are reported as a discretely presented component unit in a separate column in the basic financial statements which includes the District's assets, liabilities, revenues, expenses, results of operations and cash flows. The District's fiscal year ends on June 30 and its separately issued component unit financial statements can be obtained at the San Rafael Sanitation District, 111 Morphew Street, San Rafael, California 94901.

D. Basis of Presentation

Government-wide Statements - The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Interfund transfers and amounts owed between funds within the primary government have been eliminated from the statements. Amounts representing interfund services and uses remain in the statements. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

E. Major Funds and Other Reported Funds

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

General Fund – Established to account for all financial resources necessary to carry out basic governmental activities of the City which are not accounted for in another fund.

Traffic and Housing Mitigation Special Revenue Fund – Established to maintain long-term developer contributions for major housing and street improvement projects.

Gas Tax Special Revenue Fund - Established to receive and expend the City's allocation of the State gasoline taxes.

Essential Facilities Capital Projects Fund – Established to account for major capital improvements to public safety facilities.

The City reported its only enterprise fund as a major fund in the accompanying financial statements. The enterprise fund is:

Parking Services Fund – Established to maintain parking garages, lots and spaces in the Downtown Parking District, and to pay for parking enforcement, meter collection, and downtown enforcement services.

The City also reports the following fund types:

Internal Service Funds - These funds account for: building maintenance; vehicle, equipment computer, radio, and telephone replacement; employee benefits; liability insurance; workers' compensation; dental insurance; employee retirement; and retiree medical (OPEB); and sewer maintenance.

Fiduciary Fund – These funds include: *Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund* – which accounts for the accumulation of resources held by the Successor Agency to the Redevelopment Agency to be used for payments at appropriate amounts and times in the future; *Pt. San Pedro Road Assessment District Agency Fund* – which accumulates funds for the payment of principal and interest for Pt. San Pedro Road Median Landscaping District bonds. The financial activities of these funds are excluded from the government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

F. Basis of Accounting

The government-wide, proprietary, fiduciary and discretely presented component unit financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end with the exception of sales and use tax revenues which are reported as available if collected within ninety days of year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are property and sales taxes, certain intergovernmental revenues, interest revenue, charges for services, fines and forfeitures. Other receipts and taxes are recognized as revenue when the cash is received.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenue. Thus, both restricted and unrestricted net position may be made available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

The City considers restricted shared state revenues such as gasoline taxes and public safety sales taxes, restricted locally imposed transportation sales taxes, fines, forfeitures, licenses, permits, charges for services, and program grants as program revenues.

Certain indirect costs are included in program expenses reported for individual functions and activities.

G. *Deferred Outflows/Inflows of Resources*

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

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. *Unavailable revenue*, a type of deferred inflow of resources, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: taxes receivable, interest on interfund advances and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

H. *Budgets, Budgetary Accounting, and Encumbrances*

The City adopts an annual budget which is effective July 1 for the ensuing fiscal year. The budget reflects estimated revenues and expenditures, except for the capital projects funds and the Peacock Gap Assessment District Debt Service Fund. Appropriations and spending authorizations for projects in the capital projects funds and some special revenue funds are approved by the City Council on a multi-year basis. From the effective date of the budget, which is adopted at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during the fiscal year in order to respond to emerging needs, changes in resources, or shifting priorities. Expenditures may not exceed appropriations at the fund level, which is the legal level of control. The City Manager is authorized to transfer budgeted amounts between accounts, departments or funds; the Council must approve any increase in the City's operating expenditures, appropriations for capital projects, and transfers between major funds and reportable fund groups.

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles for the General Fund and Special Revenue Funds.

Encumbrance accounting, under which purchase orders for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the budgetary process. All unencumbered appropriations lapse at year end.

I. *Cash Equivalents*

For purposes of the statement of cash flows, the City considers all highly liquid investments (including all restricted assets) with maturity of three months or less when purchased to be cash equivalents. The City maintains a cash and investment pool that is available for use by all funds. As the proprietary funds' share of this pool is readily available when needed, such share is also considered to be cash equivalent. Deposit assets in the proprietary funds are related to insurance and benefits and are not considered cash equivalents for purposes of the statement of cash flows.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets

City

Contributed capital assets are valued at their estimated fair market value on the date contributed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. All other capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

The City has included the value of all infrastructure capital assets into its Basic Financial Statements using the Basic Approach for infrastructure reporting.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Capital assets are recorded if acquisition or construction costs exceed \$25,000.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

The City has assigned the useful lives listed below to capital assets:

Buildings, improvements, and structures	20 – 50 years
Machinery and equipment	4 – 20 years
Infrastructure	15 – 50 years

District

Collection systems and facilities purchased or constructed are stated at cost. Assets contributed have been recorded at the fair market value at the date received. Interest is capitalized for assets constructed when applicable. The costs of normal repairs and maintenance that do not add to the value of an asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Applicable capital assets must be capitalized for amounts \$1,000 or above and may be capitalized for amounts from \$500 to \$1,000 if determined to be sensitive. Depreciation is provided by the straight-line method over the estimated useful lives of capital assets as follows:

Subsurface lines	50-80 years
Sewer collection facilities	5-50 years
General plant & administrative facilities	3-15 years

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. *Compensated Absences*

Compensated absences are accrued as earned. Upon termination, employees are paid for all unused vacation at their current hourly rates. Unused sick leave may be compensable up to 600 hours, depending upon the provisions of the MOUs, which vary by bargaining unit.

The long-term portion of the liability for compensated absences for governmental fund type operations is recorded as compensated absences in the government-wide financial statements. Compensated absences are liquidated by the fund that has recorded the liability. Proprietary fund liabilities are recorded within their respective funds. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

The changes of the compensated absences were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$4,448,932	\$141,625	\$4,590,557
Additions	3,424,331	95,069	3,519,400
Payments	(3,277,608)	(101,230)	(3,378,838)
Ending Balance	<u>\$4,595,655</u>	<u>\$135,464</u>	<u>\$4,731,119</u>
Current Portion	<u>\$574,457</u>	<u>\$16,933</u>	<u>\$591,390</u>

L. *Property Tax Levy, Collection and Maximum Rates*

City

State of California Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is sold, transferred, or substantially improved. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts. Marin County assesses properties, bills for and collects property taxes on the schedule that follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/lien dates	January 1	January 1
Levy dates	July 1	July 1
Due dates (delinquent as of)	50% on November 1 (December 10) 50% on February 1 (April 10)	July 1 (August 31)

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For assessment and collection purposes, property is classified as either “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and real property having a tax lien that is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Unsecured property comprises all taxable property not attached to land, such as personal property or business property. Every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on other property owned by the taxpayer.

Property taxes are levied and recorded as revenue when received in the fiscal year of levy because of the adoption of the “alternate method of property tax distribution,” known as the Teeter Plan, by the City and the County of Marin. The Teeter Plan authorized the auditor-controller of the County of Marin to allocate 100% of the secured property taxes billed, but not yet paid. The County of Marin remits tax monies to the City in three installments, as follows:

55% remitted on December 15
40% remitted on April 15
5% remitted on June 15

District

The County of Marin levies taxes and places liens on real property as of January 1 on behalf of the District. Unsecured property taxes are levied throughout the year.

M. Sewer Charges

Sewer charges are billed and collected on behalf of the District by the County of Marin as a special assessment on annual property tax billings. Property taxes are levied on January 1 and are due in two equal installments on November 1 and February 1. In accordance with the Teeter Plan, the County remits to the District all charges which are assessed and the county retains responsibility for collecting past due amounts.

The Teeter Plan provides that the County advance the District its share of the annual gross levy of secured property taxes and special assessments. In consideration, the District gives the County of Marin its rights to penalties and interest on delinquent secured property tax receivables and actual proceeds collected.

N. Connection Fees

Connection fees represent a one-time contribution of resources to the District imposed on contractors and developers for the purpose of financing capital improvements. Connection fees are recognized after non-operating revenues (expenses) in the statement of revenues, expenses and changes in net position. The District utilizes connection fees received on a first-in-first-out basis to finance current year capital projects. Accordingly, if there is a balance of connection fees available at year-end, it is classified as restricted net position.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the dates of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting periods. Actual results could differ from those estimates.

P. New Funds

In fiscal year 2017-2018, the City established a Special Revenue Fund, Loch Lomond Marina #2 Community Facilities District, for the purpose of reporting tax assessments and maintenance expenditures of the District.

Q. Fair Value Measurements

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

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

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

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

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

NOTE 2 - CASH AND INVESTMENTS

A. Policies

The City maintains an investment policy that emphasizes safety, liquidity and reasonable market yield. This policy is reviewed and approved by the City Council annually.

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the trust department of a bank as the custodian of certain City managed investments, regardless of their form.

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 2 - CASH AND INVESTMENTS (Continued)

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

B. Classification

Cash and investments as of June 30, 2018, are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Statement of Net Position:

City of San Rafael:

Cash and investments available for operations	\$58,897,003
Restricted cash and investments	50,816,452
Total Primary Government Cash and Investments	109,713,455

San Rafael Sanitation District (Component Unit)

Cash and investments available for operations	30,502,613
Total San Rafael Sanitation District Cash and Investments	30,502,613

Statement of Fiduciary Net Position (separate statement):

Successor Agency to the Redevelopment Agency:

Cash and investments available for operations	194,173
Restricted cash and investments	53
Total Successor Agency Cash and Investments	194,226

Pt. San Pedro Road Assessment District Agency Fund

Total Fiduciary Cash and Investments	480,622
Total Cash and Investments	\$140,696,690

The City does not normally allocate investments by fund. Each proprietary fund's portion of Cash and Investments Available for Operations is in substance a demand deposit available to finance operations, and is considered a cash equivalent in preparing the statement of cash flows.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

C. Investments Authorized by the California Government Code and the City's Investment Policy

The City's investment policy and the California Government Code allow the City to invest in the following securities provided the credit ratings of the issuers are acceptable to the City and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where it is more restrictive:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality (A)	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Government Obligation	5 years	N/A	No limit	No limit
U.S. Agency Securities and Instruments	5 years	N/A	No limit	No limit
Repurchase Agreements	1 year	A-1	No limit	No limit
Prime Commercial Paper	270 days	A-1	25%	10% of total outstanding commercial paper
Bankers' Acceptances	180 days	A-1	40%	\$2,000,000
Medium-Term Corporate Notes	5 years	A	30%	5% of portfolio
Negotiable Certificates of Deposit	5 years	A-1	30%	5% of portfolio
Non-negotiable Certificates of Deposit	5 years	N/A	30%	5% of portfolio
Local Agency Investment Fund	N/A	N/A	N/A	N/A
Money Market Mutual Funds	N/A	AAA	10%	N/A
Limited Obligation Improvement Bonds Related to Special Assessment Districts and Special Tax Districts	30 years	N/A	N/A	N/A

(A) At time of purchase

The San Rafael Sanitation District maintains all of its cash in the County of Marin pooled investment fund for the purpose of increasing interest earnings through pooled investment activities.

The County Pool includes both voluntary and involuntary participation from external entities. The District is a voluntary participant. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. The District has approved by resolution, the investment policy of the County of Marin which complies with the California Government Code.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if there are insufficient resources to meet debt repayment obligations. The California Government Code requires these funds to be invested in accordance with City ordinance bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality (A)	Maximum Percentage of Portfolio
U.S. Treasury Obligations	5 years to no maximum	N/A	No Limit
U.S. Agency Securities	3 - 5 years	N/A	No Limit
U.S. Agency Instruments	5 years	N/A	No Limit
Repurchase Agreements	1 year	A-1	No Limit
Bankers' Acceptances	360 days	Highest Category Rating	No Limit
Money Market Funds	N/A	Highest Category Rating	No Limit
Prime Commercial Paper	270 days	Highest Category Rating	No Limit
Guaranteed Investment Contracts (fully collateralized) (B)	N/A	Highest Category Rating	No Limit
Municipal Obligations	N/A	Two Highest Category Ratings	No Limit
Medium-Term Corporate Notes	5 Years	A	No Limit
Non-Negotiable Certificates of Deposit	180 Days	N/A	No Limit
Negotiable Certificates of Deposit	5 Years	N/A	No Limit
Local Agency Investment Fund	N/A	N/A	N/A

(A) At time of purchase.

(B) Guaranteed Investment Contracts must be fully collateralized with U.S. Treasury Obligations or U.S. Agency Obligations.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

E. GASB 72 Fair Value Hierarchy

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2018:

	(a) <u>Level 1</u>	(b) <u>Level 2</u>	(c) <u>Level 3</u>	<u>Total</u>
City:				
Money Market Mutual Funds		\$213,248		\$213,248
U.S. Treasury Notes	\$4,434,364			4,434,364
U.S. Agency Securities and Instruments		15,515,090		15,515,090
Medium-Term Corporate Notes		3,034,527		3,034,527
Investment in Pt. San Pedro Bonds			\$1,455,700 (d)	1,455,700
	<u>\$4,434,364</u>	<u>\$18,762,865</u>	<u>\$1,455,700</u>	<u>24,652,929</u>
Total Investments				
California Asset Management Program				50,094,575
Local Agency Investment Fund				19,455,618
County Investment Pool				77,770
Cash in banks and on hand				<u>15,432,563</u>
Total City and Investments				<u>109,713,455</u>
Fiduciary:				
Total Investments				
Cash in banks and on hand				<u>480,622</u>
Total Fiduciary Cash and Investments				<u>480,622</u>
Total City and Fiduciary Cash and Investments				<u>110,194,077</u>
San Rafael Sanitary District:				
County Investment Pool				<u>30,502,613</u>
Total District's Cash and Investments				<u>30,502,613</u>
Total Cash and Investments				<u>\$140,696,690</u>

Source: The above GASB 72 classifications into the different Input Levels are provided by the US Bank Institutional Trust & Custody.

- (a) Level 1 inputs are quoted prices in active market for identical assets. These are quoted prices in active markets for identical assets at the measurement date. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- (b) Level 2 inputs are significant other observable inputs. These inputs include: a) Quoted prices for similar assets in active markets; b) Quoted prices for identical or similar assets in markets that are not active; and c) Inputs other than quoted prices that are observable for an asset.
- (c) Level 3 inputs are significant unobservable inputs. These inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date.
- (d) This pertains to the City-owned bonds of its investments in Pt. San Pedro that has no trading market and is thus listed under Level 3. This bond is valued using discounted cash flow techniques.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City also manages its interest rate risk by holding most investments to maturity, thus reversing unrealized market gains and losses.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Type of Investment	12 Months or Less	More than 12 Months	Total
City:			
Money Market Mutual Funds	\$213,248		\$213,248
California Asset Management Program	50,094,575		50,094,575
Local Agency Investment Fund	19,455,618		19,455,618
County Investment Pool	77,770		77,770
U.S. Treasury Notes	1,488,930	\$2,945,434	4,434,364
U.S. Agency Securities and Instruments	5,238,723	10,276,367	15,515,090
Medium-Term Corporate Notes	2,540,547	493,980	3,034,527
Investment in Pt. San Pedro Bonds		1,455,700	1,455,700
Total Investments	\$79,109,411	\$15,171,481	94,280,892
<i>Cash in banks and on hand</i>			15,432,563
Total City Cash and Investments			109,713,455
Fiduciary:			
<i>Cash in banks and on hand</i>			480,622
Total Fiduciary Cash and Investments			480,622
Total City and Fiduciary Cash and Investments			110,194,077
San Rafael Sanitary District:			
<i>County Investment Pool</i>			30,502,613
Total District's Cash and Investments			30,502,613
Total Cash and Investments			\$140,696,690

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2018, these investments matured in an average of 193 days.

Money Market Mutual Funds are available for withdrawal on demand. The investment portfolio of the Money Market Mutual Fund had an average maturity of 27 to 47 days at June 30, 2018.

During this fiscal year, the City invested the proceeds of the 2018 Authority Lease Revenue Bonds with the California Asset Management Program (CAMP). CAMP is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p). CAMP is directed by a Board of Trustees, which is made up of experienced local government finance directors and treasurers.

CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 79 requirements. At June 30, 2018, the fair value was approximate to the City's cost. At June 30, these investments have an average maturity of 35 days.

The City, as a CAMP shareholder, may withdraw all or any portion of the funds in its CAMP account at any time by redeeming shares. The CAMP Declaration of Trust permits the CAMP trustee to suspend the right of withdrawal from CAMP or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the CAMP trustees, an emergency exists such that disposal of the CAMP pool securities or determination of its net asset value is not reasonably practicable. If the right of withdrawal is suspended, the City may either withdraw its request for that withdrawal or receive payment based on the net asset value of the CAMP pool next determined after termination of the suspension of the right of withdrawal.

The County's investment pool is not registered with the Securities and Exchange Commission as an investment company. The pool has a credit rating of "AAA/V1." Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the types of investments in the pool, maturity dates, par value, actual costs and fair value.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

G. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2018, for each of the Primary Government's investment types as provided by Standard and Poor's or Moody's investment rating systems, except as noted:

Investments	Amount Invested	Percentage of Investments	NRSRO Rating
City (except Fiduciary Funds):			
Money Market Mutual Funds	\$213,248	< 1%	Aaa/AAA
California Asset Management Program	50,094,575	53%	AAAm
County Investment Pool	77,770	< 1%	Aaa/AAA
U.S. Treasury Notes	4,434,364	5%	AA+
U.S. Agency Securities and Instruments	15,515,090	16%	AA+
Medium-Term Corporate Notes	3,034,527	3%	A,A+, AA-, AA
Local Agency Investment Fund	19,455,618	21%	Not Rated
Investment in Pt. San Pedro Bonds	1,455,700	2%	Not Rated
Total City Investments	<u>94,280,892</u>		
Component Unit:			
Investment in County Pool	<u>30,502,613</u>		AAA/VI
Total Investments	<u>\$124,783,505</u>		

H. Concentration Risk

Included in the table at Note G above are the following significant investments in any one issuer other than U. S. Treasury securities, mutual funds, and external investment pools.

Reporting Unit	Issuer	Investment Type	Amount
Entity-wide	Federal Home Loan Bank	Federal Agencies Obligation	\$5,212,513

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 3 – INTER-FUND TRANSACTIONS

A. Transfers

Resources may be transferred from one City fund to another. Transfers routinely fund capital projects or capital outlays, lease or debt service payments, and operating expenses.

Transfers between funds during the fiscal year ended June 30, 2018, were as follows:

From Fund	To Fund	Amount
General Fund	Essential Facilities Capital Projects Fund	\$61,776,607 (A)
	Building Maintenance Internal Service Fund	1,080,800 (G)
	Non-Major Governmental Funds	2,350,000 (B)
Traffic and Housing Mitigation Fund	Gas Tax Fund	223,650 (E)
	Non-Major Governmental Funds	487,571 (B)
Gas Tax Fund	General Fund	400,000 (C)
	Traffic and Housing Mitigation Fund	148,788 (D)
Parking Services Enterprise Fund	General Fund	480,831 (C)
	Vehicle Replacement Internal Service Fund	51,826 (H)
	Non-Major Governmental Funds	100,000 (B)
Internal Service Funds	General Fund	475,513 (C)
	Non-Major Governmental Funds	135,923 (B)
Non-Major Governmental Funds	Gas Tax Fund	22,463 (E)
	Building Maintenance Internal Service Fund	132,725 (F)
	Essential Facilities Capital Projects Fund	1,700,000 (A)
	Non-Major Governmental Funds	50,618 (B)
		\$69,617,315

(A) Transfers to the Essential Facilities Capital Project Fund for Fire Stations 52 and 57, Public Safety Center and related Projects.

(B) Transfers to the Non-Major Governmental Funds were for administrative costs, grant matching, recreation, and other program

(C) Transfers to the General Fund were for street maintenance support, administrative costs and pension obligation bond debt service principal and interest payment.

(D) Transfer to Traffic and Housing Mitigation Fund was for program support.

(E) Transfer to the Gas Tax Fund were to close out ADA Projects Fund and for program support.

(F) Transfers to the Building Maintenance Internal Service Fund were for program support.

(G) Transfers for PG&E loan proceeds for energy improvement project.

(H) Transfer of Fixed Asset Vehicle from Parking to Fire Department.

B. Internal Balances

GASB 34 requires internal balances to be presented in the Government-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 4 – LOANS RECEIVABLE

A. Summary of Loans Receivable

The City has identified the portion of fund balance represented by these loans as nonspendable or restricted as discussed in Note 8. At June 30, 2018, these loans totaled:

Employee Loans	\$3,751
Centertown Associates	250,169
One "H" Street Associates	45,716
Fire Chief Loan	160,390
Total	\$460,026

B. Employee Loans

The City administers a computer loan program that supports the use of technology by employees. Employees are permitted to borrow up to \$1,500 for the purchase of computer hardware and software. The loans are interest-free, have maximum terms of one year, and are repaid through automatic payroll deductions. As of June 30, 2018, the balance of the employee loans receivable was \$3,751.

C. Centertown Associates Loan

On August 20, 1990, the former Redevelopment Agency loaned Centertown Associates, Ltd, \$303,000 at 3% interest due semiannually. The loan was made for the construction of a 60-unit affordable Centertown apartment complex and is fully secured by a deed of trust. The final payment is due on July 31, 2065. With the dissolution of the Redevelopment Agency effective February 1, 2012, the assets of the Agency's Low and Moderate Income Housing fund, including the Centertown Associates loan, were assumed by the City's Low and Moderate Income Housing Special Revenue Fund. As of June 30, 2018, the balance of the loan including principal and accrued interest was \$250,169.

D. One "H" Street Associates Loan

On January 18, 1994, the City loaned One "H" Street Associates \$100,000 at zero percent interest with annual payments of \$2,857 and with a final payment due January 18, 2034. As of June 30, 2018, the balance of this loan was \$45,716.

E. Fire Chief Loan

On September 17, 2007, the City Council approved a Home Loan Agreement to provide the Fire Chief with housing assistance. Under the Agreement, which was executed on October 3, 2007, the City loaned the Fire Chief \$600,000 to assist in the purchase of his primary residence. The loan is secured by a recorded deed of trust. The initial interest rate to be charged was 5.25% through August 31, 2008. On September 1, 2008, and on each September 1 following, until the loan is paid off, the interest rate of the loan will be adjusted based upon the then reported quarter-to-date Local Agency Investment Fund rate on the City's investment portfolio. As of June 30, 2018, the balance of the loan was \$160,390.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 4 – LOANS RECEIVABLE (Continued)

F. Other Receivables

The City provides staffing to San Rafael Sanitation District (District) under a contractual arrangement originated in 1987 that requires the District to pay all related employee costs incurred by the City on its behalf. Accordingly, the cost of providing pension and post-employment health benefits incurred by the City for the District staff but not yet funded are reflected by the District as an obligation, and by the City as a noncurrent receivable. The obligation as of June 30, 2018 is \$4,621,437, and is composed of the following:

Long-term receivable from San Rafael Sanitation District:

Defined benefit pension liability allocation (GASB 68)	\$3,492,468
Other post-employment benefit liability allocation (GASB 75)	<u>1,128,969</u>
Total long-term receivable from San Rafael Sanitation District	<u><u>\$4,621,437</u></u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 5 - CAPITAL ASSETS

Changes in capital assets during the fiscal year consisted of:

	Balance June 30, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
Governmental Activities					
Capital assets not being depreciated:					
Land	\$83,662,359				\$83,662,359
Construction in progress	11,846,875	\$27,307,018	(\$235,870)	(\$3,197,905)	35,720,118
Total capital assets not being depreciated	95,509,234	27,307,018	(235,870)	(3,197,905)	119,382,477
Capital assets being depreciated:					
Land improvements	9,020,097				9,020,097
Buildings and structures	42,895,504			663,190	43,558,694
Machinery and equipment	18,840,995	3,057,422	(988,901)	61,780	20,971,296
Infrastructure	197,024,880			2,534,715	199,559,595
Total capital assets being depreciated	267,781,476	3,057,422	(988,901)	3,259,685	273,109,682
Less accumulated depreciation for:					
Land improvements	(6,070,139)	(270,056)			(6,340,195)
Buildings and structures	(18,290,283)	(1,262,812)			(19,553,095)
Machinery and equipment	(12,691,607)	(1,224,115)	963,677		(12,952,045)
Infrastructure	(126,732,516)	(4,936,280)			(131,668,796)
Total accumulated depreciation	(163,784,545)	(7,693,263)	963,677		(170,514,131)
Total net capital assets being depreciated	103,996,931	(4,635,841)	(25,224)	3,259,685	102,595,551
Total governmental activity capital assets	\$199,506,165	\$22,671,177	(\$261,094)	\$61,780	\$221,978,028
Business-type Activities					
Capital assets not being depreciated:					
Land	\$8,620,853				\$8,620,853
Total capital assets not being depreciated	8,620,853				8,620,853
Capital assets being depreciated:					
Buildings and structures	10,713,814				10,713,814
Machinery and equipment	1,212,070	\$9,953	(\$31,932)	(\$61,780)	1,128,311
Total capital assets being depreciated	11,925,884	9,953	(31,932)	(61,780)	11,842,125
Less accumulated depreciation for:					
Buildings and structures	(3,099,959)	(205,363)			(3,305,322)
Machinery and equipment	(1,003,171)	(36,026)	31,932		(1,007,265)
Total accumulated depreciation	(4,103,130)	(241,389)	31,932		(4,312,587)
Total net capital assets being depreciated	7,822,754	(231,436)		(61,780)	7,529,538
Total business-type activity capital assets	\$16,443,607	(\$231,436)		(\$61,780)	\$16,150,391

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 5 - CAPITAL ASSETS (Continued)

	Balance June 30, 2017	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2018
San Rafael Sanitation District					
Capital assets not being depreciated:					
Land and easements	\$115,329				\$115,329
Construction in progress	272,032	\$1,813,747		(\$1,309,975)	775,804
Total capital assets not being depreciated	387,361	1,813,747		(1,309,975)	891,133
Capital assets being depreciated:					
Subsurface lines	35,180,273	64,893		1,309,975	36,555,141
Sewage collection facilities	42,128,689	77,114			42,205,803
General plant and administration	1,653,110	117,780	(\$94,612)		1,676,278
Total capital assets being depreciated	78,962,072	259,787	(94,612)	1,309,975	80,437,222
Less accumulated depreciation for:					
Subsurface lines	(11,297,771)	(565,647)			(11,863,418)
Sewage collection facilities	(18,562,466)	(1,129,270)			(19,691,736)
General plant and administration	(1,096,878)	(137,878)	94,612		(1,140,144)
Total accumulated depreciation	(30,957,115)	(1,832,795)	94,612		(32,695,298)
Total net capital assets being depreciated	48,004,957	(1,573,008)		1,309,975	47,741,924
Total District's capital assets	\$48,392,318	\$240,739			\$48,633,057

Capital Asset Contributions - Some capital assets may have been acquired using Federal and State grant funds, or were contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

Depreciation Allocation - Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

Governmental Activities	
General government	\$157,802
Public safety	849,918
Public works and parks	5,823,897
Community development	48,630
Culture and recreation	813,016
Total Governmental Activities	<u>\$7,693,263</u>
Business-type Activities	
Parking services	<u>\$241,389</u>
Total Business-type Activities	<u>\$241,389</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 6 – LONG TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

A summary of governmental and business-type activities transactions for the fiscal year ended June 30, 2018, are as follows:

	Authorized and Issued	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Current Portion
Governmental Activities:						
2018 Authority Lease Revenue Bonds 4.00%-5.00%, due 6/1/2034	\$45,485,000		\$45,485,000		\$45,485,000	
Add: unamortized bond premium			8,248,397	\$121,300	8,127,097	
2010 Taxable Pension Obligation Bonds 6.00%-6.25%, due 7/1/2025	4,490,000	\$4,390,000		205,000	4,185,000	\$420,000
Total Pension Obligation Bonds		4,390,000	53,733,397	326,300	57,797,097	420,000
PG & E City Hall HVAC Retrofit Note Payable 0.00%, due 11/30/2023	334,585	212,558		33,280	179,278	33,280
PG & E Street Light Retrofit Note Payable 0.00%, due 8/31/2019	233,896	90,765		41,892	48,873	41,892
PG & E CEC Efficiency Note Payable 1.00%, due 12/22/2017	1,178,813		1,080,800		1,080,800	
Total Governmental Long-term Debt		\$4,693,323	\$54,814,197	\$401,472	\$59,106,048	\$495,172
Business-type Activities						
PG & E Parking Lot Lighting Retrofit Note Payable 0.00%, due 11/30/2023	\$66,380	\$41,388		\$6,817	\$34,571	\$6,816
2012 Authority Lease Revenue Refunding Bonds 2.00-4.00%, due 4/1/2033	6,750,000	5,444,999		270,000	5,174,999	275,000
Less: unamortized bond discount		(11,422)		(725)	(10,697)	
Total Enterprise Fund Debt		\$5,474,965		\$276,092	\$5,198,873	\$281,816

A. 2018 Authority Lease Revenue Bonds

On March 5, 2018, the Authority issued 2018 Authority Lease Revenue Bonds in the amount of \$45,485,000 bearing interest at rates from 4.00% to 5.00%. The proceeds of the bonds were provided for replacement of two fire stations and construction of a public safety center. Interest on the Bonds is payable semiannually on June 1 and December 1. Principal payable on the Bonds will be paid on June 1 starting on June 1, 2021. The Bonds maturing on or prior to June 1, 2028 are not subject to optional redemption prior to their maturity. The Bonds maturing on or after June 1, 2029 are subject to optional redemption as a whole or in part on any date after June 1, 2028 at the option of the Authority, at a redemption price equal to the principal amount of the Bonds subject to redemption, plus accrued interest to the date fixed for redemption, without premium.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 6 - LONG-TERM DEBT (Continued)

B. 2010 Taxable Pension Obligation Bonds

On July 1, 2010, the City issued 2010 Taxable Pension Obligation Bonds in the amount of \$4,490,000 bearing interest at rates from 6.00% to 6.25%. Principal payments are due annually on July 1 and interest is payable semiannually on January 1 and July 1. The Bonds were issued to prefund a portion of the obligations of the City to the Marin County Employees' Retirement Association. Payment of the principal and interest on the Bonds is not limited to any special source of funds and is payable from any legally available moneys of the City. The City is not empowered or obligated to levy or pledge taxes to make payments on the Bonds.

C. Pacific Gas and Electric Note Payable

PG&E Lighting Retrofit

On September 30, 2013, the City executed a note payable agreement with Pacific Gas and Electric (PG&E) in the amount of \$634,861, bearing no interest. The debt was assumed as a means to finance energy-efficient retrofit projects which include updating existing heating, ventilation and air conditioning (HVAC) unit in City Hall and converting the street and parking lot light to light emitting diode (LED). \$334,585 of the loan is for the HVAC projects and \$300,276 of the loan is for the LED projects. Repayment of the loan commenced in December 2013, and is due monthly until paid in full in 2023.

PG&E CEC Efficiency

On September 5, 2017, City Council approved the execution of a note payable agreement with Pacific Gas and Electric (PG&E) in the amount of \$1,178,813, bearing interest at 1%. The debt was assumed as a means to finance the execution of various energy efficiency system upgrades to City facilities and street lights. The upgrades will include interior and exteriors lighting upgrades and energy management control systems. As of June 30, 2018, the loan obligation was \$1,080,800, the project is ongoing and additional note proceeds are expected in fiscal year 2018-2019. Payments will commence in December 2020, and are due semi-annually until paid in full in 2027.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 6 - LONG-TERM DEBT (Continued)

D. 2012 Authority Lease Revenue Refunding Bonds

On August 7, 2012, the Authority issued 2012 Authority Lease Revenue Refunding Bonds in the amount of \$6,750,000 bearing interest at rates from 2.00% to 4.00%. The proceeds of the Series 2012 Bonds were used to repay the Authority's 2003 Authority Lease Revenue Bonds that financed the construction of the 3rd and C Street parking structure and achieved lower interest rates and lower annual debt service payments. The refunding resulted in a net present value savings to the City in debt service of \$670,496. In addition, the requisition price exceeded the net carrying amount of the old debt by \$295,278. The Series 2012 Bonds are payable from lease payments made by the City to the Authority for leasing the City facilities. The rights to these lease payments have been irrevocably transferred by the Authority to the Trustee. Activities related to the Series 2012 Bonds are reported in the Parking Services Enterprise Fund. Principal payments are due annually on April 1 and interest is payable semiannually on October 1 and April 1. The Bonds maturing on or prior to April 1, 2022 are not subject to optional redemption prior to their maturity. The Bonds maturing on or after April 1, 2023 are subject to optional redemption as a whole or in part on any date after April 1, 2022 at the option of the Authority, at a redemption price equal to the principal amount of the Bonds subject to redemption, plus accrued interest to the date fixed for redemption, without premium.

E. Future Debt Service

Future debt service requirements, including interest, at June 30, 2018, are as follows:

For the Year Ended June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$495,172	\$2,480,062	\$281,816	\$178,088
2020	485,261	2,454,112	291,816	169,838
2021	2,472,320	2,447,858	296,816	161,288
2022	2,662,320	2,340,346	306,816	152,588
2023	2,862,320	2,223,965	316,816	143,588
2024 - 2028	16,498,078	8,743,871	1,695,491	564,400
2029 - 2033	21,295,200	4,315,189	2,019,999	241,806
2034 - 2038	4,100,200	217,169		
2039 - 2040	108,080	2,702		
Totals	50,978,951	\$25,225,274	5,209,570	\$1,611,596
Reconciliation of Long-term debt:				
Add: unamortized premium	8,127,097			
Less: unamortized discount			(10,697)	
	<u>\$59,106,048</u>		<u>\$5,198,873</u>	

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 7 – DEBT WITHOUT CITY COMMITMENT

The City has sponsored the issuance of the following debt, for which the City is not liable for repayment but acts as an agent for the property owners and bondholders:

	Project Description	Original Amount	Outstanding June 30, 2018
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2000A	162-175 Belvedere Apartments	\$3,590,529	\$1,042,152
California Statewide Communities Development Authority Revenue Bonds-2002	St. Marks School	5,605,000	3,460,000
San Rafael Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Bonds-2001A	55 Fairfax Apartments	3,000,000	2,000,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2001	San Rafael Commons Apartments	6,100,000	4,725,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2007 Series A Multifamily Housing Revenue Bonds-2007 Series B	Martinelli House Project Martinelli House	6,000,000 1,000,000	1,896,396 190,802
Pt. San Pedro Road Median Landscaping Assessment District Limited Obligation Bonds-2012	Pt. San Pedro Road Median Landscaping	1,750,000	1,455,700

NOTE 8 – NET POSITION AND FUND BALANCE

A. Net Position

Net Position is the excess of all the City's assets and deferred outflow over all its liabilities, and deferred inflows regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level and business type activity and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter.

Unrestricted describes the portion of Net Position which is not restricted to use.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 8 – NET POSITION AND FUND BALANCE (Continued)

B. Fund Balance

In the fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside that do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by resolution of the City Council which may be altered only by resolution of the City Council. Nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent that they be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Manager as designated by the City Council and may be changed at the discretion of the City Council or City Manager. This authorization is given through Resolution No. 13173 which adopts the City's Fund Balance Policy. This category includes nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose; and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual General Fund balance and residual fund deficits, if any, of other governmental funds

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 8 – NET POSITION AND FUND BALANCE (Continued)

Detailed classifications of the City's fund balances, as of June 30, 2018, are below:

	Special Revenue Funds			Essential Facilities Capital Projects Fund	Other Governmental Funds	Total
	General Fund	Traffic and Housing Mitigation	Gas Tax			
Fund balances:						
Nonspendable:						
Loans receivable	\$164,141					\$164,141
Prepays	844,093				\$302,366	1,146,459
Total Nonspendable	1,008,234				302,366	1,310,600
Restricted for:						
Assessment District capital projects					301,512	301,512
Baypoint Lagoons Assessment District					260,017	260,017
Bedroom tax capital projects					86,535	86,535
Childcare					1,571,814	1,571,814
Development services					681,493	681,493
Emergency medical services					967,066	967,066
1997 financing authority revenue bonds debt service					148,874	148,874
Gas tax			\$5,992,281			5,992,281
Grants					762,861	762,861
Household hazmat facility					342,353	342,353
Library					2,323,676	2,323,676
Library assessment					648,704	648,704
Loch Lomond #10 Community Facilities District Fund					663,537	663,537
Loch Lomond Marina #2 Community Facilities District Fund					205,567	205,567
Low and Moderate Income Housing					906,935	906,935
Mariposa Assessment District debt service					16,573	16,573
Measure A Open Space					404,067	404,067
Measure E - Public Safety Facility				\$49,209,052		49,209,052
Parkland dedication					602,440	602,440
Peacock Gap Assessment District debt service					2,875	2,875
Public safety					114,879	114,879
Pt. San Pedro - Maintenance Portion					104,738	104,738
Recreation revolving					276,443	276,443
Storm water					589,023	589,023
Traffic and housing mitigation		\$6,306,373				6,306,373
Total Restricted		6,306,373	5,992,281	49,209,052	11,981,982	73,489,688

(Continued)

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 8 – NET POSITION AND FUND BALANCE (Continued)

	General Fund	Special Revenue Funds		Essential Facilities Capital Projects Fund	Other Governmental Funds	Total
		Traffic and Housing Mitigation	Gas Tax			
Committed to:						
Capital improvement capital projects					\$1,748,219	\$1,748,219
Park capital projects					6,764	6,764
Total Committed					1,754,983	1,754,983
Assigned to:						
Contractual commitments	\$38,537					38,537
MOU - One time payment	1,102,257					1,102,257
Emergency and cash flow	7,500,000					7,500,000
Infrastructure reserve	600,000					600,000
General plan / long-range planning	1,973,926					1,973,926
Open space capital projects					115,942	115,942
Total Assigned	11,214,720				115,942	11,330,662
Total Fund Balances	\$12,222,954	\$6,306,373	\$5,992,281	\$49,209,052	\$14,155,273	\$87,885,933

NOTE 9 – PENSION PLANS

A. Plan Description

The City's defined benefit retirement plan is administered by the Marin County Employees' Retirement Association (MCERA), a retirement system established in July 1950 and governed by the California Constitution; the County Employees Retirement Law of 1937 (CERL or 1937 Act, California government Code Section 31450 et seq.); the Public Employees' Pension Reform Act of 2013 (PEPRA, Government Code Section 7522); the provisions of California Government Code Section 7500 et seq; and the bylaws, procedures, and policies adopted by MCERA's Board of Retirement. The Marin County Board of Supervisors may also adopt resolutions, as permitted by the CERL and PEPRA, which may affect the benefits of MCERA members.

MCERA operates as a cost-sharing multiple employer defined benefit plan for the City and eight other participating employers: County of Marin, Local Agency Formation Commission (LAFCO), Marin City Community Services District, Marin County Superior Court, Marin/Sonoma Mosquito and Vector Control District, Novato Fire Protection District, Southern Marin Fire Protection District, and Tamalpais Community Services District. Separate actuarial valuations are performed for these other agencies and districts, and the responsibility for funding their plans rest with those entities. Post-retirement benefits are administered by MCERA to qualified retirees.

Copies of MCERA's annual financial reports, which include required supplementary information (RSI) for each plan may be obtained from their office at One McInnis Parkway, Suite 100, San Rafael, CA 94903 or online at www.mcera.org.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 9 – PENSION PLANS (Continued)

B. Benefit Provisions

Service Retirement: MCERA's service retirement benefits are based on the years of credited service, final average compensation, and age at retirement, according to the applicable statutory formula. Members who qualify for service retirement are entitled to receive monthly retirement benefits for life.

General members hired prior to January 1, 2013 are eligible to retire once they attain the age of 50 (except Misc Tier 2, whereby the minimum age is 55) and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. A member who is age 70 or older is eligible to retire regardless of service credit. General members who are first hired on or after January 1, 2013 are eligible to retire once they have attained the age of 52, and have acquired 5 years of retirement service credit, or age 70, regardless of service.

Safety members hired prior to January 1, 2013 are eligible to retire once they attain the age of 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age. A member who is age 70 or older is eligible to retire regardless of service. Safety members who are first hired on or after January 1, 2013 are eligible to retire once they have attained the age of 50, and have acquired 5 years of retirement service credit, or age 70, regardless of service.

Disability Retirement: A member with five years of service, regardless of age, who becomes permanently incapacitated for the performance of duty is eligible to apply for a non-service connected disability retirement. Any member who becomes permanently incapacitated for the performance of duty as a result of injury or disease arising out of and in the course of employment is eligible to apply for a service-connected disability retirement, regardless of service length or age.

Death Benefits: MCERA provides specified death benefits to beneficiaries and members' survivors. The death benefits provided depend on whether the member is active or retired. The basic active member death benefit consists of a members' retirement contributions plus interest plus one month's pay for each full year of service (up to a maximum of six month's pay). Retiring members may choose from five retirement benefit payment options. Most retirees elect to receive the unmodified allowance which provides the maximum benefit to the retiree and continuance of 60% of the retiree's allowance to the surviving spouse or registered domestic partner after the retiree's death. Other death benefits may be available based on the years of service, marital status, and whether the member has minor children.

Cost of Living Adjustment: Retirement allowances are indexed for inflation. Most retirees receive automatic basic cost of living adjustments (COLA's) based upon the Urban Consumer Price Index (UCPI) for the San Francisco Bay Area. These adjustments go into effect on April 1 of each year. Annual COLA increases are statutorily capped at 2%, 3%, or 4% depending upon the member's retirement tier. When the UCPI exceeds the maximum statutory COLA for the member's tier, the difference is accumulated for use in future years when the UCPI is less than the maximum statutory COLA. The accumulated percentage carryover is known as the COLA Bank.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 9 – PENSION PLANS (Continued)

C. Funding Policy

The funding policy of MCERA provides for actuarially determined periodic contributions by the City at rates such that sufficient assets will be available to pay plan benefits when due. The employer rates for normal cost are determined using the Entry Age Normal Actuarial Cost Method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued.

The City contribution rates for the year ended June 30, 2018 were as follows:

	Employer Contribution Rate	Employee Contribution Rate	Benefit	Basis
City of San Rafael Misc Tier 1	52.67%	0.00% - 16.82%	2.7% @ 55	Highest year
City of San Rafael Misc Tier 2	50.02%	7.89% - 12.57%	2.0% @ 55	Average three highest years
City of San Rafael Fire Tier 1	74.12%	0.00% - 19.79%	3.0% @ 55	Highest year
City of San Rafael Fire Tier 2	71.40%	11.34% - 17.69%	3.0% @ 55	Average three highest years
City of San Rafael Safety Police Tier 1	73.31%	00.00% - 19.79%	3.0% @ 55	Highest year
City of San Rafael Safety Police Tier 2	73.75%	11.34% - 17.69%	3.0% @ 55	Average three highest years
PEPRA Misc	44.19%	9.18% - 10.18%	2.0% @ 62	Average three highest years
PEPRA Safety	62.82%	14.53%	2.7% @ 57	Average three highest years

These rates were determined by MCERA, based on the actuarial valuation dated June 30, 2016. The actual rate of return on investments during that year was 2.07% on a market value basis net of investment expenses, as compared to the 7.25% assumption.

The City uses the actuarially determined percentages of payroll to calculate and pay contributions to MCERA. Contributions to the plan from the City were \$20,167,435 or the year ended June 30, 2018, based on a total payroll of \$44,080,689, of which \$36,349,651 represented the basis for the plan contributions. Of the total payroll subject to plan contributions, \$1,433,662 is attributable to the San Rafael Sanitation District (SRSD), a component unit of the City.

Effective with the June 30, 2013 valuation, the Unfunded Actuarial Liability (UAL) as of June 30, 2013 is being amortized over a closed 17-year period (14 years remaining as of June 30, 2016), except for the additional UAL attributable to the outstanding unfunded actuarial loss from 2009, which is being amortized over a separate closed period (currently 22 years).

Effective with the June 30, 2014 valuation, any new sources of UAL due to actuarial gains and losses or method changes are amortized over a closed 24-year period, with a 5-year ramp up period at the beginning of the period, a 4-year ramp down at the end of the period, and 15 years of level payments as a percentage of payroll between the ramping periods. This new amortization method for gains and losses is similar to a 20-year amortization period with level payments as a percentage of payroll, in conjunction with a traditional 5-year asset smoothing.

Assumption changes are amortized over a closed 22-year period, with a 3-year ramp up period, 2-year ramp down period, and 17 years of level payments as a percentage of payroll.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 9 – PENSION PLANS (Continued)

D. Pension Liability and Pension Expense

The City's net pension liability (NPL) has been determined for the financial reporting period ended June 30, 2018 based on the following methodology: The City's NPL as of June 30, 2016 was updated to the measurement date of June 30, 2017, using the actual City's plan assets as of June 30, 2017 and estimating the change in the City's liabilities between July 1, 2016 and June 30, 2017. This estimate is based on a projection of the City's long term contributions to the pension plan relative to the projected contributions of all participating employers.

The resulting NPL for the City under this calculation is \$120,649,687, or 32.718% of the total MCERA NPL of \$368,756,305 (reference MCERA's GASB 67/68 report as of June 30, 2017). This compares to the previous year's NPL of \$167,054,850, or 34.9538% of the total MCERA NPL of \$477,930,440 (reference MCERA's GASB 67/68 report as of June 30, 2016).

In addition to the reporting of the NPL as of June 30, 2018, the City reported deferred inflows of \$31,607,575 and deferred outflows of \$18,395,737 as of the measurement date June 30, 2017. The City reported post-measurement date outflows of \$20,167,435 from actual fiscal year 2017-2018 pension contributions. Deferred inflows include deferred investment gains and adjustments to assumptions based on actual positive results. Deferred inflows have a positive impact on net assets (offsetting the NPL) and will be recognized in future reporting periods. Deferred outflows include deferred investment losses, adjustments to assumptions based on actual negative results, and contributions made after the measurement date. Deferred outflows have a negative impact on net assets (similar to the NPL) and will be recognized in future reporting periods. The net impact of these pension liability related entries on the City's Statement of Net Position before allocations to the San Rafael Sanitation District is \$113,694,090. After allocations to the San Rafael Sanitation District, the net impact on the City's Statement of Net Position is \$110,201,622.

Under GASB 68, the City's pension expense is based on the Plan's pension expense, adjusted for the City's actual contributions and net pension liability.

Three components are used to calculate pension expense: (1) changes in the net pension liability; (2) changes in benefit terms (if any); and (3) changes in actuarial assumptions and experience. Pension expense is calculated using a different methodology than that used to derive the actuarially determined annual contribution to the Plan. Actual pension contributions during the reporting year were \$20,167,435. Because pension expense is affected by annual changes in the net pension liability, volatility is to be expected. For the current measurement period, investment returns above the assumed rate were responsible for the decrease in net pension liability and had a corresponding impact on pension expense.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 9 – PENSION PLANS (Continued)

The table below provides a summary of the key results during the reporting period:

Summary of Results		
Description	Measurement Date 6/30/2017	Measurement Date 6/30/2016
Net Pension Liability	\$120,649,687	\$167,054,850
Deferred Inflows	31,607,575	22,096,113
Deferred Outflows	(18,395,737)	(55,004,455)
Impact on Net Position before Deferred Outflows from Contributions	133,861,525	134,146,508
Additional Deferred Outflows - Contributions Subsequent to Measurement Date	(20,167,435)	(20,003,001)
Impact on Statement of Net Position before Allocations	113,694,090	114,143,507
Allocation of NPL to SRSD	3,740,703	5,320,236
Allocation of Deferred Inflows (measurement date) to SRSD	979,982	703,700
Allocation of Deferred Outflows (measurement date) to SRSD	(570,354)	(1,751,740)
Impact on Net Position before Allocation of Deferred Outflows from Contributions to SRSD	4,150,331	4,272,196
Allocation of Additional Deferred Outflows (Contributions) to SRSD	(657,863)	(648,480)
Long-Term Receivable from SRSD, due to pension obligations (see Note 4F)	3,492,468	3,623,716
Impact on Statement of Net Position, net of receivable from SRSD	\$110,201,622	\$110,519,791
Pension Expense (\$ Amount)	21,503,841	30,799,273

Projection of Total Pension Liability and Net Pension Liability

Total Pension Liability (TPL) is the actuarial present value of projected benefit payments attributed to past periods of employee service. For the purposes of Governmental Accounting Standards Board Statement No. 68 (GASB 68), MCERA and the City have adopted a measurement date of June 30, 2017. The beginning of year measurement of TPL is based on the actuarial valuation as of June 30, 2016. The TPL at the end of the measurement year, June 30, 2017, is also measured as of the valuation date of June 30, 2016, and projected to June 30, 2017.

The Plan Fiduciary Net Position (FNP) is the fair or market value of assets. The FNP at the beginning of the year is based on the actuarial valuation as of June 30, 2016. The FNP at the end of the measurement year, June 30, 2017, is also measured as of the valuation date of June 30, 2016, and projected to June 30, 2017.

The Net Pension Liability (NPL) is the City liability for benefits provided through its defined benefit plan administered by MCERA. It is calculated by reducing the TPL by the FNP. The long-term portion of the governmental activities' NPL is liquidated primarily by the General Fund.

**CITY OF SAN RAFAEL
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2018**

NOTE 9 – PENSION PLANS (Continued)

Actuarial assumptions:

The total pension liability as of June 30, 2017 (measurement date) was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement. The key assumptions in the valuation were:

Actuarial assumptions:

Expected Return on Assets	7.25 percent per year, net of investment expenses
Discount Rate	7.25 percent per year
Price Inflation	2.75% per year
Salary Increases	3% per year plus merit component based on employee classification and years of service.
Administrative Expenses	Administrative expenses in the actuarial valuation are assumed to be \$4.774 million for FY 2016-17, to be split between employees and employers based on their share of the overall contributions. Administrative expenses shown in this report are based on the actual FY 2016-17 amounts.
Post-Retirement COLA	Post-retirement COLAs are assumed at a rate of 2.7% for members with a 4% COLA cap, 2.6% for members with a 3% COLA cap, and 1.9% for members with a 2% COLA cap.
Mortality Rates for Healthy Members and Inactives	Rates of mortality for active members are specified by CalPERS 2014 Pre-Retirement Non-Industrial Death Rates (plus Duty-Related Death rates for Safety members), with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2009 using Scale MP-2014.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 9 – PENSION PLANS (Continued)

Asset Allocation Policy and Expected Long-term Rate of Return by Asset Class

The Board of Retirement has adopted an Investment Policy Statement (IPS), which provides the framework for the management of MCERA's investments. The IPS establishes MCERA's investment objectives and defines the principal duties of the Retirement Board, the custodian bank, and the investment managers. The asset allocation plan is an integral part of the IPS and is designed to provide an optimum and diversified mix of asset classes with return expectations to satisfy expected liabilities while minimizing risk exposure. MCERA currently employs external investment managers to manage its assets subject to the provisions of the policy. Plan assets are managed on a total return basis with a long term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The following was the Retirement Board's adopted asset allocation policy as of June 30, 2017:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Rate of Return (with the effect of inflation)
Domestic Equity	32%	4.60%	7.35%
International Equity	22%	4.75%	7.50%
Fixed Income	23%	0.75%	3.50%
Real Assets	15%	5.60%	8.35%
Private Equity	8%	5.10%	7.85%
Total	100%		

The Long-Term returns are calculated using a 10-year geometric return derived from arithmetic returns and the associated risk (standard deviation).

Determination of Discount Rate

The discount rate used to measure the Total Pension Liability was 7.25%. Related to the discount rate is the funding assumption that employees will continue to contribute to the plan at the required rates and employers will continue the historical and legally required practice of contributing to the plan based on an actuarially determined contribution, reflecting a payment equal to annual normal cost, a portion of the expected administrative expenses, an amortization payment for the extraordinary losses from 2009 amortized over a closed period (22 years remaining as of the June 30, 2016 actuarial valuation) and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (14 years remaining as of the June 30, 2016 actuarial valuation).

A change in the discount rate would affect the measurement of the TPL. A lower discount rate results in a higher TPL and higher discount rates results in a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. A one percent decrease in the discount rate increases the TPL by approximately 13% and increases the NPL by approximately 96%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the NPL by approximately 79%.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 9 – PENSION PLANS (Continued)

The table below shows the sensitivity of the NPL to a one percent decrease and a one percent increase in the discount rate:

Sensitivity of Net Pension Liability to Changes in Discount Rate

Description	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Total Pension Liability	\$994,119,281	\$878,483,703	\$783,364,452
Fiduciary Net Position	757,834,016	757,834,016	757,834,016
Net Pension Liability	<u>\$236,285,265</u>	<u>\$120,649,687</u>	<u>\$25,530,436</u>
Fiduciary Net Position as a Percentage of the Total Pension Liability	76.2%	86.3%	96.7%

Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Pension Resources

The impact of experience gains or losses and assumption changes on the Total Pension Liability (TPL) are recognized in the proportionate share of the pension expense over the average expected remaining service life of all active and inactive members of the plan. As of the measurement date, this recognition period was 4 years.

The following tables show the current balance and sources of deferred outflows and inflows related to the City's defined benefit retirement plan, and the scheduled recognition of these deferred amounts:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$2,796,865
Changes in assumptions	\$11,840,124	
Change in proportion	6,555,613	9,651,379
Changes in proportion and difference between City contributions and proportionate share of contributions		9,380,643
Actual FY 17-18 contributions (post measurement date)	20,167,435	
Net difference between projected and actual earnings on pension plan investments		<u>9,778,688</u>
Deferred Inflows and Outflows Before Allocations	<u>\$38,563,172</u>	<u>\$31,607,575</u>
Allocation to SRSD		
Allocation of Deferred Inflows (measurement date)	\$570,354	\$979,982
Allocation of Deferred Outflows (measurement date)	<u>657,863</u>	
Net Deferred Inflows and Outflows	<u>\$37,334,955</u>	<u>\$30,627,593</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 9 – PENSION PLANS (Continued)

The \$20,167,435 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	Amortization Amount
2019	(\$906,402)
2020	(3,053,891)
2021	(2,885,383)
2022	(6,366,162)
	(\$13,211,838)

Subsequent Change to Discount Rate

Subsequent to MCERA’s preparation of the GASB 67/68 report as of June 30, 2017, MCERA has changed the discount rate from 7.25% to 7.00% for use in subsequent actuarial valuations and GASB 67/68 reporting. Decreases in the discount rate serve to increase the measurement of the total pension liability and therefore the net pension liability.

NOTE 10 – PUBLIC AGENCY RETIREMENT SYSTEM (DEFINED CONTRIBUTION RETIREMENT PLANS)

The City contributes to the Public Agency Retirement System (PARS), which administers a defined contribution retirement plan. A defined contribution retirement plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual’s accounts are determined instead of specifying the amount of benefits the individual is to receive. The benefits a participant will receive depend on the amount contributed to the participant’s account, and the returns earned on investments on those contributions. The Plan’s trust administrator is Phase II, P.O. Box 12919, Newport Beach, California 92658.

As established by the plan, all eligible part-time and temporary employees of the City become participants in the plan from the date that they are hired. An eligible employee is any employee who, at any time during which the employer maintains this plan, is not accruing a benefit under the Marin County Employees’ Retirement Fund.

As determined by the plan, each employee must contribute 3.75% of gross earnings to the plan. The City contributes an additional 3.75% of the employee’s gross earnings. Contributions made by an employee and the employer vest immediately.

During the year, the City and employees each contributed \$115,100. The total covered payroll of employees participating in the plan for the year ended June 30, 2018, was \$3,069,322. The total payroll for the year was \$44,080,689.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The City provides certain health care benefits for retired employees and their spouses under an Agent Multi-Employer Defined Benefit Plan. The benefit provisions were established under the authority of the 1937 Act, Section 31450, et. seq. of the Government Code. Employees who meet the vesting criteria become eligible for these benefits if they receive a retirement benefit from the Marin County Employees’ Retirement Association within 120 days of retirement from City employment.

The provisions and benefits of the City’s Other Post Employment Benefit Plan, in effect at June 30, 2018, are summarized as follows:

	Elected Officials, Mid-Management, & Unrepresented Management	All other Bargaining Units
<i>Eligibility</i>	Retire directly from the City: - Age 50 (age 55 if hired > 7/1/11) with 10 years services (Including reciprocity) OR - 30 years service (Miscellaneous), 20 years service (Safety) OR - Age 70 - Disability Retirement	
<i>Benefit</i>	Hired < 1/1/09 Full premium/cap Hired ≥ 1/1/09 PEMHCA Min	Hired < 1/1/10 Up to cap Hired ≥ 1/1/10 PEMHCA Min
<i>Surviving Spouse Benefit</i>	Continuation to surviving spouse	
<i>Medicare Part B</i>	Hired < 4/1/07 Full reimbursement Hired ≥ 4/1/07 None	None
<i>Other</i>	No Dental, Vision, or Life Benefits	

Membership in the plan consisted of the following at June 30, 2017, the measurement date:

Active plan members	366
Inactive employees or beneficiaries currently receiving benefit payments	337
Inactive employees entitled to but not yet receiving benefit payments	0
Total	703

Funding Policy and Actuarial Assumptions

The City’s net OPEB liability was measured using a Total OPEB Liability and Fiduciary Net Position measured as of June 30, 2017, using an actuarial valuation of the same date. The following actuarial assumptions were used in the valuation: 4.5% investment rate of return and (b) 2.75% of general inflation increase, and (c) a healthcare trend of declining annual increases ranging from 7.5% in 2019 to 4.0% for the years starting 2076. In addition, the fixed dollar benefit amounts are assumed to be held flat in the future and the premium related benefits are assumed to increase with the healthcare trend rate.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2017.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Rate of Return (with the effect of inflation)
Public Equity	57%	4.82%	7.57%
Fixed Income	27%	1.47%	4.22%
TIPS	5%	1.29%	4.04%
Commodities	3%	0.84%	3.59%
REITs	8%	3.76%	6.51%
Total	100%		
Assumed Long-Term Rate of Inflation		2.75%	
Assumed Long-Term Investment Expenses		n/a	
Expected Long-Term Net Rate of Return		6.78%	
Discount Rate		6.75%	

The Expected Long-Term Rate of Return is provided by CalPERS' Strategic Asset Allocation Overview in August 2014 – Strategy 1.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using the strategy to achieve the expected return.

Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2016	\$49,543,000	\$15,758,000	\$33,785,000
Changes Recognized for the Measurement Period:			
Service Cost	789,000		789,000
Interest on the total OPEB liability	3,540,000		3,540,000
Changes in benefit terms			
Difference between expected and actual experience	(4,107,000)		(4,107,000)
Changes of assumptions	4,831,000		4,831,000
Contributions from the employer		3,475,000	(3,475,000)
Net investment income		1,675,000	(1,675,000)
Administrative expenses		(8,000)	8,000
Benefit payments and refunds	(3,015,000)	(3,015,000)	
Net Changes during July 1, 2016 to June 30, 2017	2,038,000	2,127,000	(89,000)
Balance at June 30, 2017 (Measurement Date)	\$51,581,000	\$17,885,000	\$33,696,000

The benefit payments and refunds includes implied subsidy benefit payments in the amount of \$782,000.

Sensitivity of the net OPEB liability to changes in the discount rate

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

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate +1% (7.75%)
\$39,904,000	\$33,696,000	\$28,511,000

Sensitivity of the net OPEB liability to changes in the health care cost trend rates

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1%	Healthcare Cost Trend Rates	Discount Rate +1%
\$30,184,000	\$33,696,000	\$38,007,000

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA. 94229.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

Components of OPEB Expense for fiscal year 2017-2018 were as follows:

Service Cost	\$789,000
Interest on Total OPEB Liability	3,540,000
Projected earning on investments	(1,159,000)
Employee contributions	
Administrative expense	8,000
Change in benefits	
Recognition of deferred outflows/inflows:	
Experience	(708,000)
Assumptions	833,000
Asset Returns	92,000
OPEB Expense	\$3,395,000

Components of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2018 were as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Differences between expected and actual experience			
Changes of assumptions	\$3,917,586	\$80,414	\$3,998,000
Net difference between projected and actual earnings on plan investments	168,096	3,904	172,000
Employer contributions made subsequent to the measurement date	3,482,120	80,880	3,563,000
Total deferred outflows of resources	\$7,567,802	\$165,198	\$7,733,000
Deferred inflows of resources:			
Differences between expected and actual experience	\$3,321,843	\$77,157	\$3,399,000
Total deferred inflows of resources	\$3,321,843	\$77,157	\$3,399,000

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five-year period. The remaining gains and losses are amortized over the expected average remaining service life.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

\$3,563,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Measurement Period Ended June 30	Amortized Amount
2019	\$216,000
2020	216,000
2021	217,000
2022	22,000
2023	100,000
	\$771,000

The table below provides a summary of the key results during this reporting period.

Summary of Results		
Description	Measurement Date June 30, 2017	Measurement Date June 30, 2016
Net OPEB Liability	\$33,696,000	\$33,785,000
Deferred Inflows	3,399,000	-
Deferred Outflows	(4,170,000)	(780,000)
Impact on Net Position before deferred contributions	32,925,000	33,005,000
Additional Deferred Outflows - Contributions subsequent to measurement date	(3,563,000)	(3,475,000)
Impact on Statement of Net Position before Allocations	29,362,000	29,530,000
Allocation of NOL to SRSD	1,295,611	1,034,395
Allocation of Deferred Inflows (measurement date) to SRSD	130,692	-
Allocation of Deferred Outflows (measurement date) to SRSD	(160,337)	(23,881)
Impact on Net Position before deferred contributions to SRSD	1,265,966	1,010,514
Allocation of Additional Deferred Outflows (contributions) to SRSD	(136,997)	(106,394)
Long-Term Receivable from SRSD, due to OPEB obligations (see Note 4F)	1,128,969	904,120
Impact on Statement of Net Positions, net of receivable from SRSD	28,233,031	28,625,880
OPEB Expense (\$ Amount)	3,395,000	3,283,000
Covered Employee Payroll (\$ Amount)	32,885,135	32,126,272

Actuarial data is comprised from a variety of complex inputs. It is therefore subject to change between measurement dates. As a result, the Net OPEB Liability used to calculate the SRSD allocation percentage in fiscal year ended June 30, 2017 (\$33,524,000) varies slightly from the figure reported in the actuarial report dated June 30, 2018 (\$33,786,000) by \$262,000.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS

The City participates in the jointly governed organizations discussed below through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint organization is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint organization, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of this joint organization are not the City's responsibility and the City does not have an equity interest in the assets of each joint organization except upon dissolution of the joint organization.

A. *The Marin County Integrated On-Line Library System (System)*

The MARINet Library Consortium was formed to provide for the procurement, ownership, operation, maintenance, and governance of shared library services among the libraries, public and academic, in Marin County. Current services shared and paid for on a consorcial level through annual membership dues include an integrated library system including patron database, cataloging system, and online catalog of materials; delivery of items between libraries in Marin, a statewide library delivery service called Link+, numerous online resources, and more. The Governing Board of the System consists of the library director or designated alternate of each participant in the System. In accordance with the cost sharing formula developed by the library directors of the participants, the City's share of annual operating costs is 16.39% or \$247,011 for the year ended June 30, 2018. Financial statements of the System can be obtained from the County Librarian, Marin County Free Library, Marin County Civic Center, 3501 Civic Center Drive, San Rafael, California 94903.

B. *The Marin General Services Authority (MGSA)*

The MGSA was formed by the County of Marin and twelve local agencies to acquire street light facilities, operate the facilities during an eminent domain action against PG&E, and coordinate the subsequent transfer of the facilities to the individual local agencies. Each of the local agency's share of contributions was based on the number of street lights to be acquired in the local agency's individual jurisdiction in relation to the total number of street lights to be acquired by the MSLAJPA. MGSA services now include street light maintenance, abandoned vehicle abatement, taxicab regulation and administrative responsibility for MarinMap. The City's contribution to MGSA was \$688,072 for the year ended June 30, 2018. Financial statements of the MGSA can be obtained at 555 Northgate Drive, Suite 230, San Rafael, California 94903.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. *The Marin Emergency Radio Authority (MERA)*

MERA was formed on February 28, 1998, by the County of Marin and 25 local agencies within the County to plan, finance, implement, manage, own, and operate a County-wide public safety and emergency radio system. The Governing Board consists of one representative from each member. In February 2010, MERA refinanced its 1999 Revenue Bonds; the 1999 bonds were originally issued in the amount of \$26,940,000 to finance the acquisition of the system. The 2010 refunding bonds were issued at a premium of \$934,832 above their par value of \$18,575,000. These bonds mature annually through 2021 and bear interest from 2% to 4%. Similar to the original bonds, the refunding bonds are special obligations of MERA and are secured by the Members' service payments. On February 1, 2007, MERA borrowed \$2,250,000 from Citizens Business Bank. The note is being amortized over 14 ½ years at an annual interest rate of 4.43%. Loan Payments are funded by member operating payments. The costs of maintenance, operation, and debt service are divided on a pro rata share based on an agreed-upon formula established by a majority of the Governing Board. The members entered into a Project Operating Agreement on February 1, 1999.

Under the Operating Agreement, members are obligated to contribute service payments to cover the Authority's operations and debt service. The City's portion of the obligation is 16.913%. The first operating service payment was in July 1999. The first debt service payment was in August 2002. The City contributed \$319,449 of the Authority's operation and debt service for the fiscal year ended June 30, 2018. The City has established a reserve in its internal service funds to pay future service payments. Financial statements of the MERA can be obtained at 95 Rowland Way, Novato, California 94945.

D. *The Countywide Planning Agency*

The Agency was established on October 16, 1990, by the County of Marin and the cities of Belvedere, Corte Madera, Fairfax, Larkspur, Mill Valley, Novato, Ross, San Anselmo, San Rafael, Sausalito, and Tiburon to implement countywide performance standards for traffic, housing, water and sewer facilities, and environmental protection to ensure that residential and commercial growth does not exceed local water, sewer and transportation capacities. The Governing Board of the Countywide Planning Agency consists of one member of the County Board of Supervisors and one member of the City Council of each participating city. Financial statements of the Agency can be obtained at 3501 Civic Center Drive, San Rafael, California 94903.

E. *The Marin Telecommunications Agency*

The Agency was established to regulate the rates for cable television service and equipment and to advise the participants of their license authority. The Governing Board of the Marin Telecommunications Agency consists of one member from each of the eleven participating agencies. The City's contribution to the Agency was \$72,914 for the year ended June 30, 2018. Financial statements of the Agency can be obtained at 555 Northgate Drive, Suite 230, San Rafael, California 94903.

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

F. *The Marin County Hazardous and Solid Waste Joint Powers Authority*

The Authority was established by the County, local cities, and waste franchising districts to finance, prepare and implement source reduction and recycling elements on a county-wide integrated waste management plan as required by State Assembly Bill 939. The City's contribution to the Authority was \$17,850 for the year ended June 30, 2018. Financial statements of the Authority can be obtained at 3501 Civic Center Drive, San Rafael, California 94903.

G. *Central Marin Sanitation Agency (CMSA)*

In October 1979, the District entered into a joint powers agreement with three neighboring sanitation agencies in central Marin County forming the Central Marin Sanitation Agency (CMSA). CMSA serves as a regional wastewater treatment plant for its four member agencies and San Quentin Prison (SQ) and is governed by a six-member Board of Commissioners, two appointed by the Board of Directors of the San Rafael Sanitation District (SRSD), two appointed by the Board of Directors of the San Rafael Sanitation District No. 1 (SD 1), one appointed by the governing board of Sanitary District No. 2 (SD 2), and one appointed by the City Council of the City of Larkspur (Larkspur).

Total project costs for the joint venture were funded from federal (75%) and state (12.5%) clean water grants and from local shares (12% total) allocated among the member agencies and SQ based upon the weighted average of the strength and volume of sewage flows per member at inception of the project. Final individual local shares of total project costs were approximately \$7.6 million for SRSD, \$6.3 million for SD 1, \$1.6 million for SD 2, \$1 million for Larkspur, and \$1.4 million for SQ. CMSA derives its annual funding for its operations and capital programs almost exclusively from service charges to member agencies. The joint powers agreement does not provide an explicit measurable right as required to establish an equity interest for any of the joint venture participants, and in addition to, stipulates that all excess capital funds, if any, and all excess administration, operations and maintenance funds from whatever source, if any, are the property of CMSA.

The financial statements of the Agency are available at the CMSA office. Condensed financial information for the Agency is presented below for June 30, 2017 and 2016, the most recent information available.

	2017	2016
Total assets	\$99,239,615	\$106,391,299
Deferred outflows of resources	5,961,780	2,092,186
Total liabilities	(61,321,187)	(60,370,523)
Deferred inflows of resources	(1,260,848)	(2,487,504)
Net position	\$42,619,360	\$45,625,458
Total revenues	\$17,235,271	\$16,952,527
Total expenses	(16,793,252)	(16,834,929)
Total contributions and adjustments	(1,283,532)	162,705
Prior period adjustment	(2,164,585)	
Change in net position	(\$3,006,098)	\$280,303

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 13 - RISK MANAGEMENT

A. City

The City is exposed to various exposures related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established the Risk Management Internal Service Fund to account for and finance its uninsured risks of loss. The City manages risk by participating in a public entity risk pool (described below), purchasing insurance and by retaining certain risks.

Risk Coverage

Liability Coverage

The City is a member of the California Joint Powers Risk Management Authority (CJPRMA) which covers general liability claims up to \$40,000,000. The purpose of CJPRMA is to spread the adverse effects of general liability losses among the member agencies. The City also purchases commercial insurance for property damage claims with an insured amount of \$121,046,940. The City is self-insured up to \$500,000 for each general liability claim and \$25,000 for each property damage claim. Once the self-insured retention is met CJPRMA becomes responsible for payment of all liability claims up to the limit. The City contributed a total of \$328,857 in liability coverage premiums during the fiscal year ended June 30, 2018. Five years after settlement of all claims for a program year, CJPRMA will retroactively adjust premium deposits for any excess or deficiency in deposits related to paid claims and reserves. Financial statements for the risk pools may be obtained from CJPRMA at 3201 Doolan Road, Suite 285, Livermore, California 94551.

Workers' Compensation Coverage

The City purchases insurance for workers' compensation through Safety National Casualty Corporation Excess Workers' Compensation and Employers Liability Insurance with coverage up to statutory limits. The City is self-insured up to \$1,000,000 for each worker's compensation claim.

Insurance Internal Service Funds and Financial Reporting

The City records estimated liabilities for claims filed up to the amounts for which it retains risk in the General Liability and Workers Compensation Internal Service Funds. Charges to the General Fund and other funds are based on relative general liability and workers compensation risk associated with the activities of each fund. Charges are recorded in the funds as expenditures or expenses and as revenues in the respective internal service funds.

The Governmental Accounting Standards Board (GASB) requires municipalities to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 13 - RISK MANAGEMENT (Continued)

The City's liability for uninsured general liability claims and workers' compensation claims, including claims incurred but not reported, are reported in the Statements of Net Position.

	General Liability *	Workers' Compensation **	Totals, as of June 30	
			2018	2017
Balance, beginning of year	\$2,581,529	\$6,165,809	\$8,747,338	\$8,588,566
Current year claims and changes in estimates	1,781,739	820,144	2,601,883	1,878,276
Claims paid	(805,361)	(1,000,185)	(1,805,546)	(1,719,504)
Balance, end of year	<u>\$3,557,907</u>	<u>\$5,985,768</u>	<u>\$9,543,675</u>	<u>\$8,747,338</u>
Due in one year	\$1,484,580	\$1,212,156	\$2,696,736	\$2,653,288
Due in more than one year	2,073,327	4,773,612	6,846,939	6,094,050
Total claim liabilities	<u>\$3,557,907</u>	<u>\$5,985,768</u>	<u>\$9,543,675</u>	<u>\$8,747,338</u>

* Liability based on an actuarial valuation as of March 31, 2018, extrapolated to June 30, 2018

** Liability based on an actuarial valuation as of December 31, 2017, extrapolated to June 30, 2018

The claims settlements have not exceeded insurance coverage for the past three years.

B. District

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The District participates in a joint powers agreement with other entities forming the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool operating as a common risk management and insurance program for 60 member entities. CSRMA is governed by a Board of Directors composed of one representative from each member agency and meets three times per year in conjunction with conferences of the California Association of Sanitation Agencies. The Board controls the operations of CSRMA, including selection of management and approval of operating budgets, independent of any influence by member entities.

The District pays annual premiums to CSRMA for its primary insurance and property insurance programs. Primary and property insurance programs are fully insured wherein CSRMA purchases insurance as a group thereby reducing its costs. CSRMA provides both fully insured and pooled insurance programs for its participating member entities. Because all employees of the District are contracted employees from the City of San Rafael, workers' compensation insurance is not carried by the District but is provided through the City.

The District's primary and property insurance programs transfer risk to commercial insurance policies for claims above deductibles, while the District retains risk for claims to the extent of deductibles. Settled claims for CSRMA have not exceeded coverage in any of the past three fiscal years.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 13 - RISK MANAGEMENT (Continued)

The following summarizes active insurance policies as of June 30, 2018 together with coverage limits for each insured event:

Insurance Program	Limits	Coverage Description
CSRMA - Allied World Ins.	\$3,000,000	Gen/Mgt liability - aggregate
CSRMA - Allied World Ins.	\$1,000,000	Gen/Mgt liability - occurrence
CSRMA - Allied World Ins.	\$1,000,000	Auto liability - accident
CSRMA - Allied World Ins.	\$4,000,000	Excess liability
CSRMA - Public Entity Property Insurance Program (P.E.P.I.P.)	\$12,157,866	Special form property
CSRMA - Illinois Union Ins.	\$25,000,000	Pollution liability - tier 1
CSRMA - Illinois Union Ins.	\$2,000,000	Pollution liability - tier 2
CSRMA - Lloyds of London	\$2,000,000	Cyber liability - third party
CSRMA - Lloyds of London	\$2,000,000	Cyber liability - third party
CSRMA - Travelers Ins.	\$25,000	Identity theft

The financial statements of CSRMA are available at their office: 100 Pine Street, 11th Floor, San Francisco, CA 94111. Condensed financial information for CSRMA is presented below for the years ended June 30, 2017 and 2016 (latest information available).

	2017	2016
Assets	\$28,419,707	\$28,336,567
Liabilities	(17,241,037)	(16,735,609)
Net assets	<u>\$11,178,670</u>	<u>\$11,600,958</u>
Revenues	\$11,166,523	\$11,843,583
Expenses	(11,588,811)	(10,946,085)
Increase (decrease) in net assets	<u>(422,288)</u>	<u>\$897,498</u>

NOTE 14 - COMMITMENTS AND CONTINGENCIES

A. City

Litigation

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City as of June 30, 2018.

Major Contracts

In December 2017, the City entered into a contract for the construction of a public safety administrative center and fire station in the amount of \$36,727,000. The primary source of funding for these projects comes from a portion of General Fund revenues attributable to the Measure E Transactions and Use Tax. Lease Revenue Bonds were issued in March 2018 in order to ensure sufficient funds are on hand to support these contracts. Similarly, contracts for the construction of fire stations 52 and 57 were entered into for the amount of \$19,098,834.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

B. District

As of June 30, 2018, SRSD had several contracts for sewer improvement projects with remaining obligations of approximately \$2,041,000, the majority of which are expected to be completed within the 2018-2019 fiscal year.

NOTE 15 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES

A. Redevelopment Dissolution

In an effort to mitigate its budget deficit, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

In addition, ABx1 26 and AB1484 directed the State Controller to review the activities of all redevelopment agencies and successor agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation requires the State Controller to order the asset returned to the redevelopment agency. This review was performed in May 2013, and a report issued on July 29, 2013 (see section B of this footnote).

The City elected to become the Successor Agency to the Redevelopment Agency, and on February 1, 2012, the Redevelopment Agency's remaining net assets were distributed to the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established on April 2, 2012. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members.

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

Pursuant to the dissolution of the City of San Rafael Redevelopment Agency, certain assets of the Redevelopment Agency were distributed to the Housing Successor and all remaining Redevelopment Agency assets and liabilities were distributed to the Successor Agency.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 15 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)

The City elected to become the Housing Successor and on February 1, 2012. Assets and Liabilities relating to the Housing Successor are reported in the City's Low and Moderate Income Housing Special Revenue Fund.

B. *Redevelopment Property Tax Trust Fund (RPTTF)*

The Successor Agency's primary source of revenue comes from the RPTTF allocation distributed by the County. Property tax revenues for each Project Area are deposited into the RPTTF, which redistributes each Project Area's tax increment under specified formulas. The County Auditor administers the RPTTF and disburses twice annually from this fund pass-through payments to affected taxing entities, an amount equal to the total of obligation payments that are required to be paid from tax increment as denoted on the Recognized Obligation Payment Schedule ("ROPS"). The disbursements are established in the treasury of the Successor Agencies, and various allowed administrative fees and allowances. Any remaining balance is then distributed by the County Auditor back to affected taxing entities under a prescribed method that accounts for pass-through payments. The County Auditor is also responsible for the distributing other monies received from the Successor Agency (from sale of assets, etc.) to the affected taxing entities. Successor agencies in turn will use the amounts deposited into their respective funds for making payments on the principal and interest on loans, and monies advanced to or indebtedness incurred by the dissolved redevelopment agencies.

C. *Long-Term Debt*

1999 Tax Allocation Bonds and Capital Appreciation Bonds

On June 16, 1999, the former Agency issued Tax Allocation Bonds in the amount of \$23,504,004. The bonds were issued as Current Interest Bonds in the aggregate principal amount of \$21,115,000 and as Capital Appreciation Bonds in the original amount of \$2,389,004. The proceeds of the bonds were used to finance certain redevelopment activities of benefit to the former Agency's Central San Rafael Redevelopment Project Area.

In December 2009 of the former Agency exercised the redemption option of the Current Interest Bonds. The outstanding balance of the Bonds was refunded, on a current basis, through the issuance of the 2009 Tax Allocation Refunding Bonds as discussed below.

The Capital Appreciation Bonds mature annually after December 1 from 2018 to 2022, in amounts ranging from \$1,440,000 to \$2,070,000 and bear interest at rates from 5.58% to 5.60%. Interest on the Capital Appreciation Bonds will compound on each interest premium date and will be payable solely at maturity. The bonds are secured, on parity with the 1992 and 1995 bonds (refunded in 2002), by a pledge and a lien on tax revenues and amounts on deposit in certain funds and accounts held by the fiscal agent.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 15 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)

2002 Tax Allocation Refunding Bonds

On October 9, 2002, the former Agency issued Tax Allocation Refunding Bonds in the amount of \$25,020,000. The proceeds of the bonds were used to refund the 1992 Tax Allocation Refunding Bonds and the 1995 Tax Allocation Bonds. The Bonds mature annually each December 1 from 2002 to 2022, in amounts ranging from \$540,000 to \$1,920,000 and bear interest at rates ranging from 2.00% to 5.25%. Interest is payable semiannually on June 1 and December 1. The Bonds maturing on or after December 1, 2013, are subject to optional redemption prior to maturity, in whole or in part, and by lot within any one maturity, prior to their respective maturity dates, on any date on or after December 1, 2012, at a price equal to the principal amount, plus accrued interest on the redemption date. The bonds are payable from tax revenues to be derived from the redevelopment activities of the former Agency related to the Central San Rafael Redevelopment Project Area.

2009 Tax Allocation Refunding Bonds

On December 14, 2009, the former Agency issued 2009 Tax Allocation Refunding Bonds in the amount of \$14,660,000 bearing interest at rates from 3.00% to 5.00%. The proceeds of the Series 2009 Bonds were used to refund the former Agency's 1999 Tax Allocation Current Interest Bonds, to advance funds to the City to finance street and parking improvements for the benefit of the Agency's Central San Rafael Redevelopment Project. Principal payments are due annually on December 30 and interest payable semiannually on June 30 and December 30.

The Series 2009 Bonds maturing on or before December 1, 2019, are not subject to optional redemption prior to their respective stated maturities. The Series 2009 Bonds maturing on or after December 1, 2020, are subject to optional redemption as a whole or in part either on a pro rata basis among maturities or in inverse order of maturity, and by lot within any one maturity, prior to their respective maturity dates, at the option of the Agency, on any date on or after December 1, 2019, at a price equal to the principal amount of such Series 2009 Bonds called for redemption, together with interest accrued on the date fixed for redemption, without premium.

Use of Tax Increment

The former Agency pledged all future tax increment revenues for the repayment of the 1999 Capital Appreciation Bonds, and the 2002 and 2009 Tax Allocation Refunding Bonds. The pledge of all future tax increment revenues ends upon repayment of \$16.1 million in remaining debt service on the Bonds, which is scheduled to occur in 2023. For fiscal year June 30, 2018, tax increment revenues amounted to \$3.9 million which was used to make the debt service payments of \$3.6 million.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 15 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)

The following table summarizes the activity for the fiscal year ended June 30, 2018:

	Authorized and Issued	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Current Portion
San Rafael Redevelopment Agency						
1999 Tax Allocation Bonds						
Capital Appreciation Bonds						
5.58%-5.6%, due 12/1/2022	\$2,389,004	\$6,418,508	\$363,939		\$6,782,447	\$1,479,081
2002 Tax Allocation Refunding Bonds						
2.00%-5.25%, due 12/1/2021	25,020,000	4,230,000		\$1,920,000	2,310,000	\$540,000
2009 Tax Allocation Refunding Bonds						
3.00%-5.00%, due 12/1/2022	14,660,000	7,805,000		1,160,000	6,645,000	1,210,000
Add: deferred bond premium costs		479,162		79,861	399,301	
Total Successor Agency Long-term Debt		\$18,932,670	\$363,939	\$3,159,861	\$16,136,748	\$3,229,081

Debt Service Requirements

Annual debt service requirements are shown below:

For the Year Ended June 30	Governmental Activities	
	Principal	Interest
2019	\$3,229,081	\$370,676
2020	3,309,082	297,019
2021	3,389,231	214,175
2022	3,404,749	120,819
2023	3,586,374	36,500
Totals	\$16,918,517	\$1,039,189
Reconciliation of long-term debt:		
Less: unaccreted discount	(\$1,181,070)	
Add: deferred bond premium costs	399,301	
	\$16,136,748	

D. Other Long-Term Obligations

During the fiscal year ending June 30, 2013, the San Rafael Successor Agency Oversight Board approved two personnel-related obligations of the former Redevelopment Agency. On August 30, 2012, the Oversight Board approved the inclusion of \$1,904,431, representing the unfunded pension liability attributable to former Redevelopment Agency employees; the repayment is being made in ten equal, annual installments. On February 26, 2013, the Oversight Board approved the inclusion of \$502,000, representing the unfunded OPEB (retiree medical) liability attributable to former Redevelopment Agency employees; the repayment is being made in nine equal, annual installments.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 15 – SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)

On March 27, 2017, the California State Department of Finance notified the Successor Agency of its determination that Other Post Employment Benefit Obligations (OPEB) would not be allowed. The last approved payment of \$55,778, which was received in June 2017, brought the remaining balance to \$298,888. This amount was removed from the schedule of obligations of the Successor Agency as of June 30, 2017.

The following table summarizes the activity for the fiscal year ended June 30, 2018:

	Approved Amount	Balance June 30, 2017	Retirements	Balance June 30, 2018
Unfunded Pension Liability	\$1,904,431	\$761,773	\$190,443	\$571,330
Total Long-Term Obligations		\$761,773	\$190,443	\$571,330

Annual repayment requirements are shown below:

For the Year Ended June 30	Principal
2019	\$190,443
2020	190,443
2021	190,444
Totals	\$571,330

E. Commitment and Contingencies

State Approval of Enforceable Obligation

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. As of June 30, 2018, the Successor Agency had prepared eleven ROPS, all of which have been approved by the Oversight Board and the California Department of Finance. The Department of Finance has stated that all items on a future ROPS are subject to a subsequent review. The amount, if any, of current obligations that may be denied by the Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

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**CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018**

**Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 years***

	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>
City's proportionate share	30.0453%	36.7394%	34.9538%	32.7180%
Proportionate share of total pension liability	\$677,753,565	\$907,195,058	\$900,629,287	\$878,483,703
Proportionate share of fiduciary net position	603,499,779	764,871,931	733,574,437	757,834,016
Proportionate share of the net pension liability	<u>\$74,253,786</u>	<u>\$142,323,127</u>	<u>\$167,054,850</u>	<u>\$120,649,687</u>
Plan fiduciary net position as a percentage of the total pension liability	89.04%	84.31%	84.31%	86.27%
Covered payroll (report date)	\$31,073,560	\$32,126,272	\$32,885,135	\$36,349,651
Net pension liability as a percentage of covered payroll	236.26%	443.01%	508.00%	331.91%

* - The fiscal year ended June 30, 2015 was the first year of implementation, therefore only four years are shown

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CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

Schedule of Contributions
Defined Benefit Pension

Last 10 years (subject to available information: first year of implementation was Fiscal Year ended June 30, 2015)

	<u>2015</u>
Contractually required contribution	\$ 17,802,358
Contributions in Relation to the Contractually required contribution	<u>17,802,358</u>
Contribution Deficiency/ (Excess)	<u>\$ -</u>
Covered payroll	\$ 31,073,560
Contributions as a percentage of covered payroll	57.29%

Notes to Schedule

Valuation Date / Timing 6/30/2013 (for contributions made in FY2014-2015)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2014-15):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Actuarial Loss from 2009
Remaining Amortization period	Unfunded liability - 17 years / Extraordinary Actuarial Loss - 25 years
Asset valuation method	5-year smoothed market, 80% /120% corridor around market
Inflation	3.25%
Salary increases	3.25% plus merit component based on employee classification and years of service
Investment Rate of Return	7.50%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRA Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with ages set back one year for male members / two years for female members
Disabled Mortality	Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with ages set forward three years for all members

**CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018**

**Schedule of Contributions
Defined Benefit Pension**

**Last 10 years (subject to available information: first year of implementation was Fiscal Year ended June 30, 2015)
(Continued)**

	<u>2016</u>
Contractually required contribution	\$ 19,339,577
Contributions in Relation to the	
Contractually required contribution	<u>19,339,577</u>
Contribution Deficiency/ (Excess)	<u>\$ -</u>
Covered payroll	\$ 32,126,272
Contributions as a percentage of covered payroll	60.20%

Notes to Schedule

Valuation Date / Timing 6/30/2014 (for contributions made in FY2015-2016)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2015-16):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Actuarial Loss from 2009
Remaining Amortization period	Unfunded liability - 16 years / Extraordinary Actuarial Loss - 24 years
Asset valuation method	5-year smoothed market, 80% / 120% corridor around market
Inflation	3.25%
Salary increases	3.25% plus merit component based on employee classification and years of service
Investment Rate of Return	7.25%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRA Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	CalPERS 2014 Pre-Retirement Non-Industrial Death rates (plus Duty-Related Death rates for Safety Members), with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2009 using Scale MP-2014
Disabled Mortality	CalPERS 2014 Disability Mortality rates (Non-Industrial rates for Miscellaneous members and Industrial Disability rates for Safety members), adjusted by 90% for Males and Females (Miscellaneous and Safety) with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2009 using Scale MP-2014

CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

Schedule of Contributions
Defined Benefit Pension

Last 10 years (subject to available information: first year of implementation was Fiscal Year ended June 30, 2015)
(Continued)

	<u>2017</u>
Contractually required contribution	\$ 20,003,001
Contributions in Relation to the Contractually required contribution	<u>20,003,001</u>
Contribution Deficiency/ (Excess)	<u>\$ -</u>
Covered payroll	\$ 32,885,135
Contributions as a percentage of covered payroll	60.83%

Notes to Schedule

Valuation Date / Timing 6/30/2015 (for contributions made in FY2016-2017)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2016-17):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Gains or Losses (24 years remaining as of 6/30/14), the remaining UAL as of June 30, 2013 (16 years as of 6/30/14), and additional layers for unexpected changes in UAL after 6/30/13 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Remaining Amortization period	19 years remaining as of June 30, 2016
Asset valuation method	Market Value
Inflation	2.75% per year
Salary increases	3.00% plus merit component based on employee classification and years of service
Investment Rate of Return	7.25%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRA Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	Sex distinct RP-2000 combined mortality projected to 2010 using Scale AA with ages set back one year for male members/two years for female members
Disabled Mortality	Sex distinct RP-2000 combined mortality projected to 2010 using Scale AA with ages set forward three years for all members

**CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018**

**Schedule of Contributions
Defined Benefit Pension**

Last 10 years (subject to available information: first year of implementation was Fiscal Year ended June 30, 2015)
(Continued)

	<u>2018</u>
Contractually required contribution	\$ 20,167,435
Contributions in Relation to the Contractually required contribution	<u>20,167,435</u>
Contribution Deficiency/ (Excess)	<u>\$ -</u>
Covered payroll	\$ 36,349,651
Contributions as a percentage of covered payroll	55.48%

Notes to Schedule

Valuation Date / Timing 6/30/2016 (for contributions made in FY2017-2018)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY2016-17):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Gains or Losses (22 years remaining as of 6/30/16), the remaining UAL as of June 30, 2013 (14 years as of 6/30/16), and additional layers for unexpected changes in UAL after 6/30/13 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Remaining Amortization period	18 years remaining as of June 30, 2017
Asset valuation method	Market Value
Inflation	2.75% per year
Salary increases	3.00% plus merit component based on employee classification and years of service
Investment Rate of Return	7.25%
Retirement Age	Classic Tiers: Safety - 50, Miscellaneous - 55; PEPRA Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	Sex distinct CalPERS 2014 Pre-Retirement Non-Industrial Death rates (plus Duty-Related death rates for Safety members)
Disabled Mortality	Sex distinct RP-2000 combined mortality projected to 2010 using Scale AA with ages set forward three years for all members

**CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

Measurement period	Last Ten Fiscal Years Other Post-Employment Benefits (OPEB)	
	2015-16	2016-17
Total OPEB liability		
Service cost	\$ 766,000	\$ 789,000
Interest	3,447,000	3,540,000
Differences between expected and actual experience	-	(4,107,000)
Assumption changes	-	4,831,000
Benefit payments, including refunds of employee contributions	(2,896,000)	(3,015,000)
Net change in total OPEB liability	1,317,000	2,038,000
Total OPEB liability - beginning	48,226,000	49,543,000
Total OPEB liability - ending (a)	<u>\$ 49,543,000</u>	<u>\$ 51,581,000</u>
OPEB fiduciary net position		
Contributions - employer	\$ 2,896,000	\$ 3,475,000
Net investment income	157,000	1,675,000
Benefit payments, including refunds of employee contributions	(2,896,000)	(3,015,000)
Administrative expense	(7,000)	(8,000)
Net change in plan fiduciary net position	150,000	2,127,000
Plan fiduciary net position - beginning	15,608,000	15,758,000
Plan fiduciary net position - ending (b)	<u>\$ 15,758,000</u>	<u>\$ 17,885,000</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$ 33,785,000</u>	<u>\$ 33,696,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>31.81%</u>	<u>34.67%</u>
Covered employee payroll	<u>\$ 32,885,135</u>	<u>\$ 36,349,651</u>
Plan net OPEB liability as a percentage of covered employee payroll	<u>102.74%</u>	<u>92.70%</u>

Historical information is required only for the measurement periods for which GASB 75 is applicable.

**CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018**

SCHEDULE OF CONTRIBUTIONS

**Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)**

	2016-17
Actuarially determined contribution	\$ 3,450,000
Contributions in relation to the actuarially determined contribution	(3,475,000)
Contribution deficiency (excess)	\$ (25,000)
Covered employee payroll	\$ 36,349,651
Contributions as a percentage of covered employee payroll	10.49%

GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation.

The June 30, 2017 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 06/30/17.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount, over approximate 10-year period
Remaining Amortization	19 years remaining as of June 30, 2016
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	7.25%
Contribution Policy	City contributes full ADC
General Inflation	2.75% per annum
Mortality, Retirement, Disability, Termination	Same as June 30, 2015 actuarial valuation
Mortality Improvement	Mortality projected fully generational with Scale MP-14, modified
Expected Long-Term Rate of Return on Investments	Same as discount rate - expected City contributions projected to
Salary Increases	Aggregate - 3% Merit - 6/30/14 MCERA assumptions
Medical Trend	Non-Medicare - 6.5% for 2017, decreasing 0.5% per year to an ultimate rate of 4.50% for 2021 and Medicare - 6.7% for 2017, decreasing to ultimate rate of 4.5% for 2021 and later years
Healthcare participation for future retirees	Capped benefit: 100% currently covered, 80% currently waived PEMHCA minimum - 60%
Cap Increases	None

**CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018**

SCHEDULE OF CONTRIBUTIONS

**Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)**

	2017-18
Actuarially determined contribution	\$ 3,530,000
Contributions in relation to the actuarially determined contribution	(3,563,000)
Contribution deficiency (excess)	\$ (33,000)
Covered employee payroll	\$ 36,350,000
Contributions as a percentage of covered employee payroll	9.71%

GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation.

The June 30, 2017 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 06/30/18.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount, over approximate 10-year period
Remaining Amortization	18 years remaining as of June 30, 2017
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.75% at June 30, 2017; 7.25% at June 30, 2016
Contribution Policy	City contributes full ADC
General Inflation	2.75% per annum
Mortality, Retirement, Disability, Termination	Same as June 30, 2017 actuarial valuation
Mortality Improvement	Pre-retirement mortality: projected 15-year static with 90% of Scale MP-2016 Post-retirement mortality: projected fully generational with Scale MP-2017
Expected Long-Term Rate of Return on Investments	Same as discount rate - expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
Salary Increases	Aggregate - 3% Merit - 6/30/17 MCERA assumptions
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to 4.00% for 2076 and later years and Medicare - 6.5% for 2019, decreasing to 4.00% for 2076 and later years
Healthcare participation for future retirees	Capped benefit: 100% currently covered, 80% currently waived PEMHCA minimum - 60%
Cap Increases	None



**GENERAL FUND AND MAJOR SPECIAL REVENUE FUND
BUDGET-TO-ACTUAL STATEMENTS**

GASB Statement No. 34 dictates that budget-to-actual information in the basic financial statements should be limited to the General Fund and major Special Revenue Funds. This section is provided for the presentation of Budget-to-Actual Statements for the General Fund, Traffic and Housing Mitigation, and the Gas Tax Special Revenue Funds.

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles for the General Fund and Special Revenue Funds.

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CITY OF SAN RAFAEL
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and special assessments	\$66,848,000	\$68,146,000	\$68,079,065	(\$66,935)
Licenses and permits	2,782,001	2,718,001	2,718,166	165
Fines and forfeitures	457,000	361,000	384,268	23,268
Use of money and properties	238,200	172,248	175,230	2,982
Intergovernmental	3,323,000	4,104,000	4,103,766	(234)
Charges for services	2,980,450	2,359,450	2,379,046	19,596
Other revenue	504,443	593,000	629,348	36,348
Total Revenues	77,133,094	78,453,699	78,468,889	15,190
EXPENDITURES				
Current:				
General government	9,633,840	10,112,800	9,686,131	426,669
Public safety	43,270,572	43,270,572	43,481,474	(210,902)
Public works and parks	11,512,555	11,512,550	11,953,335	(440,785)
Community development	4,570,436	4,621,013	4,051,224	569,789
Culture and recreation	3,255,719	3,255,719	3,229,533	26,186
Capital outlay	90,690	210,690	225,996	(15,306)
Debt service:				
Principal	280,172	280,172	280,172	
Interest and fiscal charges	271,263	1,016,986	1,005,636	11,350
Total Expenditures	72,885,247	74,280,502	73,913,501	367,001
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,247,847	4,173,197	4,555,388	382,191
OTHER FINANCING SOURCES (USES)				
Bonds issued		45,485,000	45,485,000	
Bond premium		8,248,397	8,248,397	
Loan issued		1,080,000	1,080,800	800
Transfers in	1,356,344	1,356,344	1,356,344	
Transfers out	(6,375,000)	(65,207,407)	(65,207,407)	
Total Other Financing Sources (Uses)	(5,018,656)	(9,037,666)	(9,036,866)	800
Net Change in Fund Balances	(\$770,809)	(\$4,864,469)	(4,481,478)	\$382,991
FUND BALANCES, BEGINNING OF YEAR			16,704,432	
FUND BALANCES, END OF YEAR			\$12,222,954	

CITY OF SAN RAFAEL
 TRAFFIC AND HOUSING MITIGATION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and special assessments			\$39,619	\$39,619
Use of money and properties	\$82,000	\$82,000	56,994	(25,006)
Charges for services	300,000	940,000	662,332	(277,668)
Total Revenues	<u>382,000</u>	<u>1,022,000</u>	<u>758,945</u>	<u>(263,055)</u>
EXPENDITURES				
Current:				
General government		50,900	50,900	
Capital outlay	150,000	2,975,021	2,974,669	352
Total Expenditures	<u>150,000</u>	<u>3,025,921</u>	<u>3,025,569</u>	<u>352</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>232,000</u>	<u>(2,003,921)</u>	<u>(2,266,624)</u>	<u>(262,703)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In		148,788	148,788	
Transfers Out		(711,221)	(711,221)	
Total Other Financing Sources (Uses)		<u>(562,433)</u>	<u>(562,433)</u>	
Net Change in Fund Balances	<u>\$232,000</u>	<u>(\$2,566,354)</u>	<u>(2,829,057)</u>	<u>(\$262,703)</u>
FUND BALANCES, BEGINNING OF YEAR			<u>9,135,430</u>	
FUND BALANCES, END OF YEAR			<u>\$6,306,373</u>	

CITY OF SAN RAFAEL
GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and special assessments			\$44,478	\$44,478
Use of money and properties	\$48,000	\$48,000	45,748	(2,252)
Intergovernmental	2,443,942	2,443,942	2,949,961	506,019
Charges for services	1,043,600	1,043,600	1,097,941	54,341
Total Revenues	3,535,542	3,535,542	4,138,128	602,586
EXPENDITURES				
Current:				
General government	16,740	16,740		16,740
Public works and parks	4,367,999	6,239,801	1,580,271	4,659,530
Capital outlay	3,636,891	11,361,414	2,986,597	8,374,817
Total Expenditures	8,021,630	17,617,955	4,566,868	13,051,087
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,486,088)	(14,082,413)	(428,740)	13,653,673
OTHER FINANCING SOURCES (USES)				
Transfers in		246,113	246,113	
Transfers out	(400,000)	(548,788)	(548,788)	
Total Other Financing Sources (Uses)	(400,000)	(302,675)	(302,675)	
Net Change in Fund Balances	(\$4,886,088)	(\$14,385,088)	(731,415)	\$13,653,673
FUND BALANCES, BEGINNING OF YEAR			6,723,696	
FUND BALANCES, END OF YEAR			\$5,992,281	

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CITY OF SAN RAFAEL
 ESSENTIAL FACILITIES CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property			\$196,846	\$196,846
Other revenue			2,158,166	2,158,166
Total Revenues			2,355,012	2,355,012
EXPENDITURES				
Capital outlay	\$4,025,000	\$16,622,567	16,622,567	
Total Expenditures	4,025,000	16,622,567	16,622,567	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,025,000)	(16,622,567)	(14,267,555)	2,355,012
OTHER FINANCING SOURCES (USES)				
Transfers in	4,025,000	63,476,607	63,476,607	
Total Other Financing Sources (Uses)	4,025,000	63,476,607	63,476,607	
Net Change in Fund Balances		\$46,854,040	49,209,052	\$2,355,012
FUND BALANCES, BEGINNING OF YEAR				
FUND BALANCES, END OF YEAR			\$49,209,052	

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Recreation Revolving Fund – Established to administer the Community Services Department's program and facility rental charge and accounts for the Recreation Memorial Fund.

Baypoint Lagoons Assessment District Fund – The Baypoint Lagoons Lighting and Landscape District was formed to protect and enhance wildlife habitat and water quality in Baypoint (Spinnaker) Lagoon and the adjacent diked salt marsh.

Household Hazmat Facility Fund – Established to account for State mandated hazardous materials information, collection, and reporting. Expenditures include inspection of businesses for compliance with regulations. This fund also serves as the depository for countywide Household Hazardous Waste Program.

Childcare Fund – Established to administer and account for childcare programs at ten sites throughout the City.

Loch Lomond #10 Community Facilities District Fund – Established to provide maintenance for stormwater and geotechnical mitigation facilities. A Mello Roos District was formed to fund this maintenance.

Loch Lomond Marina #2 Community Facilities District Fund – Established to report tax assessments and maintenance expenditures of the District.

Library Fund – Established to account for restricted library activities that are intended to be self-funding.

Library Assessment Fund – Established to account for a special parcel tax dedicated to public library services and facilities, equipment, and technology improvements.

Public Safety Fund – Established for special police services, which are intended to be self-funding.

Stormwater Fund – Established to provide for self-funding storm drain maintenance program plus separate programs through the County and Bay Area to educate residents about urban runoff pollution.

Development Services Fund – Established to account for development activities that are supported by external sources of funds. This fund does not account for the operating costs of building, planning, and engineering, which are located in the General Fund.

Grants Fund – Established to account for grants for the Library, Childcare, Police and Falkirk Cultural Center.

Parkland Dedication Fund – Established to account for long-term developer deposits used to enhance and maintain the park structure within City limits.

Emergency Medical Services Fund – Established to account for the Emergency Medical Services and Transportation program that provides services to all segments of the community.

Business Improvement Fund – Established to account for activities held in Downtown San Rafael.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

Pt. San Pedro Maintenance Portion Special Revenue Fund – Established to account for ongoing maintenance needs within the Pt. San Pedro assessment district.

Low and Moderate Income Housing Special Revenue Fund – Established to account for the activities related to the assets assumed by the City as Housing Successor to the San Rafael Redevelopment Agency for the housing activities of the former Redevelopment Agency.

Measure A Open Space Special Revenue Fund – Established to account for the use of proceeds distributed by the County of Marin from Measure A, as well as other supplementary matching or City-funding for the operation or maintenance of open space, park or recreation lands.

DEBT SERVICE FUNDS

Peacock Gap Assessment District Fund – Established to accumulate funds for the payment of principal and interest for the 1993 Bonds which matured in 2005. The proceeds were used to refund the 1984 Bonds, which provided for the construction of public improvements in the project area. Financing is to be provided by property tax increments generated within the specific geographic region described by the bond assessment district.

Mariposa Assessment District Fund - Established to accumulate funds for the payment of principal and interest for the 1993 Bond, which matured in 2008. The proceeds were used to finance the grading and paving of Mariposa Road.

1997 Financing Authority Revenue Bonds Fund – Established to accumulate funds for the payment of principal and interest for the 1997 Revenue Bonds which matured in 2011. The proceeds were used to purchase the previously issued special assessment bonds. Financing is to be provided by property tax increments generated within the specific geographic region described by the bond assessment district.

CAPITAL PROJECTS FUNDS

Capital Improvement Fund – Established for the costs associated with major capital improvement projects not tied to specific funds elsewhere. Improvements could include medians, parkways, sidewalks, and other public assets.

Bedroom Tax Fund – Established to collect funds from multiple-unit housing used to pay for maintaining and developing parks within local neighborhoods.

Assessment Districts Fund – Established to account for ongoing construction and improvement needs within the following assessment districts: Peacock Gap, Kerner Boulevard, Sun Valley/Lucas Valley Open Space, East San Rafael Drainage Assessment District 1.

Park Capital Projects Fund – Established to account for capital improvements for all City owned parks, whether paid for by City funds, grants, donations, or partnership with the community.

Open Space Fund – Established for the acquisition of open space.



CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUNDS				
	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Loch Lomond #10 Community Facilities Dist.
ASSETS					
Cash and investments	\$584,533	\$259,852	\$207,797	\$1,588,156	\$663,436
Restricted cash and investments					
Receivables:					
Accounts	179,426		403,207		
Taxes		165			101
Grants				24,093	
Interest					
Loans					
Prepays					
Total Assets	<u>\$763,959</u>	<u>\$260,017</u>	<u>\$611,004</u>	<u>\$1,612,249</u>	<u>\$663,537</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$255,922		\$125,273	\$40,434	
Deposits payable					
Developer deposits payable			143,378		
Deferred revenue	231,594				
Total Liabilities	<u>487,516</u>		<u>268,651</u>	<u>40,434</u>	
Fund Balances:					
Nonspendable					
Restricted	276,443	\$260,017	342,353	1,571,815	\$663,537
Committed					
Assigned					
Total Fund Balances	<u>276,443</u>	<u>260,017</u>	<u>342,353</u>	<u>1,571,815</u>	<u>663,537</u>
Total Liabilities and Fund Balances	<u>\$763,959</u>	<u>\$260,017</u>	<u>\$611,004</u>	<u>\$1,612,249</u>	<u>\$663,537</u>

SPECIAL REVENUE FUNDS

Loch Lomond Marina #2 Community Facilities Dist.	Library	Library Assessment	Public Safety	Stormwater	Development Services	Grants
\$204,238	\$2,324,113	\$708,010	\$79,945	\$991,200	\$684,418	\$709,359
1,328			37,169	15,450 5,299	28,069	64,938
<u>\$205,566</u>	<u>\$2,324,113</u>	<u>\$708,010</u>	<u>\$117,114</u>	<u>\$1,011,949</u>	<u>\$712,487</u>	<u>\$774,297</u>
	\$437	\$59,306	\$2,235	\$422,926	\$6,440 23,053 1,500	\$11,436
	<u>437</u>	<u>59,306</u>	<u>2,235</u>	<u>422,926</u>	<u>30,993</u>	<u>11,436</u>
\$205,566	2,323,676	648,704	114,879	589,023	681,494	762,861
<u>205,566</u>	<u>2,323,676</u>	<u>648,704</u>	<u>114,879</u>	<u>589,023</u>	<u>681,494</u>	<u>762,861</u>
<u>\$205,566</u>	<u>\$2,324,113</u>	<u>\$708,010</u>	<u>\$117,114</u>	<u>\$1,011,949</u>	<u>\$712,487</u>	<u>\$774,297</u>

(Continued)

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUNDS				
	Parkland Dedication	Emergency Medical Services	Business Improvement	Pt. San Pedro Maintenance Portion	Low and Moderate Income Housing
ASSETS					
Cash and investments	\$604,678	\$526,868	\$21,247	\$124,598	\$656,069
Restricted cash and investments					
Receivables:					
Accounts		231,765			
Taxes		33,758		497	
Grants		250,000			
Interest					696
Loans					250,169
Prepays		302,366			
Total Assets	\$604,678	\$1,344,757	\$21,247	\$125,095	\$906,934
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$2,237	\$75,325	\$21,247	\$20,357	
Deposits payable					
Developer deposits payable					
Deferred revenue					
Total Liabilities	2,237	75,325	21,247	20,357	
Fund Balances:					
Nonspendable		302,366			
Restricted	602,441	967,066		104,738	\$906,934
Committed					
Assigned					
Total Fund Balances	602,441	1,269,432		104,738	906,934
Total Liabilities and Fund Balances	\$604,678	\$1,344,757	\$21,247	\$125,095	\$906,934

SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS		
	Measure A Open Space	Peacock Gap Assessment District	Mariposa Assessment District	1997 Financing Authority Revenue Bonds	Capital Improvement	Bedroom Tax
\$241,405	\$2,875	\$16,573	\$148,874	\$2,713,263 625,286	\$86,535	\$223,742 77,770
228,083				3,456		
<u>\$469,488</u>	<u>\$2,875</u>	<u>\$16,573</u>	<u>\$148,874</u>	<u>\$3,342,005</u>	<u>\$86,535</u>	<u>\$301,512</u>
\$65,422				\$1,593,786		
<u>65,422</u>				<u>1,593,786</u>		
404,066	\$2,875	\$16,573	\$148,874	1,748,219	\$86,535	\$301,512
<u>404,066</u>	<u>2,875</u>	<u>16,573</u>	<u>148,874</u>	<u>1,748,219</u>	<u>86,535</u>	<u>301,512</u>
<u>\$469,488</u>	<u>\$2,875</u>	<u>\$16,573</u>	<u>\$148,874</u>	<u>\$3,342,005</u>	<u>\$86,535</u>	<u>\$301,512</u>

(Continued)

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2018

	CAPITAL PROJECTS FUNDS		Total Non-Major Governmental Funds
	Park Capital Projects	Open Space	
ASSETS			
Cash and investments	\$6,764	\$115,942	\$14,494,490
Restricted cash and investments			703,056
Receivables:			
Accounts			895,086
Taxes			269,231
Grants			339,031
Interest			4,152
Loans			250,169
Prepays			302,366
Total Assets	\$6,764	\$115,942	\$17,257,581
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable			\$2,702,783
Deposits payable			23,053
Developer deposits payable			144,878
Deferred revenue			231,594
Total Liabilities			3,102,308
Fund Balances:			
Nonspendable			302,366
Restricted			11,981,982
Committed	\$6,764		1,754,983
Assigned		\$115,942	115,942
Total Fund Balances	6,764	115,942	14,155,273
Total Liabilities and Fund Balances	\$6,764	\$115,942	\$17,257,581



CITY OF SAN RAFAEL
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUNDS				
	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Loch Lomond #10 Community Facilities Dist.
REVENUES					
Taxes and special assessments		\$25,368			\$15,606
Use of money and properties	\$29,593	1,810	\$1,265	\$11,006	4,779
Intergovernmental	15,000			341,315	
Charges for services	3,141,976		161,798	3,558,672	
Other revenue	26,530			13,957	
Total Revenues	3,213,099	27,178	163,063	3,924,950	20,385
EXPENDITURES					
Current:					
General government					
Public safety			134,075		
Public works and parks		5,487			17,114
Culture and recreation	4,854,747			3,660,279	
Capital outlay					
Total Expenditures	4,854,747	5,487	134,075	3,660,279	17,114
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,641,648)	21,691	28,988	264,671	3,271
OTHER FINANCING SOURCES (USES)					
Transfers in	1,800,000			50,000	
Transfers out				(113,000)	
Total Other Financing Sources (Uses)	1,800,000			(63,000)	
Net Change in Fund Balances	158,352	21,691	28,988	201,671	3,271
Fund Balance, Beginning	118,091	238,326	313,365	1,370,144	660,266
Fund Balance, Ending	\$276,443	\$260,017	\$342,353	\$1,571,815	\$663,537

SPECIAL REVENUE FUNDS

Loch Lomond Marina #2 Community Facilities Dist.	Library	Library Assessment	Public Safety	Stormwater	Development Services	Grants
\$204,380		\$1,017,358				
1,316	\$16,800	2,443	\$279	\$3,813	\$37,728	\$4,478
	6,000		74,900	411,828		657,457
	6,788		2,265	840,496		
	1,677,357		85,926	1,184		
205,696	1,706,945	1,019,801	163,370	1,257,321	37,728	661,935
				9,327	39,520	107,330
130			306,991	791,608		522,402
	15,334	1,038,669		556,450		
130	15,334	1,038,669	306,991	1,357,385	39,520	629,732
205,566	1,691,611	(18,868)	(143,621)	(100,064)	(1,792)	32,203
			100,000	500,000		(22,463)
			100,000	500,000		(22,463)
205,566	1,691,611	(18,868)	(43,621)	399,936	(1,792)	9,740
	632,065	667,572	158,500	189,087	683,286	753,121
\$205,566	\$2,323,676	\$648,704	\$114,879	\$589,023	\$681,494	\$762,861

(Continued)

CITY OF SAN RAFAEL
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUNDS				Low and Moderate Income Housing
	Parkland Dedication	Emergency Medical Services	Business Improvement	Pt. San Pedro - Maintenance Portion	
REVENUES					
Taxes and special assessments	\$261	\$4,922,498		\$76,492	
Use of money and properties	\$4,008	17,797		480	\$12,095
Intergovernmental		176,989			
Charges for services		2,808,780			
Other revenue	34,128	524,708			64,074
Total Revenues	38,397	8,450,772		76,972	76,169
EXPENDITURES					
Current:					
General government		37,307			79,585
Public safety		7,188,563			
Public works and parks	19,342			123,517	
Culture and recreation					
Capital outlay	52,343				
Total Expenditures	71,685	7,225,870		123,517	79,585
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(33,288)	1,224,902		(46,545)	(3,416)
OTHER FINANCING SOURCES (USES)					
Transfers in	186,541				
Transfers out		(1,700,000)			
Total Other Financing Sources (Uses)	186,541	(1,700,000)			
Net Change in Fund Balances	153,253	(475,098)		(46,545)	(3,416)
Fund Balance, Beginning	449,188	1,744,530		151,283	910,350
Fund Balance, Ending	\$602,441	\$1,269,432		\$104,738	\$906,934

SPECIAL REVENUE FUND	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS		
	Peacock Gap Assessment District	Mariposa Assessment District	1997 Financing Authority Revenue Bonds	Capital Improvement	Bedroom Tax	Assessment Districts
Measure A Open Space						
\$458,974 2,425			\$1,077	\$24,949 141,758	\$9,690	\$732
461,399			1,077	166,707	9,690	732
172,073 181,969						
2,183				2,369,831		
356,225				2,369,831		
105,174			1,077	(2,203,124)	9,690	732
(70,343)				487,571		
(70,343)				487,571		
34,831			1,077	(1,715,553)	9,690	732
369,235	\$2,875	\$16,573	147,797	3,463,772	76,845	300,780
\$404,066	\$2,875	\$16,573	\$148,874	\$1,748,219	\$86,535	\$301,512

(Continued)

CITY OF SAN RAFAEL
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>CAPITAL PROJECTS FUND</u>		Total Non-Major Governmental Funds
	<u>Park Capital Projects</u>	<u>Open Space</u>	
REVENUES			
Taxes and special assessments			\$6,730,627
Use of money and properties	\$1	\$839	179,713
Intergovernmental			1,825,247
Charges for services			10,520,775
Other revenue	4,036		2,431,900
	<u>4,037</u>		<u>21,688,262</u>
Total Revenues	<u>4,037</u>	<u>839</u>	<u>21,688,262</u>
EXPENDITURES			
Current:			
General government			273,069
Public safety			8,324,234
Public works and parks			1,139,037
Culture and recreation	25,209		9,594,238
Capital outlay			2,980,807
	<u>25,209</u>		<u>22,311,385</u>
Total Expenditures	<u>25,209</u>		<u>22,311,385</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(21,172)</u>	<u>839</u>	<u>(623,123)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			3,124,112
Transfers out			(1,905,806)
			<u>1,218,306</u>
Total Other Financing Sources (Uses)			<u>1,218,306</u>
Net Change in Fund Balances	(21,172)	839	595,183
Fund Balance, Beginning	27,936	115,103	13,560,090
Fund Balance, Ending	<u>\$6,764</u>	<u>\$115,942</u>	<u>\$14,155,273</u>



CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018

SPECIAL REVENUE FUNDS

	Recreation Revolving			Baypoint Lagoons Assessment District		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments				\$25,500	\$25,368	(\$132)
Use of money and properties	\$28,409	\$29,593	\$1,184	1,800	1,810	10
Intergovernmental	10,000	15,000	5,000			
Charges for services	3,098,700	3,141,976	43,276			
Other revenue	2,750	26,530	23,780			
Total Revenues	<u>3,139,859</u>	<u>3,213,099</u>	<u>73,240</u>	<u>27,300</u>	<u>27,178</u>	<u>(122)</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks				5,488	5,487	1
Culture and recreation	4,800,693	4,854,747	(54,054)			
Capital outlay						
Total Expenditures	<u>4,800,693</u>	<u>4,854,747</u>	<u>(54,054)</u>	<u>5,488</u>	<u>5,487</u>	<u>1</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,660,834)</u>	<u>(1,641,648)</u>	<u>19,186</u>	<u>21,812</u>	<u>21,691</u>	<u>(121)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,800,000	1,800,000				
Transfers out						
Total Other Financing Sources (Uses)	<u>1,800,000</u>	<u>1,800,000</u>				
FUND BALANCES, BEGINNING OF YEAR AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>\$139,166</u>	<u>158,352</u>	<u>\$19,186</u>	<u>\$21,812</u>	<u>21,691</u>	<u>(\$121)</u>
FUND BALANCES, BEGINNING OF YEAR		<u>118,091</u>			<u>238,326</u>	
FUND BALANCES, END OF YEAR		<u>\$276,443</u>			<u>\$260,017</u>	

SPECIAL REVENUE FUNDS

Household Hazmat Facility			Childcare			Loch Lomond #10 Community Facilities District		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
						\$15,610	\$15,606	(\$4)
\$1,600	\$1,265	(\$335)	\$6,000	\$11,006	\$5,006	6,000	4,779	(1,221)
			305,782	341,315	35,533			
156,515	161,798	5,283	3,775,000	3,558,672	(216,328)			
				13,957	13,957			
158,115	163,063	4,948	4,086,782	3,924,950	(161,832)	21,610	20,385	(1,225)
151,615	134,075	17,540						
			4,089,615	3,660,279	429,336	150,054	17,114	132,940
151,615	134,075	17,540	4,089,615	3,660,279	429,336	150,054	17,114	132,940
6,500	28,988	22,488	(2,833)	264,671	267,504	(128,444)	3,271	131,715
			50,000	50,000				
			(113,000)	(113,000)				
			(63,000)	(63,000)				
<u>\$6,500</u>	28,988	<u>\$22,488</u>	<u>(\$65,833)</u>	201,671	<u>\$267,504</u>	<u>(\$128,444)</u>	3,271	<u>\$131,715</u>
	313,365			1,370,144			660,266	
	<u>\$342,353</u>			<u>\$1,571,815</u>			<u>\$663,537</u>	

(Continued)

CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUNDS					
	Loch Lomond Marina #2 Community Facilities District			Library		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments		\$204,380	\$204,380			
Use of money and properties		1,316	1,316	\$15,320	\$16,800	\$1,480
Intergovernmental				6,000	6,000	
Charges for services				7,000	6,788	(212)
Other revenue				1,675,726	1,677,357	1,631
Total Revenues		<u>205,696</u>	<u>205,696</u>	<u>1,704,046</u>	<u>1,706,945</u>	<u>2,899</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks	\$130	130				
Culture and recreation				25,000	15,334	9,666
Capital outlay						
Total Expenditures	<u>130</u>	<u>130</u>		<u>25,000</u>	<u>15,334</u>	<u>9,666</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(130)</u>	<u>205,566</u>	<u>205,696</u>	<u>1,679,046</u>	<u>1,691,611</u>	<u>12,565</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>(\$130)</u>	<u>205,566</u>	<u>\$205,696</u>	<u>\$1,679,046</u>	<u>1,691,611</u>	<u>\$12,565</u>
FUND BALANCES, BEGINNING OF YEAR					<u>632,065</u>	
FUND BALANCES, END OF YEAR		<u>\$205,566</u>			<u>\$2,323,676</u>	

SPECIAL REVENUE FUNDS

Library Assessment			Public Safety			Stormwater		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$1,054,595	\$1,017,358	(\$37,237)						
5,600	2,443	(3,157)	\$400	\$279	(\$121)	\$1,000	\$3,813	\$2,813
			70,000	74,900	4,900		411,828	411,828
			1,500	2,265	765	772,800	840,496	67,696
			75,000	85,926	10,926	5,000	1,184	(3,816)
<u>1,060,195</u>	<u>1,019,801</u>	<u>(40,394)</u>	<u>146,900</u>	<u>163,370</u>	<u>16,470</u>	<u>778,800</u>	<u>1,257,321</u>	<u>478,521</u>
						4,731	9,327	(4,596)
			312,745	306,991	5,754	892,716	791,608	101,108
1,207,221	1,038,669	168,552				616,635	556,450	60,185
<u>1,207,221</u>	<u>1,038,669</u>	<u>168,552</u>	<u>312,745</u>	<u>306,991</u>	<u>5,754</u>	<u>1,514,082</u>	<u>1,357,385</u>	<u>156,697</u>
<u>(147,026)</u>	<u>(18,868)</u>	<u>128,158</u>	<u>(165,845)</u>	<u>(143,621)</u>	<u>22,224</u>	<u>(735,282)</u>	<u>(100,064)</u>	<u>635,218</u>
			100,000	100,000		500,000	500,000	
			100,000	100,000		500,000	500,000	
<u>(\$147,026)</u>	<u>(18,868)</u>	<u>\$128,158</u>	<u>(\$65,845)</u>	<u>(43,621)</u>	<u>\$22,224</u>	<u>(\$235,282)</u>	<u>399,936</u>	<u>\$635,218</u>
	<u>667,572</u>			<u>158,500</u>			<u>189,087</u>	
	<u>\$648,704</u>			<u>\$114,879</u>			<u>\$589,023</u>	

(Continued)

CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUNDS					
	Development Services			Grants		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments						
Use of money and properties	\$38,000	\$37,728	(\$272)	\$2,000	\$4,478	\$2,478
Intergovernmental				770,530	657,457	(113,073)
Charges for services						
Other revenue						
Total Revenues	<u>38,000</u>	<u>37,728</u>	<u>(272)</u>	<u>772,530</u>	<u>661,935</u>	<u>(110,595)</u>
EXPENDITURES						
Current:						
General government	117,000	39,520	77,480	282,770	107,330	175,440
Public safety				522,421	522,402	19
Public works and parks						
Culture and recreation						
Capital outlay						
Total Expenditures	<u>117,000</u>	<u>39,520</u>	<u>77,480</u>	<u>805,191</u>	<u>629,732</u>	<u>175,459</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(79,000)</u>	<u>(1,792)</u>	<u>77,208</u>	<u>(32,661)</u>	<u>32,203</u>	<u>64,864</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out				(22,463)	(22,463)	
Total Other Financing Sources (Uses)				<u>(22,463)</u>	<u>(22,463)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u><u>(\$79,000)</u></u>	<u><u>(1,792)</u></u>	<u><u>\$77,208</u></u>	<u><u>(\$55,124)</u></u>	<u><u>9,740</u></u>	<u><u>\$64,864</u></u>
FUND BALANCES, BEGINNING OF YEAR		<u>683,286</u>			<u>753,121</u>	
FUND BALANCES, END OF YEAR		<u><u>\$681,494</u></u>			<u><u>\$762,861</u></u>	

SPECIAL REVENUE FUNDS

Parkland Dedication			Emergency Medical Services			Business Improvement		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
	\$261	\$261	\$4,860,398	\$4,922,498	\$62,100			
\$6,000	4,008	(1,992)	9,000	17,797	8,797			
			130,000	176,989	46,989			
			2,550,000	2,808,780	258,780			
30,000	34,128	4,128	265,738	524,708	258,970			
36,000	38,397	2,397	7,815,136	8,450,772	635,636			
				37,307	(37,307)			
			7,895,597	7,188,563	707,034			
237,301	19,342	217,959						
698,374	52,343	646,031						
935,675	71,685	863,990	7,895,597	7,225,870	669,727			
(899,675)	(33,288)	866,387	(80,461)	1,224,902	1,305,363			
186,541	186,541		(1,700,000)	(1,700,000)				
186,541	186,541		(1,700,000)	(1,700,000)				
<u>(\$713,134)</u>	153,253	<u>\$866,387</u>	<u>(\$1,780,461)</u>	(475,098)	<u>\$1,305,363</u>			
	449,188			1,744,530				
	<u>\$602,441</u>			<u>\$1,269,432</u>				

(Continued)

CITY OF SAN RAFAEL
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018

SPECIAL REVENUE FUNDS

	Pt. San Pedro-Maintenance Portion			Low and Moderate Income Housing		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments	\$73,078	\$76,492	\$3,414			
Use of money and properties	1,440	480	(960)	\$2,200	\$12,095	\$9,895
Intergovernmental						
Charges for services						
Other revenue				70,000	64,074	(5,926)
Total Revenues	74,518	76,972	2,454	72,200	76,169	3,969
EXPENDITURES						
Current:						
General government				210,000	79,585	130,415
Public safety						
Public works and parks	123,520	123,517	3			
Culture and recreation						
Capital outlay						
Total Expenditures	123,520	123,517	3	210,000	79,585	130,415
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(49,002)	(46,545)	2,457	(137,800)	(3,416)	134,384
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>(\$49,002)</u>	<u>(46,545)</u>	<u>\$2,457</u>	<u>(\$137,800)</u>	<u>(3,416)</u>	<u>\$134,384</u>
FUND BALANCES, BEGINNING OF YEAR		151,283			910,350	
FUND BALANCES, END OF YEAR		<u>\$104,738</u>			<u>\$906,934</u>	

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS					
Measure A Open Space			Mariposa Assessment District			1997 Financing Authority Revenue Bonds		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$466,267	\$458,974	(\$7,293)						
1,600	2,425	825					\$1,077	\$1,077
467,867	461,399	(6,468)					1,077	1,077
167,999	172,073	(4,074)						
155,000	181,969	(26,969)						
485,000		485,000						
	2,183	(2,183)						
807,999	356,225	451,774						
(340,132)	105,174	445,306					1,077	1,077
(70,343)	(70,343)							
(70,343)	(70,343)							
(\$410,475)	34,831	\$445,306					1,077	\$1,077
	369,235			\$16,573			147,797	
	\$404,066			\$16,573			\$148,874	



INTERNAL SERVICE FUNDS

Internal service funds account for department services and financing performed for other departments within the same governmental jurisdiction. Funding comes from charges assessed to the departments benefiting from the service.

Building Maintenance Fund - Established to account for construction projects and cyclical large dollar maintenance tasks (roof, painting) completed on City owned buildings.

Vehicle Replacement Fund – Established to provide for the replacement of vehicles.

Equipment Replacement Fund – Established to provide for the replacement of computers and equipment.

Employee Benefits Fund - This fund is utilized for the payment of retiree benefits, unemployment insurance, accumulated leave requirements and other negotiated benefits not tied to a specific department.

Liability Insurance Fund - Established to maintain sufficient reserves for outstanding claims. All costs associated with liability premiums are paid from this fund.

Workers' Compensation Fund - Established to maintain sufficient reserves for injury claims. All costs associated with workers compensation, including safety training, wellness programs, claim expenses and insurance premiums are paid from this fund.

Dental Insurance Fund - Set up to maintain sufficient reserves for dental claims. All costs associated with dental claims and administrations are paid from this fund.

Employee Retirement Fund – Established to maintain sufficient reserves to fund debt service payments on the 2010 Taxable Pension Obligation Bonds and other pension related obligations.

OPEB/Retiree Medical Fund – Established to account for activities related to the funding, administration and procurement of retiree medical benefits.

Radio Replacement Fund - Established to meet radio system operating costs, capital acquisition and replacement, and operating lease obligations for the Public Works, Fire, Community Development and Police Departments. The Marin Emergency Radio Authority (MERA) is a countywide JPA that has taken the roll in procurement and installation of a new digital radio system. This fund supports San Rafael's portion of the MERA efforts and related contractual obligations.

Telephone Replacement Fund – Established to provide ongoing support services for telephone equipment and usage throughout the organization.

Sewer Maintenance Fund – Established to record both the cost of providing services to the San Rafael Sanitation District and the charges for those services.

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2018

	<u>Building Maintenance</u>	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Employee Benefits</u>	<u>Liability Insurance</u>
ASSETS					
Current Assets:					
Cash and investments	\$282,397	\$852,536	\$2,914,096	\$650,183	\$3,581,238
Accounts receivable		18,969			
Capital assets:					
Nondepreciable assets	3,153,481				
Depreciable assets, net	<u>3,178,275</u>	<u>6,908,054</u>	<u>531,108</u>		
Total Assets	<u>6,614,153</u>	<u>7,779,559</u>	<u>3,445,204</u>	<u>650,183</u>	<u>3,581,238</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	268,166	39,302	403,222	48,814	7,250
Claims payable - due in one year					1,484,580
Non-current Liabilities:					
Claims payable - due in more than one year					<u>2,073,327</u>
Total Liabilities	<u>268,166</u>	<u>39,302</u>	<u>403,222</u>	<u>48,814</u>	<u>3,565,157</u>
NET POSITION:					
Net investment in capital assets	6,331,756	6,908,054	531,108		
Unrestricted	<u>14,231</u>	<u>832,203</u>	<u>2,510,874</u>	<u>601,369</u>	<u>16,081</u>
Total Net Position	<u>\$6,345,987</u>	<u>\$7,740,257</u>	<u>\$3,041,982</u>	<u>\$601,369</u>	<u>\$16,081</u>

<u>Workers'</u> <u>Compensation</u>	<u>Dental</u> <u>Insurance</u>	<u>Employee</u> <u>Retirement</u>	<u>OPEB/</u> <u>Retiree</u> <u>Medical</u>	<u>Radio</u> <u>Replacement</u>	<u>Telephone</u> <u>Replacement</u>	<u>Sewer</u> <u>Maintenance</u>	<u>Total</u>
\$6,005,067	\$146,564	\$1,944,579	\$490,880	\$130,204	\$214,853	\$225,571	\$17,438,168 18,969
							3,153,481 10,617,437
<u>6,005,067</u>	<u>146,564</u>	<u>1,944,579</u>	<u>490,880</u>	<u>130,204</u>	<u>214,853</u>	<u>225,571</u>	<u>31,228,055</u>
285 1,212,156	3,684		927		21,480	225,571	1,018,701 2,696,736
<u>4,773,612</u>							<u>6,846,939</u>
<u>5,986,053</u>	<u>3,684</u>		<u>927</u>		<u>21,480</u>	<u>225,571</u>	<u>10,562,376</u>
<u>19,014</u>	<u>142,880</u>	<u>1,944,579</u>	<u>489,953</u>	<u>130,204</u>	<u>193,373</u>		13,770,918 <u>6,894,761</u>
<u>\$19,014</u>	<u>\$142,880</u>	<u>\$1,944,579</u>	<u>\$489,953</u>	<u>\$130,204</u>	<u>\$193,373</u>		<u>\$20,665,679</u>

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Building Maintenance	Vehicle Replacement	Equipment Replacement	Employee Benefits	Liability Insurance
OPERATING REVENUES					
Charges for current services	\$550,000	\$1,100,000	\$3,117,493	\$600,000	\$1,989,880
Other operating revenues				4,096	87,974
Total Operating Revenues	<u>550,000</u>	<u>1,100,000</u>	<u>3,117,493</u>	<u>604,096</u>	<u>2,077,854</u>
OPERATING EXPENSES					
Personnel			505,518	594,043	
Insurance premiums and claims					2,205,496
Maintenance and repairs	(182,825)	36,154			
General and administrative			2,764,253	235,957	263,515
Depreciation expense	100,453	996,634	106,224		
Total Operating Expenses	<u>(82,372)</u>	<u>1,032,788</u>	<u>3,375,995</u>	<u>830,000</u>	<u>2,469,011</u>
Operating Income (Loss)	<u>632,372</u>	<u>67,212</u>	<u>(258,502)</u>	<u>(225,904)</u>	<u>(391,157)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	1,739	10,109	13,280	17,058	21,018
Miscellaneous Income		44,124			
Loss on sale of capital assets		(23,226)			
Total Nonoperating Revenues (Expenses)	<u>1,739</u>	<u>31,007</u>	<u>13,280</u>	<u>17,058</u>	<u>21,018</u>
Net income (loss) before transfers	<u>634,111</u>	<u>98,219</u>	<u>(245,222)</u>	<u>(208,846)</u>	<u>(370,139)</u>
TRANSFERS IN	1,213,525	51,826			
TRANSFERS OUT	(135,923)				
Change in Net Position	<u>1,711,713</u>	<u>150,045</u>	<u>(245,222)</u>	<u>(208,846)</u>	<u>(370,139)</u>
NET POSITION, BEGINNING OF YEAR	<u>4,634,274</u>	<u>7,590,212</u>	<u>3,287,204</u>	<u>810,215</u>	<u>386,220</u>
NET POSITION, END OF YEAR	<u>\$6,345,987</u>	<u>\$7,740,257</u>	<u>\$3,041,982</u>	<u>\$601,369</u>	<u>\$16,081</u>

Workers' Compensation	Dental Insurance	Employee Retirement	OPEB/ Retiree Medical	Radio Replacement	Telephone Replacement	Sewer Maintenance	Total
\$856,751	\$371,805 5,286	\$134,189	\$2,714,248 862,572	\$448,660	\$386,756 5,105	\$2,570,902	\$14,840,684 965,033
856,751	377,091	134,189	3,576,820	448,660	391,861	2,570,902	15,805,717
1,161,254	385,209		3,781,501			2,570,902	3,670,463 7,533,460 (146,671)
225,613		3,977		678,546	567,521		4,739,382 1,203,311
1,386,867	385,209	3,977	3,781,501	678,546	567,521	2,570,902	16,999,945
(530,116)	(8,118)	130,212	(204,681)	(229,886)	(175,660)		(1,194,228)
51,472	1,695	7,974	(1)	1,201	3,199		128,744 44,124 (23,226)
51,472	1,695	7,974	(1)	1,201	3,199		149,642
(478,644)	(6,423)	138,186	(204,682)	(228,685)	(172,461)		(1,044,586)
		(475,513)					1,265,351 (611,436)
(478,644)	(6,423)	(337,327)	(204,682)	(228,685)	(172,461)		(390,671)
497,658	149,303	2,281,906	694,635	358,889	365,834		21,056,350
\$19,014	\$142,880	\$1,944,579	\$489,953	\$130,204	\$193,373		\$20,665,679

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Building Maintenance	Vehicle Replacement	Equipment Replacement	Employee Benefits	Liability Insurance
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers/other funds	\$550,000	\$2,161,589	\$3,117,493	\$600,000	\$1,989,880
Cash payments to suppliers for goods and services	321,568	(36,154)	(2,557,037)	(187,644)	(1,485,383)
Cash payments to employees for salaries and benefits			(505,518)	(594,043)	
Other operating revenues				4,096	87,974
Cash Flows from Operating Activities	871,568	2,125,435	54,938	(177,591)	592,471
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts	1,213,525	51,826			
Interfund payments	(135,923)				
Cash Flows from Noncapital Financing Activities	1,077,602	51,826			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(3,286,370)	(3,052,284)			
Proceeds from sale of property		44,124			
Cash Flows from Investing Activities	(3,286,370)	(3,008,160)			
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	1,739	10,109	13,280	17,058	21,018
Cash Flows from Investing Activities	1,739	10,109	13,280	17,058	21,018
Net increase (decrease) in cash and cash equivalents	(1,335,461)	(820,790)	68,218	(160,533)	613,489
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,617,858	1,673,326	2,845,878	810,716	2,967,749
CASH AND CASH EQUIVALENTS, END OF YEAR	\$282,397	\$852,536	\$2,914,096	\$650,183	\$3,581,238
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$632,372	\$67,212	(\$258,502)	(\$225,904)	(\$391,157)
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation	100,453	996,634	106,224		
Net change in assets and liabilities:					
Accounts receivable		(18,969)			
Loans receivable		1,080,558			
Accounts payable	138,743		207,216	48,313	7,250
Claims payable					976,378
Net Cash Provided by (Used in) Operating Activities	\$871,568	\$2,125,435	\$54,938	(\$177,591)	\$592,471

Workers' Compensation	Dental Insurance	Employee Retirement	OPEB/ Employee Retirement	Radio Replacement	Telephone Replacement	Sewer Maintenance	Total
\$856,751 (1,566,927)	\$371,805 (385,149)	\$134,189 (3,977)	\$2,714,248 (3,797,061)	\$448,660 (678,546)	\$386,756 (578,463)	\$2,570,902 (2,373,544)	\$15,902,273 (13,328,317) (1,099,561) 965,033
	5,286		862,572		5,105		
(710,176)	(8,058)	130,212	(220,241)	(229,886)	(186,602)	197,358	2,439,428
		(475,513)					1,265,351 (611,436)
		(475,513)					653,915
							(6,338,654) 44,124
							(6,294,530)
51,472	1,695	7,974	(1)	1,201	3,199		128,744
51,472	1,695	7,974	(1)	1,201	3,199		128,744
(658,704)	(6,363)	(337,327)	(220,242)	(228,685)	(183,403)	197,358	(3,072,443)
6,663,771	152,927	2,281,906	711,122	358,889	398,256	28,213	20,510,611
\$6,005,067	\$146,564	\$1,944,579	\$490,880	\$130,204	\$214,853	\$225,571	\$17,438,168
(\$530,116)	(\$8,118)	\$130,212	(\$204,681)	(\$229,886)	(\$175,660)		(\$1,194,228)
							1,203,311
							(18,969)
							1,080,558
(19)	60		(15,560)		(10,942)	\$197,358	572,419
(180,041)							796,337
(\$710,176)	(\$8,058)	\$130,212	(\$220,241)	(\$229,886)	(\$186,602)	\$197,358	\$2,439,428



AGENCY FUND

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations.

Pt. San Pedro Road Assessment District Fund - Established to accumulate funds for payment of principal and interest for Pt. San Pedro Road Median Landscaping Assessment District bonds.

DRAFT

CITY OF SAN RAFAEL
 AGENCY FUNDS
 COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>Pt. San Pedro Road Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$289,768	\$202,336	\$205,708	\$286,396
Taxes receivable	951	983	951	983
Total Assets	<u>\$290,719</u>	<u>\$203,319</u>	<u>\$206,659</u>	<u>\$287,379</u>
<u>Liabilities</u>				
Interest payable	\$26,614	\$25,475	\$26,615	\$25,474
Due to bondholders	264,105	177,844	180,044	261,905
Total Liabilities	<u>\$290,719</u>	<u>\$203,319</u>	<u>\$206,659</u>	<u>\$287,379</u>

DRAFT



Corner of Fourth and B Street

STATISTICAL SECTION



STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

Debt Capacity

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

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Revenue Bond Coverage Parking Facility

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

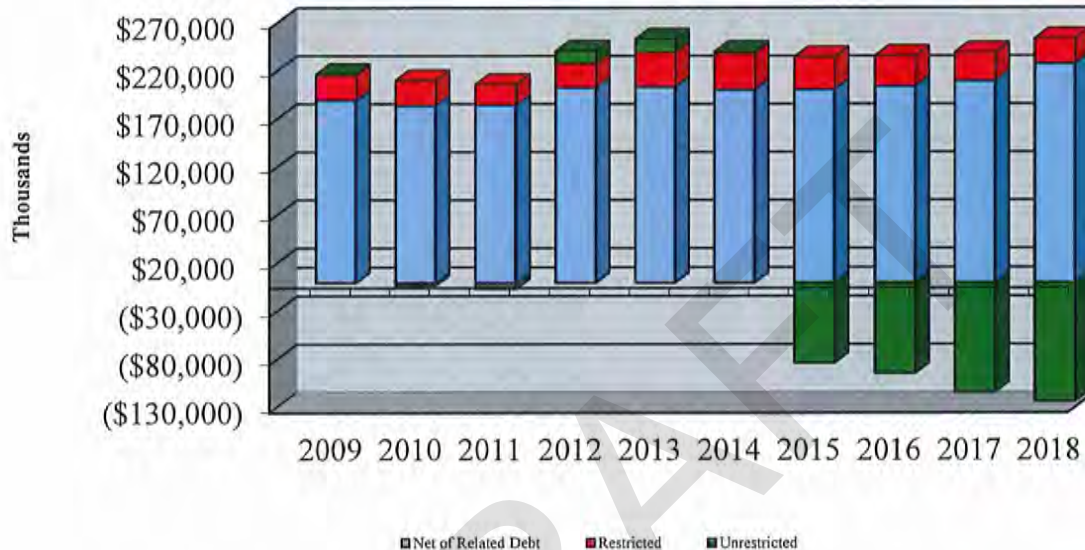
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

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

CITY OF SAN RAFAEL
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)



	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$178,744,119	\$173,536,144	\$174,281,922	\$192,361,245
Restricted	25,721,231	26,150,254	21,322,937	24,693,205
Unrestricted	(700,985)	(4,631,276)	(8,170,324)	10,652,263
Total governmental activities net position	<u>\$203,764,365</u>	<u>\$195,055,122</u>	<u>\$187,434,535</u>	<u>\$227,706,713</u>
Business-type activities				
Net investment in capital assets	\$11,243,637	\$10,950,825	\$10,793,592	\$10,650,558
Unrestricted	1,936,958	2,017,354	1,948,447	2,495,889
Total business-type activities net position	<u>\$13,180,595</u>	<u>\$12,968,179</u>	<u>\$12,742,039</u>	<u>\$13,146,447</u>
Primary government				
Net investments in capital assets	\$189,987,756	\$184,486,969	\$185,075,514	\$203,011,803
Restricted	25,721,231	26,150,254	21,322,937	24,693,205
Unrestricted	1,235,973	(2,613,922)	(6,221,877)	13,148,152
Total primary government net position	<u>\$216,944,960</u>	<u>\$208,023,301</u>	<u>\$200,176,574</u>	<u>\$240,853,160</u>

(a) The City adjusted certain beginning balances during fiscal years 2013-2014, 2014-2015 and 2016-2017. Financial data shown for proceeding years were not adjusted for the presentation.

2013	2014	2015	2016	2017	2018
\$193,222,791	\$190,286,275	\$190,621,085	\$193,707,175	\$199,202,842	\$217,170,376
35,780,412	37,339,141	33,389,224	31,286,725	29,225,643	25,549,583
11,151,318	(196,824)	(82,336,534)	(93,273,480)	(112,913,181)	(122,577,233)
<u>\$240,154,521</u>	<u>\$227,428,592</u>	<u>\$141,673,775</u>	<u>\$131,720,420</u>	<u>\$115,515,304</u>	<u>\$120,142,726</u>
\$10,670,190	\$10,786,591	\$10,744,952	\$10,958,058	\$10,968,642	\$10,951,518
2,501,498	2,049,957	(938,519)	(1,136,050)	(871,620)	(886,848)
<u>\$13,171,688</u>	<u>\$12,836,548</u>	<u>\$9,806,433</u>	<u>\$9,822,008</u>	<u>\$10,097,022</u>	<u>\$10,064,670</u>
\$203,892,981	\$201,072,866	\$201,366,037	\$204,665,233	\$210,171,484	\$228,121,894
35,780,412	37,339,141	33,389,224	31,286,725	29,225,643	25,549,583
13,652,816	1,853,133	(83,275,053)	(94,409,530)	(113,784,801)	(123,464,081)
<u>\$253,326,209</u>	<u>\$240,265,140</u>	<u>\$151,480,208</u>	<u>\$141,542,428</u>	<u>\$125,612,326</u>	<u>\$130,207,396</u>

**CITY OF SAN RAFAEL
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	2009	2010	2011	2012
Expenses				
Governmental Activities:				
General government	\$8,075,344	\$8,396,759	\$8,269,846	\$10,171,332
Public safety	42,708,538	42,752,033	44,735,486	39,876,910
Public works and parks	23,036,676	17,401,923	17,408,038	17,423,033
Community development	5,759,171	6,738,873	7,804,650	4,587,557
Culture and recreation	11,505,896	11,139,225	11,487,999	11,020,663
Interest on long-term debt and fiscal charges	1,907,229	2,200,024	1,621,605	1,224,991
Total Governmental Activities Expenses	<u>92,992,854</u>	<u>88,628,837</u>	<u>91,327,624</u>	<u>84,304,486</u>
Business-Type Activities:				
Parking services	3,563,235	4,016,198	3,785,751	3,446,482
Total Business-Type Activities Expenses	<u>3,563,235</u>	<u>4,016,198</u>	<u>3,785,751</u>	<u>3,446,482</u>
Total Primary Government Expenses	<u>\$96,556,089</u>	<u>\$92,645,035</u>	<u>\$95,113,375</u>	<u>\$87,750,968</u>
Component Unit:				
San Rafael Sanitation District	<u>\$9,143,977</u>	<u>\$9,087,354</u>	<u>\$9,677,630</u>	<u>\$10,185,779</u>
Program Revenues				
Governmental Activities:				
Charges for services:				
General government	\$1,738,685	\$1,665,460	\$1,636,542	\$1,986,791
Public safety	5,906,445	6,308,912	6,167,925	7,122,396
Public works and parks	4,753,817	3,916,874	4,141,103	5,214,267
Community development	2,915,872	2,830,179	2,676,663	3,255,367
Culture and recreation	5,253,683	5,280,458	5,362,497	5,873,147
Operating grants and contributions	3,544,248	3,721,055	3,651,902	3,158,281
Capital grants and contributions	7,311,173	2,116,906	1,857,670	2,705,696
Total Government Activities Program Revenues	<u>31,423,923</u>	<u>25,839,844</u>	<u>25,494,302</u>	<u>29,315,945</u>
Business-Type Activities:				
Charges for services:				
Parking services	4,454,490	4,244,404	4,011,333	3,901,175
Total Business-Type Activities Program Revenues	<u>4,454,490</u>	<u>4,244,404</u>	<u>4,011,333</u>	<u>3,901,175</u>
Total Primary Government Program Revenues	<u>\$35,878,413</u>	<u>\$30,084,248</u>	<u>\$29,505,635</u>	<u>\$33,217,120</u>
Component Unit:				
San Rafael Sanitation District				
Charges for service	\$10,567,647	\$11,559,549	\$12,223,779	\$12,368,889
Operating grants and contributions				
Capital grants and contributions				
Total Component Unit Program Revenues	<u>\$10,567,647</u>	<u>\$11,559,549</u>	<u>\$12,223,779</u>	<u>\$12,368,889</u>
Net (Expense)/Revenue				
Governmental Activities	(\$61,568,931)	(\$62,788,993)	(\$65,833,322)	(\$54,988,541)
Business-Type Activities	891,255	228,206	225,582	454,693
Total Primary Government Net Expense	<u>(\$60,677,676)</u>	<u>(\$62,560,787)</u>	<u>(\$65,607,740)</u>	<u>(\$54,533,848)</u>
Component Unit Activities	<u>\$1,423,670</u>	<u>\$2,472,195</u>	<u>\$2,546,149</u>	<u>\$2,183,110</u>

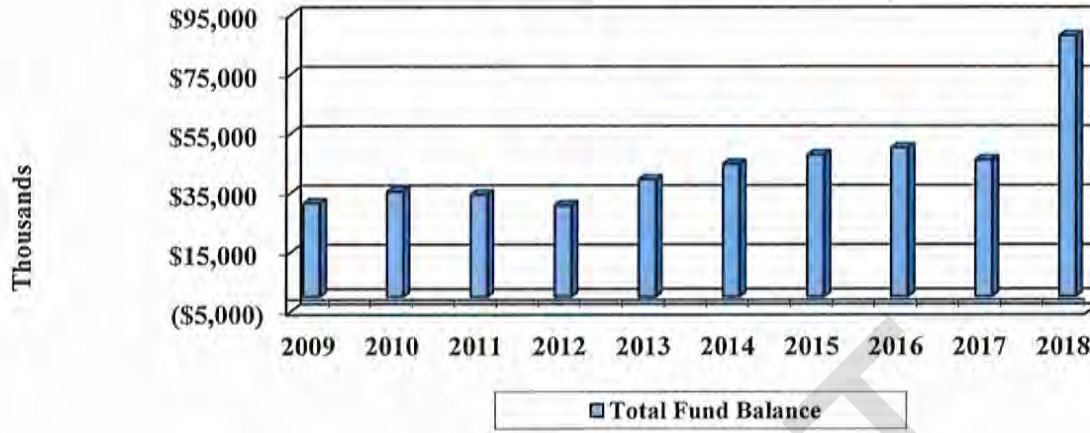
2013	2014	2015	2016	2017	2018
\$10,202,530	\$9,085,672	\$9,099,858	\$12,952,983	\$10,996,269	\$9,835,941
41,966,065	43,800,158	39,968,631	55,399,798	44,366,734	53,231,197
17,695,164	22,125,336	16,893,164	22,929,289	19,845,719	22,084,433
3,403,158	3,451,244	3,128,373	4,307,269	4,242,743	4,040,195
11,330,058	11,846,818	11,198,151	15,026,680	14,131,000	13,285,563
283,805	327,350	284,288	277,263	271,263	884,336
84,880,780	90,636,578	80,572,465	110,893,282	93,853,728	103,361,665
3,545,387	4,125,476	4,249,597	4,762,851	4,188,152	4,627,716
3,545,387	4,125,476	4,249,597	4,762,851	4,188,152	4,627,716
\$88,426,167	\$94,762,054	\$84,822,062	\$115,656,133	\$98,041,880	\$107,989,381
\$10,169,082	\$11,378,055	\$11,375,239	\$11,654,767	\$11,255,194	\$12,235,868
\$2,655,749	\$2,838,940	\$1,379,523	\$526,495	\$421,393	\$517,542
6,478,321	6,014,034	4,966,251	4,939,658	4,264,939	5,628,478
7,837,472	6,101,460	3,078,267	5,157,289	1,804,698	2,362,375
3,984,204	3,279,251	3,796,684	4,004,178	3,850,107	3,814,892
6,075,129	6,417,003	6,537,646	6,683,059	6,941,013	6,819,303
4,085,073	4,698,142	4,185,450	4,678,338	3,965,351	5,142,670
5,876,993	762,719	1,308,027	1,470,953	1,702,993	974,603
36,992,941	30,111,549	25,251,848	27,459,970	22,950,494	25,259,863
3,990,706	4,485,394	5,173,557	5,212,181	5,268,991	5,203,585
3,990,706	4,485,394	5,173,557	5,212,181	5,268,991	5,203,585
\$40,983,647	\$34,596,943	\$30,425,405	\$32,672,151	\$28,219,485	\$30,463,448
\$12,413,123	\$13,732,496	\$14,629,758	\$15,414,530	\$16,014,016	\$16,829,908
				36,945	58,440
				79,245	105,734
\$12,413,123	\$13,732,496	\$14,629,758	\$15,414,530	\$16,130,206	\$16,994,082
(\$47,887,839)	(\$60,525,029)	(\$55,320,617)	(\$83,433,312)	(\$70,903,234)	(\$78,101,802)
445,319	359,918	923,960	449,330	1,080,839	575,869
(\$47,442,520)	(\$60,165,111)	(\$54,396,657)	(\$82,983,982)	(\$69,822,395)	(\$77,525,933)
\$2,244,041	\$2,354,441	\$3,254,519	\$3,862,215	\$4,875,012	\$4,758,214

CITY OF SAN RAFAEL
CHANGES IN NET POSITION
(continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,			
	2009	2010	2011	2012
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property	\$21,978,859	\$21,684,131	\$21,632,733	\$20,107,637
Sales	21,970,262	19,055,124	21,623,445	22,355,749
Special assessments				
Paramedic	3,210,317	3,489,494	3,661,064	3,807,545
Motor vehicles	197,989	171,518	297,425	
Transient occupancy	1,678,912	1,558,243	1,644,262	1,866,575
Franchise	2,941,149	2,868,332	2,990,539	3,076,094
Business license	2,405,934	2,317,664	2,296,460	2,332,146
Other	1,561,835	1,411,583	1,930,531	3,574,918
Investment earnings	717,968	302,180	176,502	205,413
Gain (Loss) on disposal of assets		221,791		
Miscellaneous	461,224	541,390	1,496,174	542,816
Special item - Court fines repayment				
Transfers	361,190	458,300	463,600	57,960
Total Government Activities	57,485,639	54,079,750	58,212,735	57,926,853
Business-Type Activities:				
Investment earnings	49,084	17,678	11,878	7,675
Aid from other government agencies				
Transfers	(361,190)	(458,300)	(463,600)	(57,960)
Total Business-Type Activities	(312,106)	(440,622)	(451,722)	(50,285)
Total Primary Government	\$57,173,533	\$53,639,128	\$57,761,013	\$57,876,568
Component Unit:				
San Rafael Sanitation District				
Property Taxes	\$855,511	\$823,187	\$1,214,519	\$1,192,566
Investment earnings	206,752	93,274	59,265	38,191
Miscellaneous	3,540		0	0
Aid from other governmental agencies	381,144	415,391	6,499	9,613
Total Component Unit	\$1,446,947	\$1,331,852	\$1,280,283	\$1,240,370
Special Item				
Governmental Activities				
Component Unit Activities				
Change in Net Position				
Governmental Activities	(\$4,083,292)	(\$8,709,243)	(\$7,620,587)	\$2,938,312
Business-Type Activities	579,149	(212,416)	(226,140)	404,408
Total Primary Government	(\$3,504,143)	(\$8,921,659)	(\$7,846,727)	\$3,342,720
Change in Net Position				
Component Unit Activities	\$2,870,617	\$3,804,047	\$3,826,432	\$3,423,480

2013	2014	2015	2016	2017	2018
\$17,317,772	\$18,439,619	\$19,039,443	\$19,998,567	\$23,343,140	\$24,627,373
24,262,282	27,758,971	32,269,915	34,348,089	31,819,259	34,119,502
3,804,985	3,816,070	3,820,240	4,226,020	5,485,637	4,923,148
2,185,287	2,332,277	2,661,878	3,063,263	2,984,758	3,115,151
3,331,160	3,260,958	3,272,390	3,418,277	3,610,824	3,726,841
2,507,785	2,588,728	2,670,071	2,824,664	2,774,803	2,790,212
2,929,915	3,452,171	3,295,751	3,465,193	1,824,830	2,245,882
991,762	184,171	216,066	300,091	210,628	556,745
2,580,882	1,140,743	2,254,901	1,387,315	2,448,604	5,991,713
423,817	449,917	432,630	448,478	536,000	632,657
60,335,647	63,423,625	69,933,285	73,479,957	75,038,483	82,729,224
3,739	4,375	7,008	14,723	10,810	24,436
(423,817)	(449,917)	(432,630)	(448,478)	(536,000)	(632,657)
(420,078)	(445,542)	(425,622)	(433,755)	(525,190)	(608,221)
\$59,915,569	\$62,978,083	\$69,507,663	\$73,046,202	\$74,513,293	\$82,121,003
\$1,177,469	\$1,345,018	\$1,319,852	\$1,367,172	\$1,528,047	\$1,620,584
25,591	151,729	171,804	46,225	97,090	234,379
0	0	0			10,690
56,589	22,125	35,090			
\$1,259,649	\$1,518,872	\$1,526,746	\$1,413,397	\$1,625,137	\$1,865,653
		\$4,462,815			
		(\$4,462,815)			
\$12,447,808	\$2,898,596	\$19,075,483	(\$9,953,355)	\$4,135,249	\$4,627,422
25,241	(85,624)	498,338	15,575	555,649	(32,352)
\$12,473,049	\$2,812,972	\$19,573,821	(\$9,937,780)	\$4,690,898	\$4,595,070
\$3,503,690	\$3,873,313	\$318,450	\$5,275,612	\$6,500,149	\$6,623,867

CITY SAN RAFAEL
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	2009	2010	2011	2012
General Fund				
Pre-GASB 54 Presentation:				
Reserved	\$2,225,775	\$1,763,622		
Unreserved	1,670,455	5,038,173		
GASB 54 Presentation:				
Nonspendable			\$589,833	\$527,509
Restricted			200,238	76,188
Committed			555,561	651,121
Assigned			5,439,879	1,516,644
Unassigned				
Total General Fund	\$3,896,230	\$6,801,795	\$6,785,511	\$2,771,462
All Other Governmental Funds				
Pre-GASB 54 Presentation:				
Reserved	\$16,680,568	\$15,352,723		
Unreserved, reported in:				
Special Revenue Funds	8,641,239	8,778,027		
Capital Project Funds	(1,030,293)	4,527,627		
Debt Service Funds	3,360,540			
Expendable Trust Fund				
GASB 54 Presentation:				
Nonspendable			\$377,180	\$788,031
Restricted			19,289,367	16,856,959
Committed			3,864,322	5,135,257
Assigned			4,124,029	5,283,559
Total all other governmental funds	\$27,652,054	\$28,658,377	\$27,654,898	\$28,063,806

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

(b) The City adjusted certain beginning balances during fiscal years 2013-2014, 2014-2015 and 2015-2016. Financial data shown for preceding years were not adjusted for the presentation.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	(a)
\$527,235	\$503,338	\$399,299	\$476,316	\$508,446	\$1,008,234	
800,876						
2,476,676	6,866,149	12,374,002	16,440,910	14,900,945	11,214,720	
		1,588,500	1,772,577	1,295,041		
<u>\$3,804,787</u>	<u>\$7,369,487</u>	<u>\$14,361,801</u>	<u>\$18,689,803</u>	<u>\$16,704,432</u>	<u>\$12,222,954</u>	
\$51,521	\$8,719	\$2,359	\$9,449		\$302,366	
20,769,546	30,185,064	31,742,184	27,552,245	\$25,812,405	73,489,688	
8,447,495	2,185,825	931,871	3,799,421	3,491,708	1,754,983	
6,511,850	4,959,533	712,810	119,183	115,103	115,942	
<u>\$35,780,412</u>	<u>\$37,339,141</u>	<u>\$33,389,224</u>	<u>\$31,480,298</u>	<u>\$29,419,216</u>	<u>\$75,662,979</u>	

CITY OF SAN RAFAEL
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,			
	2009	2010	2011	2012
Revenues				
Taxes and special assessments	\$51,019,143	\$47,678,541	\$51,448,130	\$51,395,116
Licenses and permits	1,472,913	1,518,819	1,416,772	1,648,890
Fines and forfeitures	660,338	787,411	862,820	801,758
Use of money and properties	847,120	433,874	380,720	315,561
Intergovernmental	17,518,670	13,001,703	11,864,127	10,537,396
Charges for services	16,384,265	15,787,325	15,888,750	19,649,433
Other revenue	759,320	716,760	1,026,845	870,957
Total Revenues	88,661,769	79,924,433	82,888,164	85,219,111
Expenditures				
Current:				
General government	8,059,526	7,997,067	6,863,142	8,783,873
Public safety	41,209,972	39,574,091	40,967,352	39,311,551
Public works and parks	12,926,646	10,731,669	10,666,176	11,518,822
Community development	5,572,079	4,398,594	4,527,351	3,755,504
Culture and recreation	10,233,361	9,605,684	10,067,822	10,345,673
Capital outlay	5,048,044	1,890,559	1,745,483	1,312,383
Capital improvement/special projects	6,606,857	3,436,608	6,240,861	3,604,171
Debt service:				
Principal	2,714,358	2,804,258	2,530,338	2,518,320
Interest and fiscal charges	1,683,240	1,979,372	1,448,910	735,221
Total Expenditures	94,054,083	82,417,902	85,057,435	81,885,518
Excess (deficiency) of revenues over (under) expenditures	(5,392,314)	(2,493,469)	(2,169,271)	3,333,593
Other Financing Sources (Uses)				
Issuance of debt		14,660,000		
Payment to refunded bonds		(14,315,000)		
Bond premiums		1,038,185		
Proceeds from PG&E loans				
Proceeds from sale of capital asset		221,791		
Transfers in	8,972,495	7,494,560	5,806,834	4,539,646
Transfers (out)	(6,614,806)	(6,411,150)	(4,657,326)	(4,864,293)
Total other financing sources (uses)	2,357,689	2,688,386	1,149,508	(324,647)
Extraordinary Item				
Transfer to Successor Agency				
Net Change in fund balances	(\$3,034,625)	\$194,917	(\$1,019,763)	\$3,008,946
Debt service as a percentage of noncapital expenditures	5.3%	6.2%	5.2%	4.2%

2013	2014	2015	2016	2017	2018
\$51,549,306	\$56,686,142	\$61,804,228	\$65,866,218	\$71,166,891	\$74,893,789
1,929,387	1,934,755	2,456,820	2,588,411	2,559,841	2,718,166
734,005	669,553	556,076	435,829	400,283	384,268
325,043	363,089	444,757	460,206	349,349	654,531
11,869,889	11,953,308	13,233,503	13,685,003	8,063,156	8,878,974
23,575,374	19,949,333	15,346,794	14,366,744	13,425,161	14,660,094
4,092,411	2,045,407	1,777,003	3,208,749	1,842,053	5,219,414
94,075,415	93,601,587	95,619,181	100,611,160	97,806,734	107,409,236
10,529,480	8,678,833	10,203,687	11,349,079	10,557,416	10,010,100
41,377,062	41,900,762	43,954,515	47,071,166	49,018,153	51,805,708
12,002,448	13,697,957	12,758,643	14,390,699	16,752,961	17,647,312
2,961,275	3,296,375	3,416,859	3,670,108	3,759,564	4,051,224
10,591,057	11,106,367	11,616,777	12,048,104	12,646,728	12,823,771
4,009,454	2,154,900	4,498,924	4,813,757	2,100,926	22,815,967
5,284,720	7,168,776	2,186,986	4,826,576	7,403,249	
	208,642	75,172	75,172	175,172	280,172
283,805	327,350	284,288	277,263	271,263	1,005,636
87,039,301	88,539,962	88,995,851	98,521,924	102,685,432	120,439,890
7,036,114	5,061,625	6,623,330	2,089,236	(4,878,698)	(13,030,654)
					54,814,197
	568,481				
8,425,474	3,655,302	4,348,149	7,533,364	9,287,007	68,351,964
(6,711,657)	(3,053,865)	(3,051,499)	(6,582,555)	(8,454,762)	(68,373,222)
1,713,817	1,169,918	1,296,650	950,809	832,245	54,792,939
(2,352,584)					
\$6,397,347	\$6,231,543	\$7,919,980	\$3,040,045	(\$4,046,453)	\$41,762,285
0.4%	0.7%	0.4%	0.4%	0.5%	1.3%

**CITY OF SAN RAFAEL
ASSESSED AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**



Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2009	\$ 7,357,121,277	\$ 1,941,927,620	\$ 234,669,841	\$ 129,177,656	\$ 9,662,896,394	\$ 374,976,613	\$ 10,037,873,007	\$ 10,037,873,007	0.17951%
2010	7,335,863,721	2,052,276,292	244,857,019	130,177,994	9,763,175,026	401,201,906	10,164,376,932	10,164,376,932	0.19215%
2011	7,215,965,203	2,056,985,417	247,409,955	124,426,487	9,644,787,062	383,414,952	10,028,202,014	10,028,202,014	0.17851%
2012	7,317,280,602	2,036,262,351	247,485,238	118,579,648	9,719,607,839	384,950,872	10,104,558,711	10,104,558,711	0.17827%
2013	7,265,617,525	1,987,170,644	245,917,096	115,453,836	9,614,159,101	384,534,108	9,998,693,209	9,998,693,209	0.17456%
2014	7,558,708,224	2,009,718,415	245,674,195	130,594,237	9,944,695,071	402,261,887	10,346,956,958	10,346,956,958	0.11985%
2015	7,991,224,952	2,120,065,908	249,864,918	115,675,852	10,476,831,630	417,217,272	10,894,048,902	10,894,048,902	0.11657%
2016	8,511,358,216	2,221,843,976	263,830,302	108,982,883	11,106,015,377	400,942,059	11,506,957,436	11,506,957,436	0.11672%
2017	9,025,896,811	2,390,814,514	267,468,956	135,689,202	11,819,869,483	423,545,667	12,243,415,150	12,243,415,150	0.11693%
2018	9,522,645,933	2,532,439,852	276,751,912	128,305,868	12,460,143,565	417,902,554	12,878,046,119	12,878,046,119	0.11709%

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

Data Source: Marin County Assessor 2008/09 - 2017/18 Combined Tax Rolls

**CITY OF SAN RAFAEL
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>City</u>	<u>County (1)</u>	<u>School Districts</u>	<u>Misc. Special Districts</u>	<u>Total</u>
2009	0.154	0.295	0.7192	0.0461	1.2139
2010	0.154	0.295	0.7402	0.0461	1.2349
2011	0.154	0.295	0.7542	0.0461	1.2489
2012	0.154	0.295	0.7831	0.0461	1.2779
2013	0.154	0.295	0.7743	0.0461	1.2691
2014	0.154	0.295	0.7890	0.0461	1.2838
2015	0.154	0.295	0.7651	0.0461	1.2599
2016	0.154	0.295	0.7846	0.0695	1.3028
2017	0.154	0.295	0.8251	0.0553	1.3291
2018	0.154	0.295	0.8127	0.0661	1.3275

Notes:

(1) Like other cities, San Rafael includes several property tax rate areas with different rates. A mean average is indicated.

Data Source: Marin County Assessors Office 2008/09 - 2017/18 Tax Rate Tables

**CITY OF SAN RAFAEL
PRINCIPAL PROPERTY TAX PAYERS
CURRENT FY 2017/18 AND FY 2008/09**

Taxpayer	FY 2017-2018		FY 2008-2009	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
California Corporate Center ACQ LLC	\$ 261,000,911	2.03%		
MGP XI Northgate LLC	158,734,209	1.23%		
Professional Financial Investors Inc	80,677,719	0.63%		
BRE Properties Inc	62,385,259	0.48%		
South Valley Apartments LLC	53,045,451	0.41%		
Coastal City Partners LLC	46,565,701	0.36%		
Regency Center II Associates LP	46,317,622	0.36%	\$ 40,911,379	0.41%
Northbay Properties II	45,976,145	0.36%	33,950,419	0.34%
Bay Apartment Communities Inc	43,612,049	0.34%	34,497,679	0.34%
Barbara Fasken 1995 Trust ETAL	43,324,046	0.34%		
Northgate Mall Associates			97,270,425	0.97%
SR Corporation Center Phase 1 & 2			89,644,871	0.89%
Hines San Rafael LLC			80,929,782	0.81%
Sutter Health			41,564,999	0.41%
Marin Sanitary Service			38,347,115	0.38%
4040 Civic Center LLC			36,205,533	0.36%
Rafael Town Center Investors LLC			33,948,747	0.34%
Subtotal	\$ 841,639,112	6.54%	\$ 527,270,949	5.25%
Total Net Assessed Valuation:				
Fiscal Year 2017-2018	\$ 12,878,046,119			
Fiscal Year 2008-2009	\$ 10,037,950,007			

**CITY OF SAN RAFAEL
PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN FISCAL YEARS**

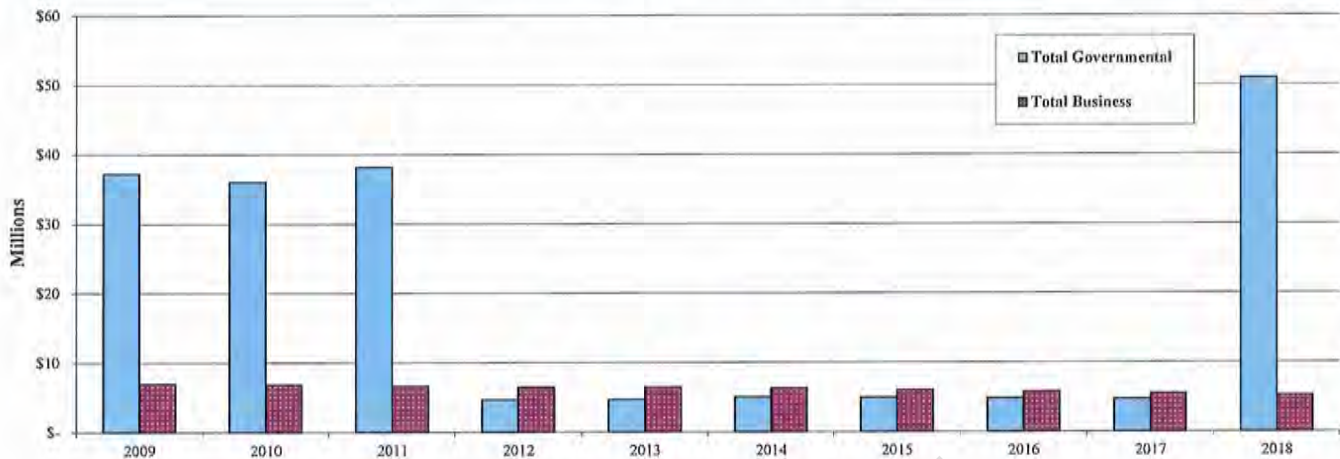


Fiscal Year	Rate	Levies	Allocations	Collections	Apportionments	Delinquencies	Delinquent taxes as a Percent of Allocations
2009	1.00	(2)	\$ 21,978,859	(2)	\$ 21,978,859	(2)	0.0%
2010	1.00	(2)	21,702,536	(2)	21,702,536	(2)	0.0%
2011	1.00	(2)	21,632,731	(2)	21,632,731	(2)	0.0%
2012	1.00	(2)	20,704,368	(2)	20,704,368	(2)	0.0%
2013	1.00	(2)	20,883,041	(2)	20,883,041	(2)	0.0%
2014	1.00	(2)	22,001,357	(2)	22,001,357	(2)	0.0%
2015	1.00	(2)	22,376,457	(2)	22,376,457	(2)	0.0%
2016	1.00	(2)	23,636,093	(2)	23,636,093	(2)	0.0%
2017	1.00	(2)	25,173,651	(2)	25,173,651	(2)	0.0%
2018	1.00	(2)	22,811,511	(2)	22,811,511	(2)	0.0%

Notes:

- (1) Includes deductions for County property tax administration.
- (2) Information not applicable. All general purpose property taxes are levied by the county and allocated to other governmental entities.

**CITY OF SAN RAFAEL
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**



Governmental Activities								
Fiscal Year	RDA Tax Allocation Bonds	Financing Authority Revenue Bonds	Note Payable	Court Fine Promissory Note	Capitalized Lease Obligations	Pension Obligation Bonds	Lease Revenue Bonds	Total
2009	\$ 35,793,692	\$ 455,000	\$ 169,000	\$ 594,100	\$ 198,816			\$ 37,210,608
2010	35,355,988	-	169,000	363,328	135,330			36,023,646
2011	33,298,499	-	169,000	124,222	69,098	\$ 4,490,000		38,150,819
2012	-	-	169,000	-	-	4,490,000		4,659,000
2013	-	-	169,000	-	-	4,490,000		4,659,000
2014	-	-	528,839	-	-	4,490,000		5,018,839
2015	-	-	453,667	-	-	4,490,000		4,943,667
2016	-	-	378,495	-	-	4,490,000		4,868,495
2017	-	-	303,323	-	-	4,390,000		4,693,323
2018	-	-	1,308,951	-	-	4,185,000	\$ 45,485,000	50,978,951

Business-Type Activities						
Fiscal Year	Parking Services Bonds	Note Payable	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2009	\$ 6,975,000		\$ 6,975,000	\$ 44,185,608	1.67%	757.08
2010	6,805,000		6,805,000	42,828,646	1.85%	728.11
2011	6,630,000		6,630,000	44,780,819	1.87%	770.28
2012	6,445,000		6,445,000	11,104,000	0.46%	190.45
2013	6,445,000		6,445,000	11,104,000	0.44%	190.85
2014	6,186,403	\$ 61,836	6,248,239	11,267,078	0.43%	192.38
2015	5,942,128	55,020	5,997,148	10,940,815	0.41%	184.77
2016	5,692,853	48,204	5,741,057	10,609,552	0.38%	175.13
2017	5,433,577	41,388	5,474,965	10,168,288	0.35%	167.13
2018	5,164,303	34,572	5,198,875	56,177,826	n/a	926.25

Notes : Debt amounts exclude any premiums, discounts, or other amortization amounts.
In August 2012, the series 2003 parking services bonds were refunded with series 2012 refunding bonds.

Data Sources: City of San Rafael
State of California, Department of Finance (population)
U.S. Department of commerce, Bureau of the Census (income)

(a) See Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF SAN RAFAEL
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2018

2017-18 Assessed Valuation: \$ 12,878,046,119

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2018	% Applicable (1)	City's Share of Debt 6/30/2018
Marin Community College District	\$ 310,065,000	17.302%	\$ 53,647,446
San Rafael High School District	63,280,315	78.363%	49,588,353
Tamalpais Union High School District	109,685,000	0.080%	87,748
Dixie School District	31,520,810	66.114%	20,839,668
Ross School District	18,399,034	1.528%	281,137
Ross Valley School District	43,596,489	0.012%	5,232
San Rafael School District	63,724,158	83.700%	53,337,120
Marin Healthcare District	378,740,000	20.813%	78,827,156
Marin Emergency Radio Authority Parcel Tax Obligations	33,000,000	17.277%	5,701,410
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 262,315,271
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Marin County Certificates of Participation	\$ 87,862,953	17.289%	\$ 15,190,626
Marin County Pension Obligation Bonds	90,530,000	17.289%	15,651,732
Marin County Transit District General Fund Obligations	90,919	17.289%	15,719
Marin Municipal Water District General Fund Obligations	73,968	22.038%	16,301
Marin Community College District Certification of Participation	9,690,834	17.315%	1,677,968
San Rafael School District Certificates of Participation	3,275,000	83.694%	2,740,979
Marin Emergency Radio Authority Revenue Bonds	7,705,000	16.913%	1,303,147
City of San Rafael General Fund Obligations	51,992,826	100.000%	51,992,826 (2)
City of San Rafael Pension Obligations	4,185,000	100.000%	4,185,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			92,774,297
Less: City of San Rafael lease revenue bonds supported by parking revenues			5,175,000
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 87,599,297
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	\$ 11,344,004	100.000%	\$ 11,344,004
TOTAL GROSS DIRECT DEBT			56,177,826
TOTAL NET DIRECT DEBT			51,002,826
TOTAL OVERLAPPING DEBT			308,952,600
GROSS COMBINED TOTAL DEBT			365,130,426 (3)
NET COMBINED TOTAL DEBT			359,955,426

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Include city \$1,343,523 PG&E notes.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.04%
Total Gross Direct Debt (\$55,097,026)	0.44%
Total Net Direct Debt (\$49,922,026)	0.40%
Gross Combined Total Debt	2.84%
Net Combined Total Debt	2.80%

Ratios to Redevelopment Incremental Valuation (\$2,831,146,323)

Total Overlapping Tax Increment Debt	0.40%
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CITY OF SAN RAFAEL
COMPUTATION OF LEGAL BONDED DEBT MARGIN
June 30, 2018

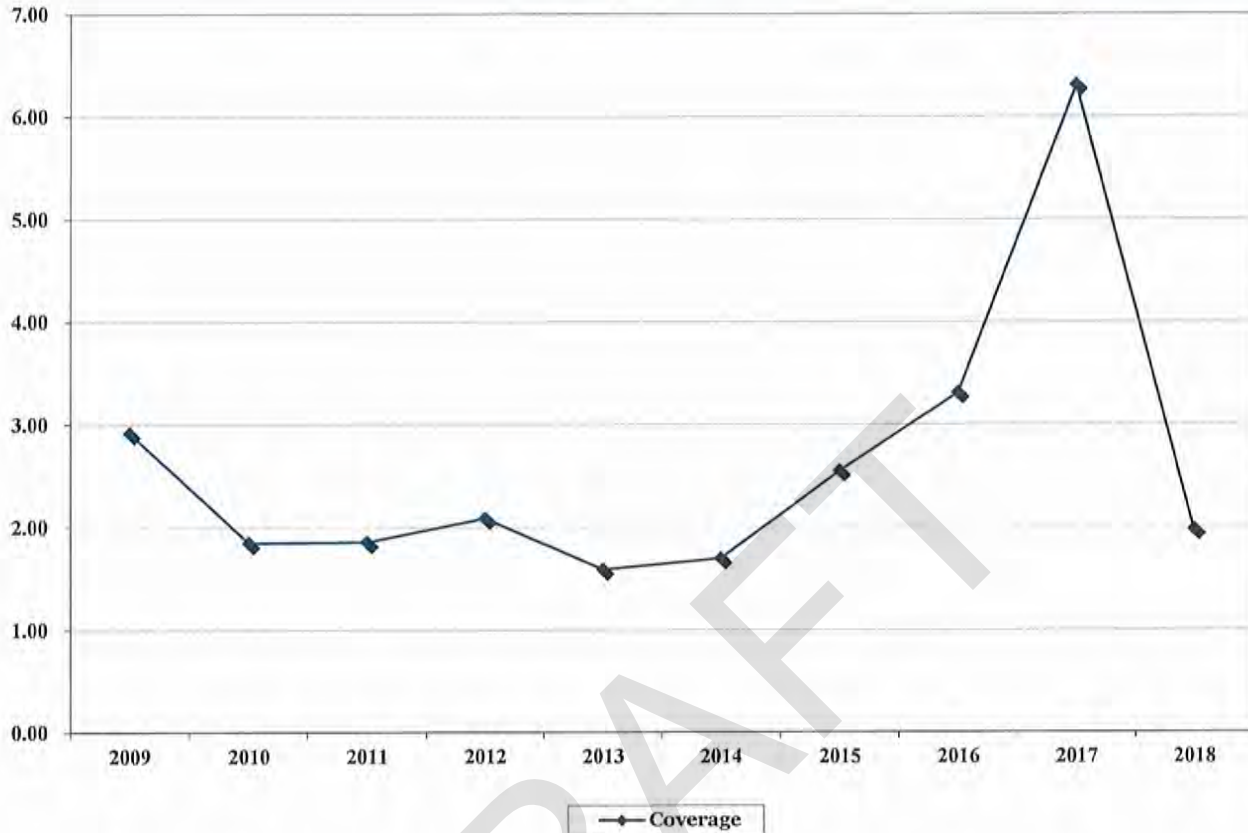
ASSESSED VALUATION:	<u>\$ 12,878,046,119</u>
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	<u>482,926,729.46</u>
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	<u>50,978,951.00</u>
LEGAL BONDED DEBT MARGIN	<u>\$ 431,947,778</u>

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2009	\$ 376,420,238	\$ 37,210,608	\$ 339,209,630	10.97%
2010	381,164,135	36,023,646	345,140,489	10.44%
2011	376,057,576	38,150,819	337,906,757	11.29%
2012	378,920,952	4,659,000	374,261,952	1.24%
2013	374,950,995	4,659,000	370,291,995	1.26%
2014	388,010,886	5,018,839	382,992,047	1.31%
2015	408,526,834	4,943,667	403,583,167	1.22%
2016	431,510,904	4,868,495	426,642,409	1.14%
2017	459,128,068	4,693,323	454,434,745	1.03%
2018	482,926,729	50,978,951	431,947,778	11.80%

NOTE: (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth

Source: City of San Rafael's Finance Department

**CITY OF SAN RAFAEL
REVENUE BOND COVERAGE
PARKING FACILITY
LAST TEN FISCAL YEARS**



Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2009	\$ 4,425,813	\$ 2,980,083	\$ 1,445,730	\$ 165,000	\$ 330,379	\$ 495,379	2.92
2010	4,262,082	3,343,680	918,402	170,000	325,285	495,285	1.85
2011	4,023,211	3,101,411	921,800	175,000	319,391	494,391	1.86
2012	3,908,664	2,870,718	1,037,946	185,000	312,291	497,291	2.09
2013	3,994,446	3,121,964	872,481	310,000	240,012	550,012	1.59
2014	4,489,769	3,716,552	773,217	245,000	210,063	455,063	1.70
2015	5,180,554	4,031,161	1,149,393	245,000	205,163	450,163	2.55
2016	5,226,904	3,739,321	1,487,583	250,000	199,613	449,613	3.31
2017	5,279,801	2,425,281	2,854,520	260,000	192,038	452,038	6.31
2018	5,219,721	4,320,695	899,026	270,000	184,163	454,163	1.98

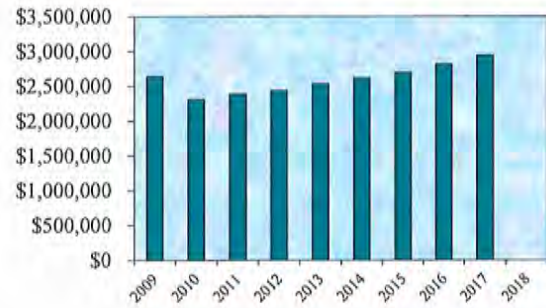
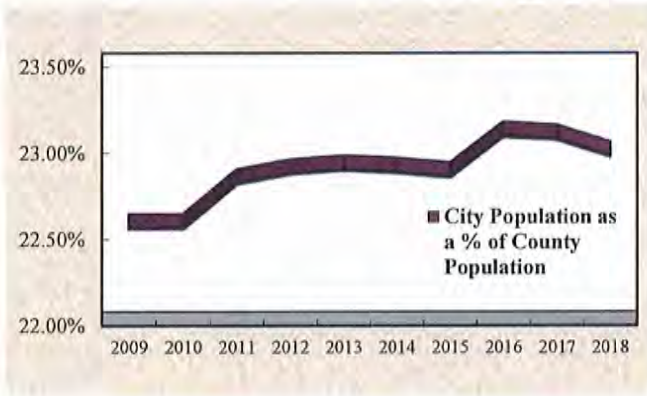
Notes: On March 26, 2003, the City Financing Authority issued lease revenue bonds for the design and construction of a new parking facility. On August 12, 2012, the City Financing Authority refunded the series 2003 lease revenue bonds with series 2012 lease revenue refunding bonds to take advantage of lower interest rates.

(1) Includes all Parking Facility Operating Revenues and Non-operating Interest Revenue

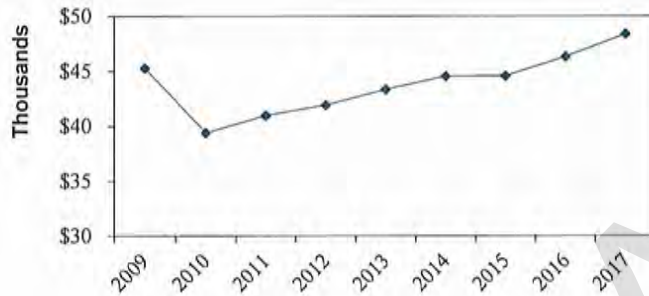
(2) Includes all Parking Facility Operating Expenses less Depreciation and Interest

Data Source: San Rafael Finance Department Revenue and Expenditure Status Reports

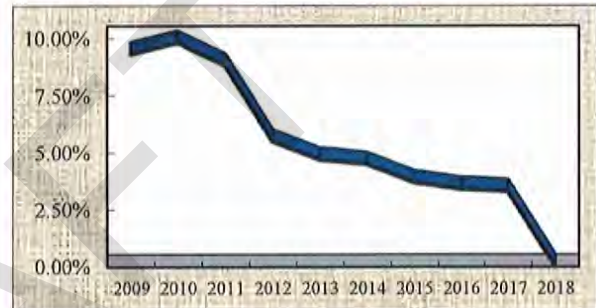
**CITY OF SAN RAFAEL
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



■ Personal Income (2) (in thousands)



◆ Per Capita Personal Income (2)



■ Unemployment Rate (%)

Fiscal Year	City Population (1)	Personal Income (2) (in thousands)	Per Capita Personal Income (2)	Average Unemployment Rate (3)	Marin County Population	City Population % of County
2009	\$ 58,363	\$ 2,642,978	\$ 45,288	9.30%	\$ 258,618	22.57%
2010	58,822	2,317,704	39,402	9.80%	260,651	22.57%
2011	58,136	2,389,222	40,978	8.80%	254,692	22.83%
2012	58,305	2,438,291	41,908	5.50%	254,790	22.88%
2013	58,182	2,538,895	43,351	4.70%	254,007	22.91%
2014	58,566	2,621,228	44,531	4.50%	255,846	22.89%
2015	59,214	2,699,436	44,558	3.70%	258,972	22.87%
2016	60,582	2,817,497	46,308	3.40%	262,274	23.10%
2017	60,842	2,943,227	48,374	3.30%	263,604	23.08%
2018	60,651	n/a	n/a	n/a	263,886	22.98%

Source: (1) State of California, Department of Finance - Demographic Research Unit. The data represents the City's population as of January 1, of each year.

(2) 2007-2009 Income Data--Demographic Estimates are based on the last available census. Projections are developed by incorporating all of the prior census data released to date.

2010 and later- Income - US Census Bureau, most recent American Community Survey

(3) Unemployment Data: California Employment Development Department

CITY OF SAN RAFAEL
PRINCIPAL EMPLOYERS
FISCAL YEAR 2017-2018
LAST TEN CALENDAR YEARS

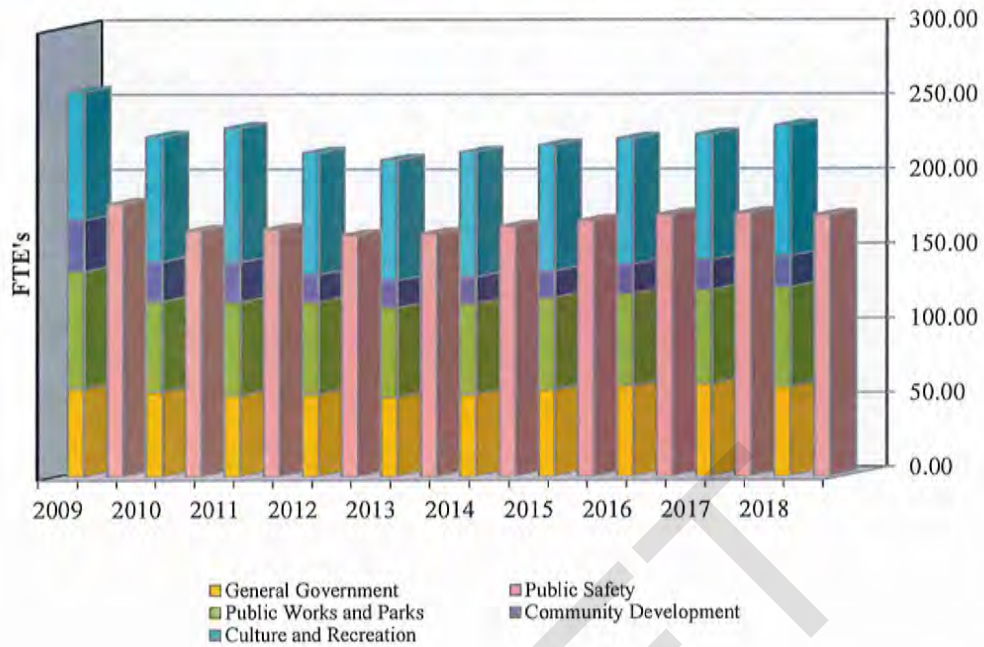
Employer	2018		2017		2016		2015		2014		2013		2012		2011		2010		2009	
	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)
Autodesk, Inc.		0.00%	719	2.28%	748	2.28%	763	2.33%	1,095	3.52%	1,000	3.27%	878	3.25%	928	3.44%	1,028	3.83%	1,200	4.32%
Kaiser Permanente	2,092	6.62%	2,061	6.52%	662	2.02%	1,575	4.82%	1,637	5.26%	1,756	5.74%	1,803	6.68%	1,330	4.93%	1,311	4.88%	2,267	8.15%
San Rafael Elementary/High Schools Dist	700	2.22%	700	2.22%	650	1.98%	650	1.99%	600	1.93%	600	1.96%	600	2.22%	600	2.22%	600	2.23%	575	2.07%
City of San Rafael	410	1.30%	454	1.44%	577	1.76%	581	1.78%	666	2.14%	643	2.10%	521	1.93%	592	2.19%	630	2.34%	633	2.28%
MFIN		0		0	-	-	-	-	-	-	350	1.14%	350	1.30%	350	1.30%	350	1.30%	-	-
Dominican University of California	319	1.01%	456	1.44%	485	1.48%	422	1.29%	354	1.14%	347	1.13%	346	1.28%	336	1.24%	370	1.38%	508	1.83%
Bradley Real Estate	256	0.81%	280	0.89%	435	1.33%	418	1.28%	385	1.24%	369	1.21%	376	1.39%	350	1.30%	-	-	-	-
Moey's		0		0	-	-	380	1.16%	380	1.22%	380	1.24%	380	1.41%	450	1.67%	445	1.66%	-	-
Wells Fargo Bank		0.00%	310	0.98%	326	0.99%	306	0.94%	308	0.99%	334	1.09%	-	-	-	-	-	-	-	-
FICO		0.00%		0.00%	300	0.91%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair Isaac Corp		0		0	-	-	300	0.92%	300	0.96%	-	-	-	-	-	-	-	-	350	1.26%
Community Action Marin	300	0.95%	255	0.81%	220	0.67%	225	0.69%	300	0.96%	300	0.98%	-	-	-	-	-	-	-	-
Safeway		0.00%		0.00%	-	-	-	-	-	-	-	-	841	3.11%	452	1.67%	452	1.68%	-	-
Comcast		0.00%		0.00%	-	-	-	-	-	-	-	-	620	2.30%	619	2.29%	619	2.30%	-	-
Guide Dogs for the Blind	200	0.63%	203	0.64%	225	0.69%	-	-	-	-	-	-	-	-	-	-	287	1.07%	-	-
Bernard Osher Marin JCC		0.00%		0.00%	200	0.61%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bucklew Programs	106	0.34%	240	0.76%	186	0.57%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ghilotti Bros.	175	0.55%	175	0.55%	150	0.46%	-	-	-	-	-	-	-	-	-	-	-	-	240	0.86%
Golden Gate Bridge Highway & Transp. Dist.		0.00%		0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	828	2.98%
YMCA		0.00%		0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	348	1.25%
San Rafael City High School District		0.00%		0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250	0.90%
United Markets	150	0.47%		0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	4,708	14.90%	5,853	18.52%	5,314	16.20%	5,620	17.19%	6,025	19.37%	6,079	19.87%	6,715	24.87%	6,007	22.25%	6,092	22.67%	7,199	25.90%

Number of FTE employees in Marin locations
(A) Percentage of total employment

Note: From the EDD website, it shows that the Total 2018 Employment in the City of San Rafael was 31,600 of which it is used as the denominator for the 2018 percentages are calculated.

Data Sources: State of California, Employment Development Department, Labor Market Information Division & North Bay Business Journal (Annual Book of Lists)

**CITY OF SAN RAFAEL
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function										
General Government	58.88	56.88	54.35	55.23	53.23	55.11	58.11	60.61	62.11	60.11
Public Safety	183.00	165.00	166.00	162.00	163.00	168.00	171.75	175.75	176.55	175.35
Public Works and Parks	78.80	60.80	62.80	62.00	60.00	61.00	62.00	62.00	63.00	66.67
Community Development	34.50	26.75	26.75	18.25	18.25	17.80	17.80	19.80	20.00	21.00
Culture and Recreation	85.90	83.49	89.82	81.56	80.76	83.66	84.23	84.25	84.35	87.35
Total	441.08	392.92	399.72	379.04	375.24	385.57	393.89	402.41	406.01	410.48

Data Source: City of San Rafael's Finance Department



**CITY OF SAN RAFAEL
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012
Function/Program				
Public safety:				
Fire:				
Inspection permit issued	196	307	294	282
Police:				
Police calls for service	42,227	42,227	39,512	39,537
Law violations:				
Part I crimes	2,352	2,352	2,180	2,101
Physical arrests (adult and juvenile)	4,487	4,487	3,102	2,981
Traffic violations	5,777	5,777	8,190	4,048
Parking violations	44,913	42,806	34,590	32,492
Public works				
Street resurfacing (miles) (Eng Div)	2.77	2.77	7.40	N/A
Potholes repaired (square miles)	N/A	N/A	N/A	N/A
Asphalt used for street repairs (tons)	N/A	N/A	10,809	178.9
Culture and recreation:				
Recreation class participants	8,000	9,524	9,000	12,075
Library:				
Items in collection (thousands)	124.40	151.88	158.30	159.18
Total items borrowed (thousands)	N/A	371.12	435.66	366.46

Note: N/A denotes information not available.

2013	2014	2015	2016	2017	2018
307	261	282	198	233	186
42,707	51,261	55,805	57,026	53,567	51,013
2,523	2,289	2,533	2,523	2,392	2,326
2,951	3,227	3,450	3,453	2,526	2,019
3,448	4,498	4,168	3,252	3,341	2,758
30,881	38,814	36,398	34,803	36,169	36,208
2.70	9.00	6.40	6.76	2.32	2.50
N/A	N/A	N/A	N/A	N/A	N/A
7,500	10,700	11,000	7,195	5,800	4,730
7,082	9,857	10,023	12,725	13,493	12,842
125.92	168.62	127.76	227.89	117,354	115,812
392.23	478.96	443.64	469.79	327,297	324,452

**CITY OF SAN RAFAEL
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012
Function/Program				
Public safety:				
Fire stations	6	6	6	6
Police stations	1	1	1	1
Police Fleet				
Public works				
Miles of streets	173	173	173	173
Street lights	4,435	4,435	4,435	4,435
Parking District lights				
Traffic Signals	89	89	89	89
Culture and recreation:				
Community services:				
City parks	20	20	20	20
City parks acreage	42	42	42	42
Playgrounds	14	14	14	14
City trails	20	20	20	20
Community gardens	1	1	1	1
Community centers	4	4	4	4
Senior centers	0	0	0	0
Sports centers	0	0	0	0
Performing arts centers	0	0	0	0
Swimming pools	1	1	1	1
Tennis courts	10	10	10	10
Basketball Courts	5	5	5	5
Baseball/softball diamonds	5	5	5	5
Soccer/football fields	2	2	2	2
Library:				
City Libraries	2	2	2	2
Wastewater:				
Miles of sanitary sewers	179	179	179	179

Data Source: City of San Rafael's Finance Department

2013	2014	2015	2016	2017	2018
6	6	6	6	6	6
1	1	1	1	1	1
173	173	173	173	173	173
4,435	4,435	4,435	4,435	4,435	4,435
89	89	89	89	89	89
20	20	20	20	20	20
42	42	42	42	42	42
14	14	14	14	14	14
20	20	20	20	20	20
1	1	1	1	1	1
4	4	4	4	4	4
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1	1	1	1	1	1
10	10	10	10	10	10
5	5	5	5	5	5
5	5	5	5	5	5
2	2	2	2	2	2
2	2	2	2	2	2
179	145	145	145	145	145



**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES FOR
COMPLIANCE WITH THE PROPOSITION 111
2018-2019 APPROPRIATIONS LIMIT INCREMENT**

Honorable Mayor and Members of the City Council
City of San Rafael, California

We have performed the procedures below, which were agreed to by the City of San Rafael, on the Appropriations Limit Worksheet (Worksheet) for the year ended June 30, 2018. The City's management is responsible for the Worksheet. These procedures, which were suggested by the League of California Cities and presented in their Article XIII B Appropriations Limitation Uniform Guidelines, were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The sufficiency of these procedures is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings were as follows:

- A. We obtained the Worksheet and determined that the 2018-2019 Appropriations Limit of \$133,688,947 and annual adjustment factors were adopted by Resolution of the City Council. We also determined that the population and inflation options were selected by a recorded vote of the City Council.
- B. We recomputed the 2018-2019 Appropriations Limit by multiplying the 2017-2018 Prior Year Appropriations Limit by the Total Growth Factor. We recomputed the Total Growth Factor by multiplying the population option by the inflation option.
- C. For the Worksheet, we agreed the Per Capita Income Factor, City Population Factor and County Population Factor to California State Department of Finance Worksheets.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Worksheet. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and the City Council and is not intended to be and should not be used by anyone other than those specified parties; however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

Pleasant Hill, California
October 5, 2018

**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

FOR THE YEAR ENDED JUNE 30, 2018

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**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For The Year Ended June 30, 2018

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MEMORANDUM ON INTERNAL CONTROL

To the City Council of
the City of San Rafael, California

We have audited the basic financial statements of the City of San Rafael for the year ended June 30, 2018, and have issued our report thereon dated October 5, 2018. Our opinions on the basic financial statements and this report, insofar as they relate to San Rafael Sanitation District (District), are based solely on the report of other auditors. In planning and performing our audit of the basic financial statements of the City of San Rafael, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

This communication is intended solely for the information and use of management, City Council, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Pleasant Hill, California
October 5, 2018

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**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking effect in the next two years. We have cited them here to keep you abreast of developments:

Effective in fiscal year 2018-19:

GASB 83 - *Certain Asset Retirement Obligations*

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB 84 - *Fiduciary Activities*

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

Effective in fiscal year 2019-20:

GASB 87 - *Leases*

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

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REQUIRED COMMUNICATIONS

To the City Council of
the City of San Rafael, California

We have audited the basic financial statements of the City of San Rafael for the year ended June 30, 2018. We did not audit the financial statements of the San Rafael Sanitation District, as of and for the year ended June 30, 2018, which represent 22%, 36%, and 14% of the assets, net position and revenues, respectively, of the entity-wide reporting entity. These component unit financial statements were audited by another auditor, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for this entity, is based solely on the report of the other auditor.

Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of San Rafael are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as indicated below.

The following Governmental Accounting Standards Board (GASB) pronouncements became effective, but did not have a material effect on the financial statements:

GASB 81 - *Irrevocable Split-Interest Agreements*

GASB 85 - *Omnibus 2017*

GASB 86 - *Certain Debt Extinguishment Issues*

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the City's financial statements were:

- *Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 9 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the City. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.
- *Estimated Net OPEB Liability:* Management's estimate of the net OPEB liability is disclosed in Note 11 to the financial statements and is based on actuarial study determined by a consultant, which is based on the experience of the City. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.
- *Management's estimate of the depreciation:* is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 1 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.
- *Estimated Fair Value of Investments:* As of June 30, 2018, cash and investments were measured by fair value. Fair value is essentially market pricing in effect as of June 30, 2018. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2018.

Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the City Council.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated October 5, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information Accompanying the Financial Statements

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the supplementary information which accompany the financial statements, but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This information is intended solely for the use of City Council and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Pleasant Hill, California
October 5, 2018

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**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
FOR THE YEAR ENDED JUNE 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of San Rafael, California

Report on the Financial Statements

We have audited the accompanying financial statements of the City of San Rafael Child Development Program (Program) of the City of San Rafael, California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program as of June 30, 2018, and changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Program's basic financial statements as a whole. The Supplementary Information as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplementary Information as listed in the Table of Contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in conformity with the *CDE Audit Guide*, issued by the California Department of Education, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2018 on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control over financial reporting and compliance.

Pleasant Hill, California
October 5, 2018

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
BALANCE SHEET
JUNE 30, 2018

ASSETS

Cash (Note 3)	\$1,588,156
Grants receivable (Note 4)	<u>24,093</u>
Total Assets	<u><u>\$1,612,249</u></u>

LIABILITIES AND FUND BALANCE

Accounts payable	<u>\$40,434</u>
Total Liabilities	40,434
Fund balance, restricted (Note 5)	<u>1,571,815</u>
Total Liabilities and Fund Balance	<u><u>\$1,612,249</u></u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

REVENUES		
State grants:		
Current year grants		\$221,745
CDBG preschool grant		20,000
First five school readiness grants		81,570
Local grant		18,000
Interest		11,006
Parent fees		3,558,672
Other		<u>13,957</u>
	Total Revenues	<u>3,924,950</u>
EXPENDITURES		
Certified salaries		1,821,581
Classified Salaries		51,932
Employee benefits		1,236,456
Training and instruction		1,626
Office supplies		2,932
Books and supplies		137,443
Utilities and housekeeping services		35,546
Travel and conference		4,208
Rentals		18,530
Services and other operating expenditures		281,508
Equipment		27,814
Insurance		31,759
Renovation and repair		<u>8,944</u>
	Total Expenditures	3,660,279
OTHER FINANCING SOURCES (USES)		
Transfers in from the City		50,000
Transfers out to the City		<u>(113,000)</u>
	Total Transfers	(63,000)
CHANGE IN FUND BALANCE		201,671
FUND BALANCE,		
Beginning of year		<u>1,370,144</u>
End of year		<u>\$1,571,815</u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
Notes to the Basic Financials Statements
For the Year Ended June 30, 2018

NOTE 1 - ORGANIZATION

The City of San Rafael operates the Child Development Program encompassing nine childcare centers within the City of San Rafael. One of these centers provides day care services to subsidized families under the Child Development Program funded by the California Department of Education, which includes the Preschool program. The City is financially accountable for the activities of the Program. The Program has no employees and substantially all staff services which it requires are performed by the City's personnel. Costs incurred by the City to provide such services including compensation, retirement, and other benefit costs are reimbursed by the Program. These basic financial statements present only the activities of the Program and are not intended to present the financial position of the City of San Rafael, California, or the results of its operations. The financial statements of the Program are included as a Special Revenue Fund in the City's financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for on a spending or "current financial resources" measurement focus. Accordingly, only current assets and current liabilities generally are included on the balance sheets. Operating statements of governmental funds present increases (revenues and other financial sources) and decreases (expenditures and other financial uses) in net current assets.

The Program's financial activities are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred. Revenues considered susceptible to accrual include charges for services, federal and state grants, and interest. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

B. Fund Balance

Fund Balance is the excess of all the Program's assets over all its liabilities.

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
Notes to the Basic Financials Statements
For the Year Ended June 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fair Value Measurements

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

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

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

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

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

NOTE 3 - CASH AND INVESTMENTS

The Program's cash is included in a City-wide cash and investment pool, the details of which are presented in the City's basic financial statements. The Program pools cash from all sources with the City of San Rafael so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. The City's investment policy and the California Government Code permit investments in Securities of the U.S. Government or its agencies, Certificates of Deposit, Negotiable Certificates of Deposit, Banker's Acceptances, Commercial Paper, the State of California Local Authority Investment Fund (LAIF Pool), Repurchase Agreements, Medium-Term Corporate Notes, Limited Obligation Improvement Bonds related to special assessment districts and special tax districts, and Money Market/Mutual Funds.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City of San Rafael pooled investments is an uncategorized input not defined as Level 1, Level 2, or Level 3 input.

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 4 – GRANTS RECEIVABLE

The Program has the following grants receivable at June 30, 2018:

Agency	Grant	Amount
Marin County	First 5 Grant	\$24,093
	Total	\$24,093

NOTE 5 – FUND BALANCES

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint.

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. Nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. This category includes nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
Notes to the Basic Financials Statements
For the Year Ended June 30, 2018**

NOTE 6 – CONTINGENCIES AND COMMITMENTS

The Program participates in Federal, State and County grant programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government. As of June 30, 2018, some amounts of grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the City.

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SUPPLEMENTARY INFORMATION

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CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
SCHEDULE OF AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Program	CFDA #	Pass-Through Identifying Number	Award Amount	Revenue	Expenditures
Federal Awards					
US Department of Housing and Urban Development, Pass-through the County of Marin Community Development Block Grant	14 218	40CDBG17CD4527	\$20,000	\$20,000	\$20,000
Total Federal Awards			<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>
State Awards					
State of California Department of Education					
Child Development Division State Preschool Program FY2018		CSPP-7280	\$221,745	\$221,745	\$260,151
Total State Awards			<u>\$221,745</u>	<u>\$221,745</u>	<u>\$260,151</u>
County Award					
County of Marin First Five - Preschool		CSRI-21-009-10	\$81,570	\$81,570	\$81,570
Local Awards					
Marin Child Care Council		N/A	\$18,000	\$18,000	\$18,000
Total Local Awards			<u>\$18,000</u>	<u>\$18,000</u>	<u>\$18,000</u>
Total State, Federal Awards, and Local			<u>\$341,315</u>	<u>\$341,315</u>	<u>\$379,721</u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2018

	State Preschool Program (CSPP 7280)	Total CDE CD Contracts	Non-CDE Programs	Total
REVENUES				
State grants:				
Current year grants	\$221,745	\$221,745		\$221,745
CDBG preschool grant			\$20,000	20,000
First Five school readiness grants			81,570	81,570
Local grants			18,000	18,000
Interest			11,006	11,006
Parent fees - noncertified children			3,558,672	3,558,672
Other			13,957	13,957
	<u>221,745</u>	<u>221,745</u>	<u>3,703,205</u>	<u>3,924,950</u>
Total Revenues				
EXPENDITURES				
Certified salaries	72,543	72,543	1,749,038	1,821,581
Classified salaries	51,932	51,932		51,932
Employee benefits	109,701	109,701	1,126,755	1,236,456
Training and instruction			1,626	1,626
Office supplies			2,932	2,932
Books and supplies	10,488	10,488	126,955	137,443
Utilities and housekeeping services			35,546	35,546
Travel and conference			4,208	4,208
Rentals			18,530	18,530
Services and other operating expenditures	15,487	15,487	266,021	281,508
Equipment			27,814	27,814
Insurance			31,759	31,759
Renovation and repair			8,944	8,944
	<u>260,151</u>	<u>260,151</u>	<u>3,400,128</u>	<u>3,660,279</u>
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(38,406)	(38,406)	303,077	264,671
OTHER FINANCING SOURCE (USES)				
Transfers in from other programs	50,000	50,000		50,000
Transfers out to other programs			(113,000)	(113,000)
	<u>50,000</u>	<u>50,000</u>	<u>(113,000)</u>	<u>(63,000)</u>
Total Transfers				
CHANGE IN FUND BALANCE	<u>\$11,594</u>	<u>\$11,594</u>	<u>\$190,077</u>	<u>\$201,671</u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2018

		CSPP-7280 State Preschool Program	Totals
EXPENDITURES:			
1000	Certified personnel salaries	\$72,543	\$72,543
1100	Teachers' salaries	72,543	72,543
1200	Administration		
1300	Supervisors' salaries		
1600	Infant educators		
2001	Classified personnel salaries	\$51,932	\$51,932
2100	Instructional aides' salaries	51,932	51,932
2300	Clerical and other office salaries		
2400	Maintenance and operations salaries		
2500	Food services salaries		
2600	Transportation salaries		
3000	Employee benefits	\$109,701	\$109,701
3200	Payroll taxes (Medicare)	3,087	3,087
3300	Other benefits	41,280	41,280
3400	Health and welfare	62,344	62,344
3600	Workers' compensation insurance	2,990	2,990
4000	Books and supplies	\$10,488	\$10,488
4200	Other books		
4300	Instructional materials and supplies	10,488	10,488
4500	Other supplies		
4600	Food supplies		
5000	Services and other operating expenditures	\$15,487	\$15,487
5100	Lecturer		
5200	Travel and conferences		
5300	Memberships and dues		
5400	Insurance	2,113	2,113
5500	Utilities and housekeeping services	1,144	1,144
5600	Rentals, leases and repairs	1,179	1,179
5700	Audit expense		
5800	Other direct services & admin.	11,051	11,051
6000	Capital Outlay		
6100	Sites and improvements of sites		
6200	Buildings and improvements of buildings		
6400	Equipment (program-related)		
6500	Equipment replacement (program related)		
Depreciation			
Costs capitalized as Fixed Assets			
TOTAL OF REIMBURSABLE AND NONREIMBURSABLE EXPENDITURES		\$260,151	\$260,151

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
SCHEDULE OF REIMBURSABLE ADMINISTRATIVE COSTS
FOR THE YEAR ENDED JUNE 30, 2018

	CSPP-7280 State Preschool Program
Administrative Costs (Audit Fees)	<u>\$3,470</u>
Total Administrative Costs	<u><u>\$3,470</u></u>

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CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
 SCHEDULE OF EQUIPMENT EXPENDITURES UTILIZING CONTRACT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

Expenditures Under \$7,500 Unit Cost		Expenditures Over \$7,500 Unit Cost with CDD Approval		Expenditures Over \$7,500 Unit Cost Without CDD Approval	
Cost	Item	Cost	Item	Cost	Item
	None		None		None

SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES UTILIZING CONTRACT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

Expenditures Under \$10,000 Unit Cost		Expenditures Over \$10,000 Unit Cost with CDD Approval		Expenditures Over \$10,000 Unit Cost Without CDD Approval	
Cost	Item	Cost	Item	Cost	Item
	None		None		None

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: City of San Rafael Child Development Program Vendor No. 21-2193

June 30, 2018 Contract No. CSPP 7280

Independent Auditor's Name: Maze & Associates

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	-		-	1.0000	-
Three-quarters-time	-		-	0.7500	-
One-half-time	8,481	(96)	8,385	0.6193	5,192.831
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6193	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6193	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6193	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6193	-
TOTAL DAYS OF ENROLLMENT	8,481	(96)	8,385		5,192.831
DAYS OF OPERATION	175		175		
DAYS OF ATTENDANCE	8,481	(96)	8,385		

NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and continue to Section III if no noncertified

Comments - If necessary, attach additional sheets to explain adjustments:

Adjustments identified in Column B are adjustments made by the City as part of year end closing.

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: City of San Rafael Child Development Program Vendor No. 21-2193

Fiscal Year End: June 30, 2018 Contract No. CSPP 7280

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs			\$0
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Other (Specify):			0
Subtotal	\$0	\$0	\$0
Transfer from Reserve - General			0
Transfer from Reserve - Professional Development			0
Subtotal	\$0	\$0	\$0
Family Fees for Certified Children			0
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
Other (Specify):			0
TOTAL REVENUE	\$0	\$0	\$0

SECTION IV - REIMBURSABLE EXPENSES			
<i>Direct Payments to Providers (FCCH Only)</i>			\$0
1000 Certificated Salaries	72,543		72,543
2000 Classified Salaries	51,932		51,932
3000 Employee Benefits	109,701		109,701
4000 Books and Supplies	10,488		10,488
5000 Services and Other Operating Expenses	15,487		15,487
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$260,151	\$0	\$260,151
TOTAL ADMINISTRATIVE COSTS (Included in section IV above)		\$3,470	\$3,470

FOR CDE-A&I USE ONLY:

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):
 YES
 NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):
 YES
 NO - Explain any discrepancies.

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or

COMMENTS - If necessary, attach additional sheets to explain adjustments:
 Adjustments identified in Column B are adjustments made to report audit fees as administrative costs.

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: City of San Rafael Child Development Program Vendor No. 21-2193
 Fiscal Year End: June 30, 2018 Contract No. CSPP 7280

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION V - SUPPLEMENTAL REVENUE			
Enhancement Funding	\$3,400	(\$3,400)	\$0
Other (Specify):			0
			0
			0
TOTAL SUPPLEMENTAL REVENUE	\$3,400	(\$3,400)	\$0

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries	\$0	\$0	\$0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies	3,698	(3,698)	0
5000 Services and Other Operating Expenses			0
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
			0
TOTAL SUPPLEMENTAL EXPENSES	\$3,698	(\$3,698)	\$0

COMMENTS - If necessary, attach additional sheets to explain adjustments:

Adjustments identified in Column B are adjustments made by the City as part of year end closing.

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: City of San Rafael Child Development Program

Fiscal Year End: June 30, 2018

Vendor No. 21-2193

Independent Auditor's Name: Maze & Associates

RESERVE ACCOUNT TYPE (Check One): <input checked="" type="checkbox"/> Center Based <input type="checkbox"/> Resource and Referral <input type="checkbox"/> Alternative Payment	COLUMN A	COLUMN B	COLUMN C
	PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT

LAST YEAR:

1. Beginning Balance (must equal ending balance from Last Year's AUD 9530-A)			\$0
2. Plus Transfers from Contracts to Reserve Account (based on last year's post-audit CDFS 9530, Section IV):			
Contract No. CSPP 6261			\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Contracts to Reserve Account	\$0	\$0	\$0
3. Less Excess Reserve to be Billed (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)			\$0
4. Ending Balance on Last Year's Post-Audit CDFS 9530	\$0	\$0	\$0

THIS YEAR:

5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year's CDFS 9530-A, Section II)			\$0
6. Less Transfers to Contracts from Reserve Account (column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):			
CSPP - General			
Contract No. CSPP 7280			\$0
Contract No.			0
CSPP - Professional Development			
Contract No.			\$0
Contract No.			0
Subtotal	\$0	\$0	\$0
Other Contracts			
Contract No.			\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Subtotal	\$0	\$0	\$0
Total Transferred to Contracts from Reserve Account	\$0	\$0	\$0
7. Ending Balance on June 30, 2018 (column A must agree with this year's CDFS 9530-A, Section IV)	\$0	\$0	\$0

COMMENTS - If necessary, attach additional sheets to explain adjustments:

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Members of the City Council
City of San Rafael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the City of San Rafael Child Development Program (Program), California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated October 5, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Program's internal control. Accordingly, we do not express an opinion on the effectiveness of Program's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Program's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pleasant Hill, California
October 5, 2018

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CITY OF SAN RAFAEL
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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CITY OF SAN RAFAEL
SINGLE AUDIT REPORT
For The Year Ended June 30, 2018

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CITY OF SAN RAFAEL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2018

SECTION I—SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None Reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes No

Identification of major programs:

<u>CFDA#(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>20.205</u>	<u>Highway Planning and Construction</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit did not disclose any significant deficiencies, or material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated October 5, 2018 which is an integral part of our audits and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit disclosed the following findings and questioned costs required to be reported in accordance with Uniform Guidance.

Finding reference number: 2018-001

CFDA number: 20.205

CFDA Title: *Highway Planning and Construction*

Name of Federal Agency: *U.S. Department of Transportation*

Federal Award Identification number and year: BRLO-5043(038) – awarded in 2017, HSIPL 5043 (037) – awarded in 2017 and RSTPL-6406(014) – awarded in 2015

Name of pass-through Entity: *State of California Department of Transportation*

Criteria: In accordance with the Uniform Guidance Standards Section 200.303 – Internal Controls, “The non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in ‘Standards for Internal Control in the Federal Government’ issued by the Comptroller General of the United States and the ‘Internal Control Integrated Framework’, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).” In order to maintain effective internal controls, all reimbursement requests should be prepared and approved by two separate employees before being submitted to the grantor.

Condition: During our review of reimbursement requests, it was noted that the reimbursement requests for the grant projects were not reviewed by another employee prior to being submitted to the grantor.

Effect: The City is not in compliance with the above requirement as listed in the Uniform Guidance Standards for Federal grants.

Cause: The City’s current practice of preparing reimbursement requests does not include a separate layer of review prior to being submitted to the grantor.

Recommendation: We recommend that the City ensure that all reimbursement requests be prepared and approved by two separate employees before they are submitted to the grantor.

View of Responsible Officials and Planned Corrective Actions: Please see Corrective Action Plan separately prepared by the City.

Finding reference number: 2018-002

CFDA number: 20.205

CFDA Title: *Highway Planning and Construction*

Name of Federal Agency: *U.S. Department of Transportation*

Federal Award Identification number and year: HSIPL 5043 (037) – awarded in 2017

Name of pass-through Entity: *State of California Department of Transportation*

Criteria: In accordance with the Compliance Supplement Requirements– Wage Rate Requirements – “All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor. This includes a requirement for the contractor or subcontractor to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance.....”.

Condition: During our review of certified payrolls for the grant project, we noted that the subcontractors failed to submit a copy of payroll and a certificate of compliance to the City.

Effect: The City is out of compliance with the Compliance Supplement Requirements Wage Rate Requirements.

Cause: The prime contractor for the project failed to submit certified payrolls to the City for subcontractors for the duration of the project.

Recommendation: We recommend that the City obtain certified payrolls from the subcontractors and ensure that future certified payrolls are obtained throughout the duration of the grant.

View of Responsible Officials and Planned Corrective Actions: Please see Corrective Action Plan separately prepared by the City.

Finding reference number: 2018-003

CFDA number: 20.205

CFDA Title: *Highway Planning and Construction*

Name of Federal Agency: *U.S. Department of Transportation*

Federal Award Identification number and year: HSIPL 5043 (037) – awarded in 2017 and BRLO 5043 (038) – awarded in 2017

Name of pass-through Entity: *State of California Department of Transportation*

Criteria: In accordance with the requirements of Uniform Guidance, the City should only report federal grant expenditures in the Schedule of Expenditures of Federal Awards (SEFA).

Condition: During our testing, we found that the City incorrectly included local match amounts in the original SEFA provided for our audit.

Effect: The City is not in compliance with the Uniform Guidance requirements for reporting federal grant expenditures on the SEFA.

Cause: The City accounts for federal award expenditures in the same general ledger accounts that the City accounts for local match expenditures. During the preparation of the SEFA, the City used the entire account balance and did not exclude the non-federal amounts.

Recommendation: It is recommended the City develop procedures to compile information regarding federal awards the City receives and ultimately expends. A record keeping system which allows City staff to track federal expenditures separately from non-federal expenditures throughout the year could help alleviate the pressure of compiling the SEFA at the end of the year. The information derived from this system should be complete, accurate, and easily accessible by City staff in order to prepare the SEFA at year end.

View of Responsible Officials and Planned Corrective Actions: Please see Corrective Action Plan separately prepared by the City.

CITY OF SAN RAFAEL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development Pass-Through County of Marin, California Community Development Block Grants/ Entitlement Grants Childcare	14.218	40CDBG17CD4527	\$ 20,000
Total U.S. Department of Housing and Urban Development			<u>20,000</u>
U.S. Department of Health and Human Services Pass-Through the California Health and Human Services Agency Medical Assistance Program Department of Health Care Services - Ground Emergency Medical Transportation	93.778	SFY 2013-14	168,272
Pass-Through County of Marin, California Special Programs for the Aging Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	10-204	10,000
Total U.S. Department of Health and Human Services			<u>178,272</u>
U.S. Department of Transportation, Pass-Through Programs Pass-Through State of California Department of Transportation Highway Planning and Construction Southern Heights Bridge Replacement	20.205	BRLO-5043(038)	251,998
SR Downtown Parking and Wayfinding Study	20.205	RSTPL-6406(014)	2,495
2nd Street at Grand Ave Intersection Modification	20.205	HISPL-5043 (037)	499,907
Subtotal for Highway Planning and Construction			<u>754,400</u>
Pass-Through California Office of Traffic Safety State and Community Highway Safety Selective Traffic Enforcement Program FY2017	20.600	PT17115	44,325
Selective Traffic Enforcement Program FY2018	20.600	PT18131	56,982
Subtotal for State and Community Highway Safety			<u>101,307</u>
Total U.S. Department of Transportation			<u>855,707</u>
U.S. Department of Justice, Direct Program Bulletproof Vest Partnership Program PD Vest Grant 2018	16.607		13,789
Total U.S. Department of Justice			<u>13,789</u>
U.S. Department of Homeland Security, Pass-Through Programs Pass-Through State of California Governor's Office of Emergency Services Local Hazard Mitigation Plan Emergency Slide Repair	97.047	FEMA-PDM-2015-CA	269,129
Total U.S. Department of Homeland Security			<u>269,129</u>
Total Federal Expenditures			<u>\$ 1,336,897</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

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CITY OF SAN RAFAEL

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2018**

NOTE 1 - REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the City of San Rafael, California, and its component units as disclosed in the notes to the Basic Financial Statements, except for federal awards of the San Rafael Sanitation District (District). Federal awards expended by this entity, if any, are excluded from the Schedule and are subject to a separate Single Audit performed by other auditors.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3 - INDIRECT COST ELECTION

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Members of the City Council
City of San Rafael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 5, 2018. Our report includes a reference to other auditors who audited the financial statements of San Rafael Sanitation District, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the city's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We have also issued a separate Memorandum on Internal Control dated October 5, 2018 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pleasant Hill, California
October 5, 2018

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Members of the City Council
City of San Rafael, California

Report on Compliance for Each Major Federal Program

We have audited the City's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings as items 2018-001, 2018-002, and 2018-003. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit are described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-003 that we consider to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 5, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Pleasant Hill, California
October 5, 2018

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SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Human Resources

Prepared by: Cristine Alilovich,
Assistant City Manager

City Manager Approval: 

TOPIC: APPROVAL OF A NEW MEMORANDUM OF UNDERSTANDING WITH THE SAN RAFAEL FIRE CHIEF OFFICERS' ASSOCIATION

SUBJECT: RESOLUTION APPROVING A MEMORANDUM OF UNDERSTANDING PERTAINING TO COMPENSATION AND WORKING CONDITIONS FOR SAN RAFAEL FIRE CHIEF OFFICERS' ASSOCIATION (JULY 1, 2018 THROUGH JUNE 30, 2020)

RECOMMENDATION: Adopt Resolution.

BACKGROUND:

The San Rafael Fire Chief Officers' Association ("SRFCOA") represents 4 safety mid-management employees in the San Rafael Fire Department. The most recent Memorandum of Understanding ("MOU") for SRFCOA expired on June 30, 2018 after a two-year term. Over the past several months, representatives of the City and SRFCOA have met in good faith and worked diligently to negotiate the terms of a successor MOU. The City and SRFCOA reached a tentative agreement on September 26, 2018, for a two-year successor MOU and SRFCOA membership subsequently ratified the tentative agreement. The proposed new MOU was presented for discussion at the October 5 Council meeting and there were no public comments. Staff is returning with a resolution for approval of the MOU with SRFCOA.

ANALYSIS:

The following are the highlights that reflect the terms and significant economic items included in the tentative agreement between the City and SRFCOA. In addition to the economic items, some operational items were also addressed in the successor MOU.

1. **Term of the Agreement:** July 1, 2018 through June 30, 2020
2. **Salary Increase:** Job classes represented by this bargaining group will receive a 2.0% base wage increase effective September 1, 2018 and a 2.0% base wage increase effective the pay period including July 1, 2019.

FOR CITY CLERK ONLY

File No.: _____

Council Meeting: _____

Disposition: _____

3. One-Time Payment and Benefit:

The following one-time, non-pensionable payment and benefits are limited to the two years cited in this agreement and are not scheduled to recur in the future.

1. Effective the first full pay period following City Council approval of the MOU, each employee in the bargaining unit will receive a one-time contribution to their deferred compensation plan in the amount of \$5,000.00. This payment will not contribute to employees' pensions; and
2. Each employee in the bargaining unit will receive two additional Administrative Leave days, as defined in section 5.4.1, during the 2019 calendar year. Unused Administrative Leave will not carry over from one calendar year to the next, nor will unused balances be paid off upon an employee's resignation. These days will expire at the end of the 2019 calendar year if not used.

4. Uniform Allowance: The uniform allowance for all employees will be increased from \$900 per year to \$1,610 per year.

5. Non-Economic Items: In addition to items discussed above, agreement was reached on other proposals, which reflect minor changes to existing provisions with no additional cost. The attached MOU includes all the changes agreed to by the parties. A brief overview of these negotiated MOU sections includes:

- Association Orientation of New Employees & Employee Information (Sections 2.3 and 2.4): Pursuant to recent legislation (AB 119), the parties negotiated specific terms regarding SRFCOA access to new employees and communication to SRFCOA of employee information.
- Retiree Health Insurance (Section 4.2.2): Clean up language to remove reference to a Retiree Healthcare Reimbursement Trust (Retiree HRA Trust) since payments are made directly to CalPERS.
- Contributions into RHS (Section 4.2.3): Clean up language to comply with administration of the existing benefit and consistent with plan documents.

FISCAL IMPACT:

The current total annual salary and benefit cost to the City for the 4 employees of SRFCOA is \$1,321,433. The additional ongoing incremental cost of the successor MOU beyond the FY 17/18 budget is:

	<u>Incremental FY 2018-19</u>	<u>Incremental FY 2019-20</u>
Wages:		
Base Salary (2%)	\$11,519*	\$16,403
Uniform Allowance:	\$ 2,840	- 0 -
Other costs:		
Pension**	\$10,547	\$12,030
Taxes (Medicare, W/C)	<u>\$ 1,123</u>	<u>\$ 1,530</u>
Total Incremental Cost:	\$26,029	\$29,963

**Cost of base salary increase over 10 months for FY 18/19 (September 2018 to June 2019). FY 19/20 cost is for 12 months.*

***This incremental pension cost results only from the negotiated wage increase and does not include the cost of associated MCERA rate changes. The terms and conditions of the pension benefit plan remain unchanged.*

While the incremental cost is \$26,029 for fiscal year 2018-2019 and \$29,963 for fiscal year 2019-2020, the increases are compounding and therefore the projected total salary and benefit cost increase for the items specified above is \$82,021 for the two-year term. In addition, there is a cost of \$20,000 in one-time contributions to deferred compensation. This one-time contribution will not contribute to employee Classic or PEPRA pension costs. The increase in compensation included in this resolution is in line with the City's current budget projections and is within the current salary growth assumptions used by MCERA in the most recent actuarial valuation which is used to establish pension contribution rates and measure pension liabilities. Funding for these positions is provided for in the City's General Fund.

OPTIONS:

The City Council has the following options to consider in this matter:

- Staff's recommendation to adopt the resolution.
- Adopt resolution with modifications.
- Direct staff to return with more information.
- Take no action.

RECOMMENDED ACTION:

Staff recommends that the City Council adopt the resolution to approve the Memorandum of Understanding between the City of San Rafael and San Rafael Fire Chief Officers' Association pertaining to compensation and working conditions (July 1, 2018 through June 30, 2020).

ATTACHMENTS:

- Resolution with attached MOU between City of San Rafael and San Rafael Fire Chief Officers' Association for July 1, 2018, to June 30, 2020 (and all attachments).

RESOLUTION NO. _____

RESOLUTION OF THE SAN RAFAEL CITY COUNCIL APPROVING THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY AND SAN RAFAEL FIRE CHIEF OFFICERS' ASSOCIATION PERTAINING TO COMPENSATION AND WORKING CONDITIONS (JULY 1, 2018 THROUGH JUNE 30, 2020)

WHEREAS, the San Rafael Fire Chief Officers' Association ("SRFCOA") labor agreement with the City expired on June 30, 2018, after a two-year term; and

WHEREAS, the City of San Rafael and representatives of SRFCOA have met and conferred in good faith with regard to wages, hours and working conditions in accordance with the provisions of the Meyers-Milias-Brown Act; and

WHEREAS, a Memorandum of Understanding ("MOU") pertaining to the two-year period from July 1, 2018, through June 30, 2020, has been ratified by SRFCOA members.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN RAFAEL DOES RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1: From and after the date of adoption of this Resolution, the City of San Rafael and SRFCOA shall utilize the MOU for the period beginning July 1, 2018, attached hereto, as the official document of reference respecting compensation and working conditions for employees represented by SRFCOA.

Section 2: The schedules describing classes of positions and salary ranges are attached to said MOU and, together with the MOU itself, are hereby adopted and shall be attached hereto and incorporated in full.

I, Lindsay Lara, Clerk of the City of San Rafael, hereby certify that the foregoing Resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of the City of San Rafael, held on Monday, the 5th of November, 2018, by the following vote, to wit:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

Lindsay Lara, City Clerk

MEMORANDUM OF UNDERSTANDING

between

CITY OF SAN RAFAEL

and

SAN RAFAEL FIRE CHIEF OFFICERS' ASSOCIATION

JULY 1, 2018 - JUNE 30, 2020

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Exhibit B	Furlough Plan

**MEMORANDUM OF UNDERSTANDING
BETWEEN
CITY OF SAN RAFAEL
AND
SAN RAFAEL FIRE CHIEF OFFICERS' ASSOCIATION**

This Memorandum of Understanding is entered into pursuant to the Meyers-Milias-Brown Act (Section 3500, et seq. the Government Code of the State of California).

The San Rafael Fire Chief Officers' Association and representatives of the City of San Rafael have met and conferred in good faith regarding wages, hours and other terms and conditions of employment of employees in said representative unit, and have freely exchanged information, opinions and proposals, and have reached an agreement on all matters relating to the employment conditions and the employer-employee relations of such employees.

This Memorandum of Understanding shall be presented to the City Council of the City of San Rafael as the joint recommendation of the undersigned for salary and employee benefit adjustments for the period commencing July 1, 2018 and ending June 30, 2020. When ratified by the City Council, this Memorandum of Understanding shall be binding upon the San Rafael Fire Chief Officers' Association, the employees it represents, and the City of San Rafael.

1 GENERAL PROVISIONS

1.1 INTRODUCTION

1.1.1 Scope of Agreement

The salaries, hours, fringe benefits and working conditions set forth have been mutually agreed upon by the designated bargaining representatives of the City of San Rafael (herein-after called "CITY") and the San Rafael Fire Chief Officers' Association (herein-after called "ASSOCIATION") and shall apply to all employees of the City working in the classifications and bargaining unit set forth as follows:

- a. Battalion Chief

In accepting employment with the City of San Rafael, each employee agrees to be governed by and to comply with the City's Personnel Ordinance, City's Personnel Rules and Regulations, City's Employer-Employee Resolution, City's Administrative Procedures, and Fire Department Rules and Regulations, General Orders and Procedures.

1.1.2 Term of Memorandum of Understanding (MOU)

This agreement shall be in effect from July 1, 2018 through June 30, 2020.

1.2 RECOGNITION

1.2.1 Bargaining Unit

City hereby recognizes Association as the bargaining representative for purpose of establishing salaries, hours, fringe benefits and working conditions for all employees within the San Rafael Fire Chief Officers' Association Bargaining Unit which includes the following:

- a. Battalion Chief

1.2.2 *Available Copies*

Both the City and the Association agree to keep duplicate originals of this agreement on file in a readily accessible location available for inspection by any City employee, or member of the public, upon request.

1.2.3 *City Recognition*

The Municipal Employee Relations Officer of the City of San Rafael, or any person or organization duly authorized by the Municipal Relations Officer, is the representative of the City of San Rafael, hereinafter referred to as the "City" in employer-employee relations, as provided in Resolution No. 12189 adopted by the City Council on February 5, 2007.

1.2.4 *Employee Representatives*

The Association shall, by written notice to the City Manager, designate certain of its members as Employee Representatives.

1.3 DISCRIMINATION

1.3.1 *In General*

The parties to this contract agree that they shall not, in any manner, discriminate against any person whatsoever because of race, color, age, religion, ancestry, national origin, sex, sexual orientation, gender, gender expression, gender identity, marital status, medical condition (cancer-related or genetic characteristics), genetic information (including family medical history) or physical or mental disability.

Any employee who believes they are being discriminated against should refer to the City of San Rafael's Harassment Policy for the process of receiving an internal administrative review of their complaint. This administrative procedure shall be used as the internal complaint procedure in lieu of the grievance procedure outlined in this MOU.

1.3.2 *Association Discrimination*

No member, official, or representative of the Association shall, in any way suffer any type of discrimination in connection with continued employment, promotion, or otherwise by virtue of membership in or representation of Association.

1.4 INSPECTION OF MEMORANDUM OF UNDERSTANDING

Both the City and the Association agree to keep duplicate originals of this Memorandum on file in a readily accessible location available for inspection by any employee or member of the public upon request.

1.5 EXISTING LAWS, REGULATIONS & POLICIES

This Memorandum is subject to all applicable laws.

1.6 STRIKES & LOCKOUTS

During the term of this Memorandum of Understanding, the City agrees that it will not lock out employees and the Association agrees that it will not agree to encourage or approve any strike or slow down growing out of any dispute relating to the terms of this Agreement. The Association will take whatever lawful steps are necessary to prevent any interruption of work in violation of this Agreement.

1.7 SEVERABILITY

If any article, paragraph or section of this Memorandum shall be held to be invalid by operation of law, or by any tribunal or competent jurisdiction, or if compliance with or any enforcement of any provision hereof be restrained by such tribunal, the remainder of this Memorandum shall not be affected thereby, and the parties shall, if possible, enter into meet and confer sessions for the sole purpose of arriving at a mutually satisfactory replacement for such article, paragraph or section.

1.8 PREVAILING RIGHTS

All matters within the scope of meeting and conferring which have previously been adopted through rules, regulations, ordinances or resolutions, which are not specifically superseded by the M.O.U., shall remain in full force and effect throughout the term of this Agreement.

1.9 MANAGEMENT RIGHTS

The City reserves, retains, and is vested with, solely and exclusively, all rights of management which have not been expressly abridged by specific provision of this Memorandum of Understanding or by law to manage the City, as such rights existed prior to the execution of this Memorandum of Understanding. The sole and exclusive rights of management, as they are not abridged by this Agreement or by law, shall include, but not be limited to, the following rights:

1. To manage the City generally and to determine the issues of policy.
2. To determine the existence of facts which are the basis of the management decision.
3. To determine the necessity of any organization or any service or activity conducted by the City and expand or diminish services.
4. To determine the nature, manner, means, technology and extent of services to be provided to the public.
5. Methods of financing.
6. Types of equipment or technology to be used.
7. To determine and/or change the facilities, methods, technology, means and size of the work force by which the City operations are to be conducted.
8. To determine and change the number of locations, re-locations and types of operations, processes and materials to be used in carrying out all City functions including, but not limited to, the right to contract for or subcontract any work or operation of the City.
9. To assign work to and schedule employees in accordance with requirements as determined by the City, and to establish and change work schedules and assignments.
10. To relieve employees from duties for lack of work or similar non-disciplinary reasons.
11. To establish and modify organizational productivity and performance programs and standards.
12. To discharge, suspend, demote or otherwise discipline employees for proper cause in accordance with the provisions and procedures set forth in City Personnel Rules and Regulations, the Firefighters Procedural Bill of Rights, and this Memorandum of Understanding.
13. To determine job classifications and to reclassify employees.
14. To hire, transfer, promote and demote employees for non-disciplinary reasons in accordance with this Memorandum of Understanding and the City's Rules and Regulations.

15. To determine policies, procedure and standards for selection, training and promotion of employees.
16. To establish employee performance standards including but not limited to, quality and quantity standards; and to require compliance therewith.
17. To maintain order and efficiency in its facilities and operations.
18. To establish and promulgate and/or modify rules and regulations to maintain order and safety in the City which are not in contravention with this Agreement.
19. To take any and all necessary action to carry out the mission of the City in emergencies.

The City and Association agree and understand that if, in the exercise of any of the rights set forth above, the effect of said exercise of rights by the City impacts an area within the scope of representation as set forth in the Meyers/Milias/Brown Act, case law interpreting said acts, and/or Federal law, the City shall have the duty to meet and confer with the Association regarding the impact of its decision/exercise of rights.

1.10 FULL UNDERSTANDING, MODIFICATION, WAIVER

1.10.1 Modification/Waiver

Except as specifically otherwise provided herein, it is agreed and understood that each party hereto voluntarily and unqualifiedly waives its right and agrees that the other shall not be required to meet and confer with respect to any subject or matter covered herein, nor as to wages or fringe benefits during the period of the term of this Memorandum. The foregoing shall not preclude the parties hereto from meeting and conferring at any time during the term of this Agreement with respect to any subject matter within the scope of meeting and conferring for a proposed Memorandum of Understanding between the parties to be effective on or after July 1, 2020.

1.10.2 Effective Dates

This Agreement will be in effect from July 1, 2018 through June 30, 2020. It shall be automatically renewed from year to year thereafter unless either party shall have notified the other, in writing, at least sixty (60) days prior to the annual anniversary of the above date that it desires to modify the Memorandum. In the event that such notice is given, negotiations shall begin no later than thirty (30) days prior to the anniversary date.

1.10.3 Joint Representation

The parties jointly represent to the City Council that this Memorandum of Understanding sets forth the full and entire understanding of the parties regarding the matters set forth herein.

2 MMBA

2.1 DUES DEDUCTION

Payroll deduction for membership dues shall be granted by the City to the Association.

The following procedures shall be observed in the withholding of employee earnings:

- A. Payroll deductions shall be for a specified amount in uniform as between employee members of the Association and shall not include fines, fees and/or assessments. Dues deductions shall be made only upon the employees' written authorization.

- B. Authorization, cancellation or modifications of payroll deduction shall be made upon forms provided or approved by the City Manager or his/her designee. The voluntary payroll deduction authorization shall remain in effect until employment with the City is terminated or until canceled or modified by the employee by written notice to the City Manager or his/her designee. Employees may authorize dues deductions only for the organization certified as the recognized employee organization of the classification to which such employees are assigned.
- C. Amounts deducted and withheld by the City shall be transmitted to the officer designated in writing by the Association as the person authorized to receive such funds, at the address specified.
- D. The employees' earnings must be sufficient, after all other required deductions are made, to cover the amount of the deductions herein authorized. When an employee is in a non-pay status for an entire pay period, no withholdings will be made to cover that pay period from future earnings, nor will the employee deposit the amount with the City which would have been withheld if the employee had been in a pay status during that period.

In the case of an employee who is in a non-pay status during a part of the pay period and the salary is not sufficient to cover the full withholding, no deductions shall be made. In this connection, all other required deductions have priority over the employee organization deduction.

- E. The Association shall file with the City an indemnity statement wherein the Association shall indemnify, defend, and hold the City harmless against any claim made and against any suit initiated against the City on account of check-off of Association dues, assessments and other payments to the Association. In addition, the Association shall refund to the City any amounts paid to it in error upon presentation of supporting evidence.

2.2 RELEASE TIME

The City shall allow a reasonable number of Association members time off without loss of compensation or other benefits when formally meeting and conferring with representatives of this City on matters within the scope of representation. Reasonable time off without loss of compensation or other benefits shall also be granted to members of the Association to participate in and prepare for grievances.

2.3 ASSOCIATION ORIENTATION OF NEW EMPLOYEES

Whenever the City hires an employee within any classification covered by this Memorandum of Understanding and represented by the Association, the City will provide the new employee with a copy of the current Memorandum of Understanding. The City shall make available two hours, at a mutually agreeable time, during the initial thirty (30) days of employment for new employee orientation by the Association. In addition, the City will also provide reasonable advance notice to the Association of all employee orientations conducted by the City.

2.4 EMPLOYEE INFORMATION

The City shall provide the Association with the name, job title, department, work location, work, home and personal cell phone numbers, home address and personal email address on file with the City for all employees within the Association every 120 days. In addition, a report with similar information of each Association new hire will be provided to the Association within 30 days of the hire date.

3 COMPENSATION

3.1 GENERAL WAGES & COMPENSATION

3.1.1 General Wage Increase

Effective the pay period including September 1, 2018 the City will increase base wages for all employees by 2.0%.

Effective the pay period including July 1, 2019, the City will increase base wages for all employees by 2.0%.

3.1.2 One-Time Payments and Benefits

The following one-time payments and benefits are limited to the two years cited in this agreement and are not scheduled to recur in the future:

1. Effective the first full pay period following City Council approval of the MOU, each employee in the bargaining unit will receive a one-time contribution to their deferred compensation plan in the amount of \$5,000.00. This payment will not contribute to employees' pensions; and
2. Each employee in the bargaining unit will receive two additional Administrative Leave days, as defined in section 5.4.1, during the 2019 calendar year. Unused Administrative Leave will not carry over from one calendar year to the next, nor will unused balances be paid off upon an employee's resignation. These days will expire at the end of the 2019 calendar year if not used.

3.1.3 Compensation Goal & Definitions

It is the goal of the City Council to try to achieve a total compensation package for all employees represented by the Association in an amount equal to the following:

1. The average, plus one dollar, of the total compensation paid to the same or similar classifications in the following ten (10) cities/districts: Alameda, Alameda County, Fairfield, Hayward, Napa, Novato Fire District, Santa Rosa, Southern Marin Fire District, and South San Francisco, Vallejo; and,
2. The highest total compensation paid to the same or similar classifications in agencies in Marin County.

Total Compensation for survey purposes shall be defined as: Top step salary (excluding longevity pay steps), educational incentive pay, holiday pay, uniform allowance, employer paid deferred compensation, employer's contribution towards employees' share of retirement, employer paid contributions toward insurance premiums for health, life, long term disability, dental and vision plans and employer paid cafeteria/flexible spending accounts. Total compensation comparisons shall be calculated both with and without the employer's retirement contribution.

3.1.4 Compensation Surveys

To measure progress towards the above-stated goal, the City and the Association will jointly survey the benchmark position of Battalion Chief three (3) months before the expiration of this contract.

Identified benchmark positions from other agencies include positions that are filled as well as those that may be unfilled, so long as the benchmark position is identified by the survey agency as being on the salary schedule and having a job class description. Other city/agency positions are established as benchmark positions in San Rafael's compensation survey based upon similar work and similar job requirements.

Survey data will include all salary and benefit increases, as defined in 'total compensation' for the purpose of measuring progress towards the goal. The City and the Association shall review the benchmark and related survey data for accuracy and completeness.

3.2 SALARY STEP INCREASE

An employee shall be considered for a step increase annually until the top step has been reached. Advancement to a higher salary within a salary step schedule may be granted for continued satisfactory service by the employee in the performance of his/her duties. Salary step advancement shall be made only upon the recommendation of the Fire Chief, with the approval of the City Manager or his/her designee, and are not automatic, but based on documented, acceptable work performance. Accelerated salary step increases may be granted an employee based upon the recommendation of the Fire Chief and approval of the City Manager for exceptional job performance.

3.3 PAY CHECK DATES

City employees are paid twice per month on the 15th and the last working day of the month. When a pay day falls on a holiday, the pay day will be transferred to the following day of regular business unless the Finance Office is able to complete the payroll by the previous work day. The method of distributing the payroll shall be established by the Finance Director.

During the term of this Agreement, the City may institute change the payroll schedule from 24 pay cycles per year to 26 pay cycles per year.

3.4 ADDITIONAL PAY

3.4.1 Education Incentive Program

The Educational Incentive for all employees represented by this Association is included in the base salary.

3.4.2 Uniform Allowance

Uniform members of the Fire Department, represented by this Association, shall receive a uniform allowance in the amount of \$805.00 at the completion of each six months of service ending June 1st and December 1st. A pro-ration at the rate of \$134.17 per month may be given for a portion of the first and last six months of service upon recommendation of the Department Head and approval of the City Manager.

3.4.3 Boot Allowance

Uniform members of the Fire Department, represented by this Association, shall be entitled to a maximum of \$160 every two fiscal years for a boot allowance. The employee is responsible for purchasing safety boots and submitting a receipt for reimbursement. The boots must be purchased for City use only and must adhere to safety requirements.

4 BENEFITS

4.1 JOINT BENEFITS COMMITTEE

Both parties agree to continue to utilize the Joint Benefits Committee for on-going review of benefit programs, cost containment, and cost savings options. The committee shall include representatives from all bargaining groups.

4.2 HEALTH & WELFARE

4.2.1 Full Flex Cafeteria Plan

Effective January 1, 2010 the City implemented a full flex cafeteria plan for active employees in accordance with IRS Code Section 125. Active employees shall receive a monthly flex dollar allowance to purchase benefits under the Full Flex Cafeteria plan.

The monthly flex dollar allowance effective the first paycheck of December 2017 shall be:

For employee only:	\$ 733.39
For employee and one dependent:	\$ 1,173.42
For employee and two or more dependents:	\$ 1,525.45

Flex dollar allowances shall increase on the December 15th paycheck of each subsequent year up to a maximum of three percent (3%) on an annual basis, based on but not to exceed the Kaiser Bay Area Region premium rate increase for the upcoming calendar year.

The City shall contribute to the cost of medical coverage for each eligible employee and his/her dependents, an amount not to exceed the California Public Employees' Medical and Hospital Care Act (PEMHCA) Minimum Employer contribution, as determined by CalPERS on an annual basis. This portion of the monthly flex dollar allowance is identified as the City's contribution towards PEMHCA. The monthly flex dollar allowance (including the PEMHCA minimum contribution) may be used in accordance with the terms of the cafeteria plan to purchase health benefits or may be converted to taxable income.

Conditional Opt-out Payment: An employee may elect to waive the City's health insurance coverage and receive an Opt-out payment in accordance with the terms of the cafeteria plan, and the Affordable Care Act, if the employee complies with the following conditions:

- 1) The employee certifies that the employee and all individuals in the employee's tax family for whom coverage is waived, have alternative Minimum Essential Coverage as defined by the Patient Protection and Affordable Care Act through a provider other than a federal marketplace, a state exchange, or an individual policy.
- 2) During the City's annual open enrollment period, the employee must complete an annual written attestation confirming that the employee and the other members of the employee's tax family are enrolled in alternative Minimum Essential Coverage. The employee agrees to notify the City no later than 30 days if the employee or other member(s) of the employee's tax family lose coverage under the alternative Minimum Essential Coverage Plan.
- 3) The employee understands that the City is legally required to immediately stop conditional Opt-out payments if the City learns that the employee and/or members of the employee's family do not have the alternative Minimal Essential Coverage.

The Opt-out payment will be \$760 per month for employees hired into the association on or before January 1, 2017. New members hired into the association after January 1, 2017, shall be eligible for a \$300 Opt-out payment.

The City reserves the right to modify at any time, the amount an employee is eligible to receive under this paragraph, if required by IRS Cafeteria Plan regulations or other legislation or agency guidance.

4.2.2 Retiree's Health Insurance

Employees represented by the Association who retire from the Marin County Retirement System, subject to Marin County Employee Retirement Association procedures and regulations and applicable 1937 Act laws that govern such plans, are eligible to continue in the City's retiree group health insurance program offered through PEMHCA. The City's contribution towards retiree coverage shall be the PEMHCA minimum contribution as determined by CalPERS on an annual basis.

A. Employees hired by the City before January 1, 2010

The City shall make a monthly retiree health insurance payment on behalf of employees hired before January 1, 2010 and who retire from the City of San Rafael as described in this Section.

The City's monthly payment shall be the difference between the premium cost of coverage minus the PEMHCA minimum contribution. The City's total payment shall not exceed \$557 per month. This monthly payment shall include the PEMHCA minimum contribution. The City's retiree health insurance payment shall continue for the lifetime of the retiree and retiree's spouse, in accordance with PEMHCA eligibility provisions for coverage.

B. Employees hired by the City on or after January 1, 2010 and who meet the eligibility requirements for retiree health insurance are eligible to continue in the City's group health insurance program. The City's maximum contribution towards retiree coverage under this subsection shall be the PEMHCA minimum contribution as determined by CalPERS on an annual basis. The City shall not be responsible for making any contributions towards the cost of coverage of the retiree's spouse, registered domestic partner, or dependents upon the employee's retirement from the City.

4.2.3 Contributions into a Retiree Health Savings Account (RHS)

For employees hired into City employment after January 1, 2010, the City shall contribute 2% of top step Firefighter-Paramedic base salary into a Retiree Health Savings (RHS) Account and the employee shall also contribute 2% of top step Firefighter-Paramedic base salary into the same account. In the event an employee's salary is not sufficient to contribute the 2%, no City or employee contribution will be made until such time as the salary is sufficient to make the contribution.

This contribution will occur each pay period beginning the month after the employee has been hired.

4.2.4 Deferred Compensation Plan

Over the course of this Agreement, the City will provide up to two deferred compensation plan providers, as allowed under the Internal Revenue Code Section 457. Participation in a plan is voluntary and the administrative fees to participate in the plan are the responsibility of employees.

The City will make a monthly contribution of 0.83% of base salary to a deferred compensation plan.

4.2.5 *Flexible Spending Account for Health and Dependent Care Reimbursement (125)*

The City will continue to offer a Section 125 Plan pursuant to the IRS Code.

City shall establish annual enrollment period for the Section 125 Plan and each employee must re-enroll if he/she wishes to participate in the Section 125 Plan for the following calendar year. City shall have the authority to implement changes to the 125 Programs to comply with changes in applicable IRS laws without having to go through the meet and confer process but agrees to coordinate all changes through the Employee Benefits Committee.

4.3 LIFE INSURANCE

The City will pay the full premium cost for enrollment in the group term insurance plans for employees represented by this bargaining unit. The basic plan provides \$150,000 of group term life insurance and \$150,000 of AD&D benefit.

4.4 LONG TERM DISABILITY POLICY

The City shall pay premiums for a Long-Term Disability Policy for each employee. The Long-Term Disability policy shall provide for salary replacement of 66.67% of an individual's salary up to a maximum disability benefit of \$7,500 per month through the City's CIGNA coverage.

Members of the Chief Officer's Association may choose to subscribe to a long-term disability (LTD) plan other than that offered by the City as long as there is no cost to the City.

4.5 DENTAL PLAN

- A. The City will provide a dental insurance program providing 100% coverage for diagnostic and preventative care; \$25.00 deductible on corrective care (80/20 cost sharing after deductible) per calendar year per person, with a \$75 deductible limit per family; and orthodontic care (50/50 cost sharing).
- B. The dental plan shall provide for an 80/20 cost sharing for basic services such as casts, crowns and restorations. Major services such as bridgework and dentures are covered using a 50/50 cost sharing formula.
- C. The City will pay the entire premium cost for such a dental plan and shall pay the entire cost for any premium rate increases occurring during the term of this agreement. The City will add the full cost of the dental premium as a paid benefit by the City to the Full Flex Cafeteria Plan enrollment form.
- D. The calendar year benefit for each eligible, enrolled member is \$1,500 per calendar year. Orthodontic benefits remain unchanged and are limited to those dependents up to the age of 19 and subject to a \$1,000 per person, per lifetime benefit.

4.6 RETIREMENT

4.6.1 *City Paid Employee Retirement*

Bargaining unit members shall pay the full share of the employee's contribution to the Marin County Retirement System.

Employees represented by this bargaining group who retire from the City of San Rafael within 120 days of leaving City employment (excludes deferred retirements), shall receive employment service credit for retirement purposes only, for all hours of accrued, unused sick leave (exclusive of any sick leave hours they are eligible to receive and they elect to receive in compensation for at the time of retirement, pursuant to Section 5.1.5. of this M.O.U.).

4.6.2 *Retirement Plans*

The City shall provide the Marin County Employee Retirement Association 3% at 55 retirement program to all safety members, as defined under the 1937 Act Government Code Section 31664, subject to Marin County Employee Retirement Association procedures and regulations and applicable 1937 Act laws that govern such plans. This is based on an employees' single highest year of compensation with a 3% COLA.

Safety members hired on or after July 1, 2011 will receive an MCERA retirement benefit at the formula 3%@55, calculated based on the average of their highest consecutive three years of compensation, with a 2% COLA benefit cap.

Safety employees hired on or after January 1, 2013 who are defined as "new members" of MCERA in accordance with the Public Employees' Pension Reform Act (PEPRA) of 2013 shall be enrolled in the MCERA 2.7%@57 plan for Safety members. The employee is responsible for paying the employee contribution of half of the total normal cost of the plan, as defined by MCERA, through a payroll deduction. Final compensation will be based upon the highest annual average compensation earnable during the thirty-six (36) consecutive months of employment immediately preceding the effective date of his or her retirement or some other period designated by the retiring employee.

4.6.3 *Member Cost of Living Rates*

Bargaining unit members who are eligible to participate in the Marin County Employee Retirement Association will pay their full share of members' cost of living rates as allowed under Articles 6 and 6.8 of the 1937 Retirement Act. Safety member contribution rates include both the basic and COLA portions (50% of COLA is charged to members as defined in the 1937 Act).

4.6.4 *Additional Pension Funding*

Effective the pay period including September 1, 2013, each member shall pay an additional 1.0% of pensionable compensation to the Marin County Employee Retirement Association through a payroll deduction to help fund pension. This deduction shall be made on a pre-tax basis to the extent allowed by law.

5 LEAVES

5.1 SICK LEAVE

5.1.1 *Policy Statement*

Each employee represented by this Association shall be eligible to accrue sick leave benefits. Employees may use accrued sick leave, if necessary, during their probationary period. Sick leave shall not be considered as a privilege, which an employee may use at his/her discretion but shall be allowed only in case of necessity and actual sickness or disability.

5.1.2 *Administration of Sick Leave*

An employee eligible for sick leave with pay will be granted such leave with the approval of the Fire Chief for the following purposes: Personal illness or illness within the immediate family (immediate family is defined based on California Paid Sick Leave law as employee's spouse, registered domestic partner, children and/or employee's parents, in-laws, siblings, grandchild and grandparents) or physical incapacity resulting from causes beyond the employee's control; or Enforced quarantine of the employee in accordance with community health regulations.

Except that an employee may not use sick leave for a work-related injury and/or illness once said employee has been determined permanent and stationary.

The employee is required to notify the Fire Chief according to department rules and regulations at the beginning of his/her workday if said employee will be absent under the provisions of sick leave. Every employee who is absent from his/her duties for two (2) consecutive days, under the provisions of sick leave, shall file with the Human Resources Director, if so requested, a verification in the form of a physician's certificate or the employee's personal affidavit, verifying the employee's eligibility for sick leave. The inability or refusal by said employee to furnish the requested information, as herein required, shall constitute good and sufficient cause for disciplinary action, up to and including dismissal.

In recognition of exempt status from FLSA, time off for Sick leave purposes shall not be deducted from employee's accrual unless the employee is absent for the full workday.

5.1.3 Sick Leave Accrual

Represented employees working a 56-hour work week shall earn sick leave credits at the rate of twelve (12) hours per month. Represented employees working a 37.5-hour work week shall earn sick leave credits at the rate of 7.5 hours per month.

Accrual of sick leave for usage purposes is unlimited. The maximum accrual limits for sick leave payoff purposes are 1,200 hours for employees working a 37.5-hour work week and 1,680 hours for employees working a 56-hour work week.

5.1.4 Sick Leave Service Credit Option

Employees who are eligible to accrue sick leave and who retire from the City of San Rafael on or after February 1, 2007 and within 120 days of leaving City employment (excludes deferred retirement) shall receive employment service credit, for retirement purposes only, for all hours of accrued, unused sick leave (exclusive of any sick leave hours said employee is eligible to receive and elects to receive in compensation at the time of retirement, pursuant to Section 5.1.5 – Sick Leave Payoff).

5.1.5 Sick Leave Payoff

Employees who leave City service in good standing shall receive compensation (cash in) of all accumulated, unused sick leave based upon the rate of three percent (3%) for each year of service up to a maximum of fifty percent (50%) of their sick leave balance. Sick leave payoff would be subject to a maximum of 600 hours for 37.5 hour per week employees and 840 hours for 56-hour per week employees, subject to the 3% per year formula noted above. In the event of the death of an employee, payment for unused sick leave based upon the previously stated formula shall be paid to the employee's designated beneficiary.

5.2 VACATION LEAVE

5.2.1 Policy Statement

Each employee represented by this Association shall be eligible to accrue vacation leave benefits. Employees shall be eligible to use accrued vacation leave after six (6) months of employment, subject to the approval of the Fire Chief.

5.2.2 Rate of Accrual

Vacation benefits shall accrue during the probationary period. Each regular full-time employee (part time regular are prorated) shall accrue vacation at the following rate for continuous service:

For 37.5 hour per week employees

YEARS OF SERVICE	ACCRUAL PER YEAR	ACCRUAL PER PAY PERIOD
1 – 5 Years	15 days or 112.5 hours	4.69 hours
6 Years	16 days or 120 hours	5.00 hours
7 Years	17 days or 127.5 hours	5.31 hours
8 Years	18 days or 135 hours	5.63 hours
9 Years	19 days or 142.5 hours	5.94 hours
10 Years	20 days or 150 hours	6.25 hours
11 Years	21 days or 157.5 hours	6.56 hours
12 Years	22 days or 165 hours	6.88 hours
13 Years	23 days or 172.5 hours	7.19 hours
14 Years	24 days or 180 hours	7.5 hours
15+ Years	25 days or 187.5 hours	7.81 hours

For 56-hour per week employees

YEARS OF SERVICE	ACCRUAL PER YEAR	ACCRUAL PER PAY PERIOD
1 – 5 Years	7.5 shifts or 180 hours	7.5 hours
6 Years	8 shifts or 192 hours	8 hours
7 Years	8.5 shifts or 204 hours	8.5 hours
8 Years	9 shifts or 216 hours	9 hours
9 Years	9.5 shifts or 228 hours	9.5 hours
10 Years	10.0 shifts or 240 hours	10 hours
11 Years	10.5 shifts or 252 hours	10.5 hours
12 Years	11 shifts or 264 hours	11 hours
13 Years	11.5 shifts or 276 hours	11.5 hours
14 Years	12 shifts or 288 hours	12 hours
15+ Years	12.5 shifts or 300 hours	12.5 hours

5.2.3 Administration of Vacation Leave

The City Manager, upon the recommendation of the Fire Chief, may advance vacation credits to any eligible employee, except that if the employee leaves City employment before accruing the used vacation leave said employee will reimburse the City for the advanced vacation leave.

In recognition of exempt status from FLSA, time off for vacation leave purposes shall not be deducted from the employee's accrual unless the employee is absent for the full work day.

The time at which an employee may use his/her accrued vacation leave and the amount to be taken at any one time, shall be determined by the Fire Chief with particular regard for the needs of the City, but also, insofar as possible, considering the wishes of the employee.

In the event that one or more City holidays falls within an annual vacation leave, such holidays shall not be charged as vacation leave, unless the employee is on a schedule to be paid for designated holidays in lieu of days off.

5.2.4 *Vacation Accrual Cap*

At any time during each calendar year employees will be limited (capped) in the number of vacation hours they can accrue.

No employee may accrue more than 265 hours for 37.5 hour per week employees and 396 hours for 56-hour per week employees. Vacation accruals will resume once the employee's accumulated vacation balance falls below the allowable cap limit.

Employees may, for special situations (i.e., extended medical leave) request an increase in their cap. Each request would need to be in writing, submitted through the department, and receive the approval of the Fire Chief and the City Manager. Such requests would be reviewed on a case-by-case basis and would be evaluated based on the reason for the request and be consistent with the provisions of the MOU. This additional vacation accrual could not exceed one-half of the employee's regular annual vacation accrual. In no case would the addition of vacation accrual over the cap be extended beyond one additional year.

If an employee exceeds the accrued vacation balance (cap) as a result of being on extended leave pursuant to Labor Code Section 4850, those accrued hours would be carried forward and the employee would be allowed to use the additional accrued hours without penalty. In no event will an employee have their vacation hours reduced as a result of exceeding the cap due to having been off on Labor Code 4850 time as a result of an industrial injury, if the time off due to an industrial injury prevented them from taking scheduled vacation.

5.2.5 *Vacation Payoff*

Upon termination of employment by resignation, retirement, or death, employees who leave the municipal service in good standing shall receive compensation of all accrued unused vacation leave earned prior to the effective date of leaving their City position. In the event of the death of an employee, payment for unused vacation leave shall be paid to the employee's designated beneficiary.

5.3 HOLIDAYS

5.3.1 *Days Observed*

Employees covered under this Memorandum of Understanding shall be entitled to the following holidays:

New Year's Day	Labor Day
Martin Luther King Day	Admission Day**
Washington's Birthday*	Veteran's Day
Lincoln's Birthday*	Thanksgiving Day
Cesar Chavez Day	Day after Thanksgiving
Memorial Day	Christmas
Independence Day	

Notes:

*For employees working a 37.5-hour work week, Washington's and Lincoln's birthdays are combined as President's Day; with that said, employees shall receive one floating holiday.

**A floating holiday is provided in lieu of Admission's Day off.

7.5 hours for these floating holidays are automatically added to an employee's Floating Holiday accrual on a semi-annual basis.

5.3.2 *Holiday Pay*

All 56 hour a week shift employees represented by this Association are entitled to additional straight time compensation for every holiday given above. Said compensation shall be paid twice each year on the first pay period of December and the first pay period of June. Holiday pay formula will be based on a 56-hour work week (2,912 hour year for calculating the hourly rate for a twelve hour day).

5.4 **OTHER LEAVE**

5.4.1 *Administrative Leave*

Represented employees working a 37.5-hour work week shall receive ten (10) Administrative Leave days (75 hours) each calendar year (56-hour work week represented employees shall receive 5.0 shifts [120 hours]) subject to the approval of the department head. Unused Administrative Leave does not carry over from one calendar year to the next, nor are unused balances paid off upon an employee's resignation.

In recognition of exempt status from FLSA time off for Administrative leave purposes shall not be deducted from employee accrual, unless the employee is absent for the full workday.

5.4.2 *Bereavement Leave*

In the event of the death of an employee's spouse, child, parent, brother, sister, in-law(s), relative who lives or has lived in the home of the employee to such an extent that the relative was considered a member of the immediate family and/or another individual who has a legal familial relationship to the employee and resided in the employee's household, up to three (3) days for 37.5 hour per week represented employees (2 shifts for 56 hour per week employees) of bereavement leave within the state and up to five (5) days for 37.5 hour per week represented employees (2 shifts for 56 hour per week employees) of out of state bereavement leave may be granted to attend the funeral.

In those cases where the death involves an individual who had such a relationship with the employees, as defined above, the employee shall sign a simple affidavit describing the relationship and submit this to the Fire Chief as part of the request for bereavement leave.

5.4.3 *Jury Duty*

Employees required to report to jury duty shall be granted a leave of absence with pay from their assigned duty until released by the court. The employee shall notify his/her employer in advance when summoned for jury duty. If the employee is a shift employee and is selected to serve on a jury, said employee shall not be required to perform duty during non-court hours until released by the court.

5.4.4 *Workers Compensation Leave*

Safety employees shall be governed by the provisions of Section 4850, et seq. of the Labor Code. Non-safety employees shall be governed by applicable state law and City Rules and Regulations. Refer to Section 5.1.2 for qualifications regarding use of accrued sick leave.

5.4.5 *Military Leave*

Military leave as defined in State law shall be granted to any regular employee.

All employees entitled to Military Leave shall give the Fire Chief a reasonable opportunity, within the limits of military regulations, to determine when such leave shall be taken.

5.4.6 *Leave of Absences Without Pay*

Leave of absences without pay (for non-medical reasons which are covered by Section 5.4.7.) may be granted in cases of emergency or where such absence would not be contrary to the best interest of the City. Such leave so granted is not a right but an authorized privilege. Employees on authorized leave of absence without pay may not extend such leave without the expressed approval of the Appointing Authority. All other applicable leaves must be exhausted and no vacation, sick leave, or any other paid benefit shall be accrued or used during such leave. The Fire Chief, as Appointing Authority, may grant up to 30 days of leave without pay depending upon the merit of the case. Any leave without pay in excess of 30 days may only be granted upon the recommendation of the Fire Chief and approval of the City Manager and may not exceed a total of six months.

5.4.7 *Family Medical Leave*

Such leave shall be in accordance with applicable State and Federal law.

5.4.8 *Catastrophic Leave*

Association members shall abide by City Policy.

5.4.9 *Absence Without Authorized Leave*

An unauthorized absence of an employee for three consecutive work days may result in an investigation as to the circumstances of the situation and disciplinary action up to and including termination, if warranted.

5.5 ACCRUAL BALANCE ADJUSTMENT

When a member moves from a 56-hour work week assignment to a 37.5-hour work week assignment, accrued vacation, sick, and administrative leave hour balances will be multiplied by .67 to determine new leave balances.

When a member moves from a 37.5-hour work week assignment to a 56-hour work week assignment, accrued vacation, sick, and administrative leave hours will be multiplied by 1.49 to determine new leave balances.

This does not apply to temporary reassignments.

6 TERMS & CONDITIONS OF EMPLOYMENT

6.1 WORK WEEK

The established work week for suppression employees covered by this Memorandum of Understanding shall consist of a fifty-six (56) hour workweek with a three (3) platoon system. A work shift shall be defined as twenty-four (24) consecutive hours, commencing at 0800 and continuing through 0800 the following day. A set shall be defined as two twenty-four hour shifts worked consecutively.

Suppression employees work a fifty-six (56) hour work week in twenty-four (24) hour shifts within a twenty-four (24) day cycle as listed below (commonly referred to as the "2 X 4" schedule):

X = 24 hour on-duty period

0 = 24 hour off-duty period

Example: XXOOOO/XXOOOO/XXOOOO/XXOOOO

The 2 X 4 schedule shall not change the rules regarding use of sick leave. Employees should notify the Fire Department administration that sick leave use is needed according to current policy and before each 24-hour shift.

The established workweek for 37.5-hour employees shall be negotiable between the Employee and the Fire Chief, with the final schedule determined by the Fire Chief's approval.

6.2 HOURLY RATE

The hourly rate for personnel covered by this MOU shall be based on 1950 annual work hours for represented job classes working a 37.5-hour work week and 2912 annual work hours for represented job classes working a 56-hour work week.

6.3 OVERTIME

Employees in the FLSA exempt classifications of Administrative Chief/Fire Division Chief or Battalion Chief will be paid overtime for additional days authorized and worked in excess of their regular work week schedule provided that:

1. The employee is assigned to overtime relief duty as shift commander, Strike Team Leader, or other authorized emergency overhead assignment; and
2. The Fire Chief has authorized the overtime work in writing and in advance of the performance of the work. The overtime authorized in this section will be paid at time and one half of the 56-hour rate, regardless of whether the employee normally works a 37.5 hour or 56-hour schedule.

6.4 CONTRACTUAL OVERTIME LEAVE

With the Fire Chief's approval, contractual Overtime Leave, in lieu of overtime pay, may be taken subject to the following rules:

6.4.1 Accrual Limit

Battalion Chiefs filling a Specialty Assignment on a 37.5-hour work week schedule, who work overtime as specified in Section 6.3, may accrue up to 75 hours of Contractual Overtime Leave after which said employee must accept overtime pay in lieu of accruing additional Contractual Overtime Leave.

6.4.2 Overtime Rate

Battalion Chiefs filling a Specialty Assignment on a 37.5-hour work week schedule, who work overtime as specified in Section 6.3, may elect to accrue Contractual Overtime Leave on an hour for hour basis subject to the limitations in Section 6.4.1. Employees who elect Contractual Overtime Leave must take the time off and will be paid based on the 37.5-hour rate when the Contractual Overtime Leave time is taken.

6.5 SPECIALTY ASSIGNMENT

If through mutual agreement with the Fire Chief operations personnel are assigned to the 37.5-hour work schedule, as opposed to the 56-hour schedule, for assignments such as training, fire prevention, or other administrative functions, such employee shall receive five percent (5%) premium pay. The length of the assignment shall be based on mutual agreement between the employee and the Fire Chief. When an employee filling a specialty assignment works overtime beyond the regularly scheduled work day as a shift commander, strike team leader or other

authorized emergency overhead assignment, the five percent (5%) specialty assignment premium pay will not be paid on the overtime hours.

6.6 SELECTION

6.6.1 Selection Process

The City's Human Resources Department shall be responsible for the administration of all recruitments.

6.6.2 Referral Process

All qualified candidates, based upon competitive examination, shall be placed on the Eligibility List for the appropriate job classification. The Fire Chief shall have the authority of "the Rule of the List" and all candidates on a current Eligibility List shall be eligible for referral to the Fire Chief for final selection.

6.6.3 Battalion Chief Qualifications

In addition to other qualifications described in the Fire Department's Career Development Guide, qualifications for candidates for Chief Officer positions represented by this Association in the Fire Department will include three (3) years of line captain experience or two (2) years of line captain experience if appointed to an acting assignment.

6.7 PROBATIONARY PERIOD

6.7.1 Purpose of Probation

Each employee shall serve a period of probation beginning on the date of initial appointment to their position. The purpose of probation shall be to determine the employee's ability to perform satisfactorily the duties prescribed for the position, prior to the employee entering regular status.

6.7.2 Length of Probationary Period

The probationary period on original and promotional appointments shall be for twelve (12) months.

6.7.3 Rejection During Probation

During the probationary period an employee may be rejected at any time by the Fire Chief without the right of appeal.

6.7.4 Extension of Probationary Period

The probationary period shall not be extended except in the case of extended illness or injury or compelling personal situation during which time the employee was unable to work. In such cases, the probationary period may be extended for the length of time the ill or injured employee was unable to work.

6.7.5 Notification of Extension or Rejection

On determining that a probationary employee's work is not satisfactory, the Fire Chief shall notify the Human Resources Director in writing of his/her intention to extend the employee's probationary period or reject the employee. After discussion with the Human Resources Director, the Fire Chief shall notify the employee in writing of his/her extension or rejection.

6.7.6 *Regular Status*

For the purpose of this agreement, regular status shall mean; full time, non-probationary status. Regular status shall commence with the day following the expiration date of a probationary period.

6.7.7 *Promotion of Probationary Employee*

An employee serving a probationary period may be promoted to a position in a higher position classification provided he/she is certified from the appropriate Eligible List. The employee promoted in this manner shall serve a new probationary period for the position to which the employee is promoted and the new probationary period and promotional appointment shall be effective the same date.

6.7.8 *Unsuccessful Passage of Promotional Probation*

An employee who does not successfully pass his/her promotional probationary period shall be reinstated to the position in which the employee held regular status prior to his/her promotion and all previous rights and privileges restored. Provided, however, that if the cause for not passing the promotional probationary period is sufficient grounds for dismissal, the employee shall be subject to dismissal without reinstated to the lower position. If the employee has completed the probationary period in the prior classification and the employee is subject to dismissal without reinstatement, the employee has the opportunity to appeal pursuant to the provisions of the Firefighters Procedural Bill of Rights Act and this Memorandum of Understanding.

6.8 PERSONNEL RULES & REGULATIONS

6.8.1 *Drug & Alcohol Policy*

SRFCOA agree to adhere to the Drug and Alcohol Policy as outlined in the San Rafael Firefighters' Association contract.

6.8.2 *Outside Employment Policy*

Association members shall abide by City's policy dated June 27, 2007.

6.8.3 *Temporary Light (Modified) Duty Policy Statement*

SRFCOA agrees to follow the City of San Rafael's Modified Light Duty Work Policy dated June 6, 2008.

6.8.4 *No Smoking/Tobacco Use Policy*

Employees hired by the City of San Rafael after 7/1/08 are required to sign a condition of employment statement that they agree not to smoke or use tobacco products of any kind while employed by the City of San Rafael. This signature must be obtained prior to the date of hire.

Employees hired before 7/1/08 will not be allowed to smoke or use tobacco products as follows:

1. While inside any City of San Rafael structure or space
2. While inside any City/Fire Department vehicle
3. While in public when on-duty or in uniform
4. In compliance with State and local ordinance

The City will provide tobacco cessation assistance to employees who desire to stop using tobacco products. Employees will be referred to the City's employee assistance program for initial assistance and, if needed, will be eligible to receive up to \$2500 in additional funds to complete a certified tobacco cessation program. Written approval from the Fire Chief is required for the additional funding.

6.8.5 Medical Standards

The City will establish pre-employment medical standards for all classifications represented by the San Rafael Fire Chief Officers' Association.

6.9 MISCELLANEOUS

6.9.1 Return of City Equipment

Upon termination of employment, all tools, equipment, and other city property assigned to any employee shall be returned to the Fire Department.

6.9.2 Political Activity

The political activity of employees shall comply with pertinent provisions of State and Federal law.

6.9.3 Staffing Levels

Any changes in the current staffing levels of positions represented by this Association will be subject to meet and confer.

6.9.4 Career Development Program

The San Rafael Fire Chief Officers' Association agrees to the Career Development Guidelines as written.

6.9.5 Gym Reimbursement

Employees are eligible to receive up to \$16.50 per month reimbursement for paid gym memberships. Such reimbursement shall be reported as taxable income to the employee.

7 PROCEDURES

7.1 DEMOTION & SUSPENSION

7.1.1 Demotion

The Fire Chief may demote an employee when the following occurs:

- a. The employee fails to perform his/her required duties.
- b. An employee requests such a demotion.

No employee shall be demoted to a classification for which he/she does not possess the minimum qualifications.

When the action is initiated by the Fire Chief, written notice of demotion shall be provided to an employee at least ten (10) calendar days before the effective date of the demotion, and a copy filed with the Human Resources Department.

Demotion pursuant to Section 7.1.1 (a) shall be deemed disciplinary action and as such shall be handled according to the provisions of the Section titled "Disciplinary Action" of this Memorandum of Understanding.

7.1.2 Suspension

On the recommendation of the Fire Chief, the City Manager may suspend an employee from a position at any time for a disciplinary purpose. Intended suspension action shall be reported immediately to the Human Resources Director and shall be taken in accordance with the Section titled Disciplinary Action of this Memorandum of Understanding and provisions for exempt status employees.

7.2 TERMINATION OF EMPLOYMENT

7.2.1 Resignation

An employee wishing to leave City service in good standing shall file with his/her immediate supervisor, at least fourteen (14) calendar days before leaving the service, a written resignation stating the effective date and reason for leaving. A copy of the resignation shall be forwarded to the Fire Chief and the Human Resources Department.

7.2.2 Termination/ Demotion - Lack of work or funds

The Fire Chief may terminate an employee because of reorganization, abolition of position, and shortage of funds. Said termination shall be considered a Reduction In Force and shall be processed in accordance with Article 7.6, Reduction in Force, of this Memorandum of Understanding.

7.2.3 Termination - Disciplinary Reasons

An employee may be terminated for disciplinary reasons, as provided in Article 7.3, Disciplinary Action, of this Memorandum of Understanding.

7.2.4 Termination - Probation

The rejection of an employee during his/her initial probationary period is covered in Article 7.3, Probationary Period, of this Memorandum of Understanding.

7.2.5 Retirement

Retirement from City service shall, except as otherwise provided, be subject to the terms and conditions of the City's contract, as amended from time to time, with the Marin County Retirement System.

7.3 DISCIPLINARY ACTION

7.3.1 Authority

The City shall have the right to discharge or discipline any employee for dishonesty, insubordination, drunkenness, incompetence, negligence, failure to perform work as required or to observe the Department's safety rules and regulations or for engaging in strikes, individual or group slowdowns or work stoppages, or for violating or ordering the violation of the Memorandum of Understanding.

7.3.2 *Definition*

Disciplinary action shall mean discharge/dismissal, demotion, reduction in salary, and/or suspension resulting in loss of pay. Any disciplinary action taken shall be consistent with the provisions of the Fair Labor Standards Act as it relates to exempt employees.

7.3.3 *Causes for Disciplinary Action*

The City may discipline or discharge an employee for the following:

- a. Fraud in securing appointment.
- b. Negligence of duty.
- c. Violation of safety rules.
- d. Unacceptable attendance record including tardiness, overstaying lunch or break periods.
- e. Possession, distribution or under the influence of alcoholic beverages, non-prescription or unauthorized narcotics or dangerous drugs during working hours.
- f. Inability, unwillingness, refusal or failure to perform work as assigned, required or directed.
- g. Unauthorized soliciting on City property or time.
- h. Conviction of a felony or conviction of a misdemeanor involving moral turpitude.
- i. Unacceptable behavior towards (mistreatment or discourteousness to) the general public or fellow employees or officers of the City.
- j. Falsifying employment application materials, time reports, records, or payroll documents or other City records.
- k. Disobedience to proper authority.
- l. Misuse of City property.
- m. Violation of any of the provisions of these working rules and regulations or departmental rules and regulations.
- n. Disorderly conduct, participation in fights, horseplay or brawls.
- o. Dishonesty or theft.
- p. Establishment of a pattern of violations of any City policy or rules and regulations over an extended period of time in which a specific incident in and of itself would not warrant disciplinary action, however, the cumulative effect would warrant such action.
- q. Failure to perform to an acceptable level of work quality and quantity.
- r. Insubordination.
- s. Other acts inimical to the public service.
- t. Inability or refusal to provide medical statement on cause of illness or disability.

7.3.4 *Appeals*

Whenever punitive action is undertaken, the offending employee shall have the opportunity for an administrative appeal which will be conducted in conformance with the Administrative Procedures Act and this Memorandum of Understanding. If an employee feels he or she has been unjustly disciplined/discharged, he or she shall have the right to appeal his or her case through the appropriate procedure established in this Memorandum of Understanding. Such appeal must be filed with the City Manager by the employee in writing within ten (10) working days from the date of the discipline/discharge and unless so filed the right of appeal is lost.

7.3.5 *Proceeding Heard by City Manager*

The appellant may submit the appeal directly to the City Manager or may request arbitration. If an employee elects to have an appeal heard by the City Manager, the employee must state in writing that he or she waives his/her right to an appeal that conforms to the procedures of the Administrative Procedure Act.

7.3.6 *City Manager and Arbitration*

If arbitration is requested, the arbitration will be held in conformance with the Administrative Procedure Act, California Code of Regulations, and other applicable statutes. Representatives of the City and the appellant shall meet within fourteen (14) calendar days to select a mutually acceptable arbitrator. The fees and expenses of the arbitrator and of a court reporter shall be shared equally by the appellant and the City.

A hearing before the arbitrator shall be held within 60 calendar days of selection of the arbitrator unless the mutually accepted Arbitrator's schedule does not so permit, in which case the hearing shall be held not more than 120 days after the selection of the arbitrator. In addition to arbitrators proposed by the State Mediation and Conciliation Service, the parties shall be free to select from a pool of arbitrators mutually agreed to by the City and the Association. The arbitrator shall rule on the merits of each party's case as presented during the hearing. Decisions of the Arbitrator on matters properly before him/her shall be final and binding on the parties hereto, to the extent permitted by the Charter of the City.

7.4 GRIEVANCE PROCEDURE

7.4.1 *Definition*

A grievance is any dispute which involves the interpretation or application of any provision of this Memorandum of Understanding (excluding Article 1.3 and Article 1.5 of this M.O.U.), or any Fire Department policy specifically referenced herein, except issues concerning appeals of punitive action, which is governed by Article 7.3. Policy 1-VI-3 is specifically incorporated by reference. Proposals to add to or change this Memorandum of Understanding or written agreement or addenda supplementary hereto shall not be grievable.

7.4.2 *Initial Discussion*

Any employee who believes that he or she has a grievance may discuss his or her complaint with the Fire Chief. If the issue is not resolved within ten (10) working days, or if the employee elects to submit his or her grievance directly to an official of the association, the procedures hereafter specified shall be invoked.

7.4.3 *Referral to City Manager*

Any employee or any official of the Association may notify the City Manager and Fire Chief in writing that a grievance exists, and in such notification state the particulars of the grievance, and, if possible, what remedy or resolution is desired.

No grievance may be processed under Section 7.4.4 below which has not been first heard and investigated in pursuance of Section 7.4.2. A grievance which remains unresolved ten (10) working days after it has been submitted to the City Manager in writing may be referred to the next step.

Any time limit may be extended to a definite date by mutual agreement of the Association and the appropriate management representative.

7.4.4 City Manager and Arbitration

If the grievance is not resolved in the previous Section 7.4.3 of this Memorandum of Understanding, the grievant, the Association, or the City, after completion of the previous step in the grievance procedure, may submit the grievance directly to the City Manager or may request arbitration. If arbitration is requested, representatives of the City and the Grievant shall meet within ten (10) working days to select a mutually acceptable arbitrator. The selection process will include a review of the arbitrator's availability for the hearing. The fees and expenses of the arbitrator and of a court reporter shall be shared equally by the Grievant and the City. Each party, however, shall bear the cost of its own presentations, including preparation and post hearing briefs, if any. A hearing before the arbitrator shall be held within 60 calendar days of selection of the arbitrator unless the mutually accepted Arbitrator's schedule does not so permit, and the arbitrator shall render a decision which is binding on the parties hereto, to the extent permitted by the Charter of the City. No Arbitrator shall have the power to amend or modify this Memorandum of Understanding or written agreements or addenda supplementary hereto or to establish any new terms or conditions of employment.

7.5 FURLOUGH PROGRAM

The employees of this Association endorse the Furlough Program described in Exhibit "B" attached to this Memorandum of Understanding.

7.6 REDUCTION IN FORCE

7.6.1 Authority

The Fire Chief may lay off, without prejudice, any regular employee because of lack of work or funds, or organizational alterations, or for reasons of economy or organizational efficiency.

7.6.2 Notice

Employees designated for layoff or demotion in lieu of lay off shall be notified in writing at least thirty (30) calendar days prior to the anticipated date of lay off or demotion. The Association shall also be so notified.

7.6.3 Order of Layoff

Layoffs and/or reductions in force shall be made by classification. A classification is defined as a position or number of positions having the same title, job description and salary. Extra-hire employees shall be laid off before permanent employees in the affected classification. In effecting the preceding order, a part-time permanent employee with more seniority can displace a full-time permanent employee.

7.6.4 Seniority

If two or more employees within a classification have achieved permanent status, such employees will be laid off or reduced on the following basis:

- a. Seniority within the affected classifications will be determinative. Such seniority shall include time served in higher classification(s). The computation of seniority for part-time employees will be credited on a pro-rata basis to full-time service. Time spent on a City Manager approved leave of absence without pay does not count toward seniority.
- b. If the seniority of two or more employees in the affected classification or higher classification(s) is equal, departmental seniority shall be determinative.

- c. If all of the above factors are equal, the date of regular status in City service shall be determinative.
- d. If all of the above are equal, date of certification for appointment shall be determinative.

7.6.5 Bumping Rights

An employee designated to be laid off may bump into a class at the same salary level, or into the next lower classification in which such employee has previously held regular status. An employee who is bumped shall be laid off in the same manner as an employee whose position is abolished.

7.6.6 Transfer Rights

The Human Resources Director will make every effort to transfer an employee who is to be affected by a reduction in force to another vacant position for which such employee may qualify. The length of eligibility for such transfer will be the period of notification as provided in Section 7.6.2, but no longer than the effective date of such layoff or reduction.

7.7 RE-EMPLOYMENT

7.7.1 General Guidelines

Individuals who have been laid off or demoted shall be offered re-appointment to the same classification in which they held status in the order of seniority in the classification. Individuals demoted in lieu of reduction in force shall be offered restoration to the highest class in which they held status and in which there is a vacancy prior to the appointment of individuals who have been laid off.

7.7.2 Right to Re-Employment

Each person who has been laid off or demoted in lieu of a layoff from a position the person held, shall, in writing, be offered re-appointment in the same classification should a vacancy occur in the classification within two years after the layoff or demotion. Prior to being re-employed, the employee must pass a physical exam administered by a City appointed physician and must pass the background check administered by the City.

7.7.3 Time Limits

Should the person not accept the re-appointment within seven (7) calendar days after the date of the offer, or should the person decline or be unable to begin work within two weeks after the date of acceptance of the offer, the person shall be considered unavailable for employment, shall forfeit the right to re-employment and shall be removed from the re-employment list.

7.7.4 Availability

Whenever a person is unavailable for re-employment, the next senior person who is eligible on the re-employment list shall be offered re-employment.

7.7.5 Probationary Status

Employees re-appointed under the provisions above will not be required to complete a new probationary period if they had previously held permanent status in the classification. Employees who had not completed their probationary period shall serve the remainder of the probationary period upon re-appointment.

7.7.6 *Restoration of Benefits*

Employees restored to previously held positions shall be deemed to have returned from a leave of absence for the purpose of all rights and benefits legally permissible. Time not on the payroll will not count as time worked for the purposes of seniority accrual.

**SAN RAFAEL FIRE CHIEF OFFICERS'
ASSOCIATION:**

CITY OF SAN RAFAEL:

Matt Windrem, Battalion Chief

Cristine Alilovich, Assistant City Manager

Kyle Hamilton, Battalion Chief

Lauren Monson, Deputy City Attorney

Date

Date

SAN RAFAEL FIRE CHIEF OFFICERS' ASSOCIATION
SALARY SCHEDULE
Effective September 1, 2018

Wage Classes	Title	A	B	C	D
7112	Battalion Chief	\$ 11,958	\$ 12,556	\$ 13,184	\$ 13,843

**Employees in a specialty assignment shall receive five percent (5%) premium pay.*

SAN RAFAEL FIRE CHIEF OFFICERS' ASSOCIATION
SALARY SCHEDULE
Effective July 1, 2019

Wage Classes	Title	A	B	C	D
7112	Battalion Chief	\$ 12,197	\$ 12,807	\$ 13,447	\$ 14,120

**Employees in a specialty assignment shall receive five percent (5%) premium pay.*



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Human Resources

Prepared by: Cristine Alilovich,
Assistant City Manager

City Manager Approval: _____

TOPIC: APPROVAL OF A NEW MEMORANDUM OF UNDERSTANDING WITH THE SAN RAFAEL POLICE MID-MANAGERS' ASSOCIATION

SUBJECT: RESOLUTION APPROVING A MEMORANDUM OF UNDERSTANDING PERTAINING TO COMPENSATION AND WORKING CONDITIONS FOR SAN RAFAEL POLICE MID-MANAGERS' ASSOCIATION (JULY 1, 2018 THROUGH JUNE 30, 2020)

RECOMMENDATION: Adopt Resolution.

BACKGROUND:

The San Rafael Police Mid-Managers' Association ("SRPMMA") represents 6 safety mid-management employees in the San Rafael Police Department. The most recent Memorandum of Understanding ("MOU") for SRPMMA expired on June 30, 2018 after a two-year term. Over the past several months, representatives of the City and SRPMMA have met in good faith and worked diligently to negotiate the terms of a successor MOU. The City and SRPMMA reached a tentative agreement on September 19, 2018, for a two-year successor MOU and SRPMMA membership subsequently ratified the tentative agreement. The proposed new MOU was presented for discussion at the October 5 Council meeting and there were no public comments. Staff is returning with a resolution for approval of the MOU with SRPMMA.

ANALYSIS:

The following are the highlights that reflect the terms and significant economic and operational items included in the successor MOU between the City and SRPMMA.

1. **Term of the Agreement:** July 1, 2018 through June 30, 2020
2. **Salary Increase:** Job classes represented by this bargaining group will receive a 2.0% base wage increase effective September 1, 2018 and a 2.0% base wage increase effective the pay period including July 1, 2019.

FOR CITY CLERK ONLY

File No.: _____

Council Meeting: _____

Disposition: _____

3. One-Time Payments:

The following one-time, non-pensionable payments are limited to the two years cited in this agreement and are not scheduled to recur in the future.

Employees represented by the bargaining group will receive a one-time, non-pensionable payment of \$8,000 in exchange for the elimination of section 4.7.5 Deferred Compensation from the MOU. This payment is subject to normal payroll taxation.

The \$8,000 payment will be split as follows:

1. \$4,000 will be paid with the first pay period in January 2019 or upon approval by the City Council, whichever is latest. This payment will not contribute to Classic or PEPRA employees' pensions and is subject to normal payroll taxation.
2. \$4,000 will be paid with the first pay period in January 2020. This payment will not contribute to Classic or PEPRA employees' pensions and is subject to normal payroll taxation.

4. Uniform Allowance: The uniform allowance for all employees will be increased from \$1,060 per year to \$1,770 per year.

5. Non-Economic Items: In addition to items discussed above, agreement was reached on other proposals, which reflect minor changes to existing provisions with no additional cost. The attached MOU includes all the changes agreed to by the parties. A brief overview of these negotiated MOU sections includes:

- Association Orientation of New Employees & Employee Information (Sections 2.1.3 and 2.1.4): Pursuant to recent legislation (AB 119), the parties negotiated specific terms regarding SRPMMA access to new employees and communication to SRPMMA of employee information.
- Retiree Health Insurance (Section 4.2.2): Clean up language to remove reference to a Retiree Healthcare Reimbursement Trust (Retiree HRA Trust) since payments are made directly to CalPERS.

FISCAL IMPACT:

The current total annual salary and benefit cost to the City for the 6 employees of SRPMMA is \$1,917,191. The additional ongoing incremental cost of the successor MOU beyond the FY 17/18 budget is:

	<u>Incremental FY 2018-19</u>	<u>Incremental FY 2019-20</u>
Wages:		
Base Salary (2%)	\$14,106*	\$22,506
Uniform Allowance:	\$ 4,260	- 0 -
Other costs:		
Pension**	\$14,913	\$16,789
Taxes (Medicare, W/C)	<u>\$ 1,839</u>	<u>\$ 2,531</u>
Total Incremental Cost:	\$35,118	\$41,826

*Cost of base salary increase over 10 months for FY 18/19 (September 2018 to June 2019). FY 19/20 cost is for 12 months.

**This incremental pension cost results only from the negotiated wage increase and does not include the cost of associated MCERA rate changes. The terms and conditions of the pension benefit plan remain unchanged.

While the incremental cost is \$35,118 for fiscal year 2018-2019 and \$41,826 for fiscal year 2019-2020, the increases are compounding and therefore the projected total salary and benefit cost increase for the items specified above is \$112,062 for the two-year term. In addition, there is a cost of \$48,000 in one-time payments. These one-time payments will not contribute to employee Classic or PEPRA pension costs. The increase in compensation included in this resolution is in line with the City's current budget projections and is within the current salary growth assumptions used by MCERA in the most recent actuarial valuation which is used to establish pension contribution rates and measure pension liabilities. Funding for these positions is provided for in the City's General Fund.

OPTIONS:

The City Council has the following options to consider in this matter:

- Staff's recommendation to adopt the resolution.
- Adopt resolution with modifications.
- Direct staff to return with more information.
- Take no action.

RECOMMENDED ACTION:

Staff recommends that the City Council adopt the resolution to approve the Memorandum of Understanding between the City of San Rafael and San Rafael Police Mid-Managers' Association pertaining to compensation and working conditions (July 1, 2018 through June 30, 2020).

ATTACHMENTS:

- Resolution with attached MOU between City of San Rafael and San Rafael Police Mid-Managers' Association for July 1, 2018, to June 30, 2020 (and all attachments)

RESOLUTION NO. _____

RESOLUTION OF THE SAN RAFAEL CITY COUNCIL APPROVING THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY AND SAN RAFAEL POLICE MID-MANAGERS' ASSOCIATION PERTAINING TO COMPENSATION AND WORKING CONDITIONS (JULY 1, 2018 THROUGH JUNE 30, 2020)

WHEREAS, the San Rafael Police Mid-Managers' Association ("SRPMMA") labor agreement with the City expired on June 30, 2018, after a two-year term; and

WHEREAS, the City of San Rafael and representatives of SRPMMA have met and conferred in good faith with regard to wages, hours and working conditions in accordance with the provisions of the Meyers-Milias-Brown Act; and

WHEREAS, a Memorandum of Understanding ("MOU") pertaining to the two-year period from July 1, 2018, through June 30, 2020, has been ratified by SRPMMA members.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN RAFAEL DOES RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1: From and after the date of adoption of this Resolution, the City of San Rafael and SRPMMA shall utilize the MOU for the period beginning July 1, 2018, attached hereto, as the official document of reference respecting compensation and working conditions for employees represented by SRPMMA.

Section 2: The schedules describing classes of positions and salary ranges are attached to said MOU and, together with the MOU itself, are hereby adopted and shall be attached hereto and incorporated in full.

I, Lindsay Lara, Clerk of the City of San Rafael, hereby certify that the foregoing Resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of the City of San Rafael, held on Monday, the 5th of November, 2018, by the following vote, to wit:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

Lindsay Lara, City Clerk

MEMORANDUM OF UNDERSTANDING

between

CITY OF SAN RAFAEL

and

SAN RAFAEL POLICE MID-MANAGEMENT ASSOCIATION

JULY 1, 2018 - JUNE 30, 2020

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Exhibit A Salary Schedule for September 1, 2018 – June 30, 2020

MEMORANDUM OF UNDERSTANDING
between
CITY OF SAN RAFAEL
and
SAN RAFAEL POLICE MID-MANAGEMENT ASSOCIATION

This Memorandum of Understanding is entered into pursuant to the provisions of Section 3500, et.seq. of the Government Code of the State of California.

The parties have met and conferred in good faith regarding wages, hours and other terms and conditions of employment for the employees in said representative unit, and have freely exchanged information, opinions and proposals and have reached agreement on all matters relating to the employment conditions and employer-employee relations of such employees.

This Memorandum of Understanding shall be presented to the City Council of the City of San Rafael as the joint recommendation of the undersigned parties for salary and employee benefit adjustments for the period commencing July 1, 2018 and ending June 30, 2020.

1 GENERAL PROVISIONS

1.1. INTRODUCTION

1.1.1. Scope of Agreement

The salaries, hours, fringe benefits and working conditions set forth have been mutually agreed upon by the designated bargaining representatives of the City of San Rafael (herein-after called "CITY") and the San Rafael Police Mid-Management Association (herein-after called "ASSOCIATION") and shall apply to all employees of the City working in the classifications and bargaining unit set forth herein (See Exhibit A).

In accepting employment with the City of San Rafael, each employee agrees to be governed by and to comply with the City's Personnel Ordinance, City's Personnel Rules and Regulations, City's Administrative Procedures, and Police Department Rules & Regulations, General Orders and Procedures.

1.1.2. Term of MOU

This agreement shall be in effect from July 1, 2018 through June 30, 2020.

1.2. RECOGNITION

1.2.1. Bargaining Unit

City hereby recognizes the Association as the bargaining representative for purposes of establishing salaries, hours, fringe benefits and working conditions for all employees within the San Rafael Police Mid-Management Association Bargaining Unit (as referenced in Exhibit A attached).

1.3. NON-DISCRIMINATION

1.3.1. In General

The parties to this contract agree that they shall not, in any manner, discriminate against any person whatsoever because of race, color, age, religion, ancestry, national origin, sex, sexual orientation, perceived sexual orientation, gender, gender expression, gender identity, marital

status, medical condition (cancer-related or genetic characteristics), genetic information (including family medical history) or physical or mental disability.

Any employee who believes they are being discriminated against should refer to the City of San Rafael's Harassment Policy for the process of receiving an internal administrative review of their complaint. This administrative procedure shall be used as the internal complaint procedure in lieu of the grievance procedure outlined in this MOU (Article 7.4).

1.3.2. Bargaining Unit Discrimination

No member, official, or representative of the Association shall, in any way, suffer any type of discrimination in connection with continued employment, promotion, or otherwise by virtue of membership in or representation of Association.

1.4. INSPECTION OF MEMORANDUM OF UNDERSTANDING

Both City and Association agree to keep duplicate originals of this agreement on file in a readily accessible location available for inspection by any City employee, or member of the public, upon request.

1.5. EXISTING LAWS, REGULATIONS & POLICIES

This MOU is subject to all applicable laws.

1.6. STRIKES & LOCKOUTS

During the term of this MOU, the City agrees that it will not lock out employees, and the Association agrees that it will not encourage or approve any strike or slowdown growing out of any dispute relating to the terms of this Agreement. The Association will take whatever lawful steps are necessary to prevent any interruption of work in violation of this Agreement, recognizing with the City that all matters of controversy within the scope of this Agreement shall be settled by established procedures set forth in the City's charter, ordinances, and regulations, as may be amended from time to time.

1.7. SEVERABILITY

If any article, paragraph or section of this MOU shall be held to be invalid by operation of law, or by any tribunal of competent jurisdiction, or if compliance with or any enforcement of any provision hereof be restrained by such tribunal, the remainder of this MOU shall not be affected thereby, and the parties shall enter into meet and confer sessions for the sole purpose of arriving at a mutually satisfactory replacement for such article, paragraph or section.

1.8. PREVAILING RIGHTS

All matters within the scope of meeting and conferring which have previously been adopted through rules, regulations, ordinance or resolution, which are not specifically superseded by this MOU, shall remain in full force and effect throughout the term of this Agreement.

1.9. FULL UNDERSTANDING, MODIFICATION, WAIVER

1.9.1. Understanding

The parties jointly represent to the City Council that this MOU sets forth the full and entire understanding of the parties regarding the matters set forth herein.

1.9.2. Waiver & Modification

Except as specifically otherwise provided herein, it is agreed and understood that each party hereto voluntarily and unqualifiedly waives its right and agrees that the other shall not be required to meet and confer with respect to any subject or matter covered herein, not as to

wages or fringe benefits during the period of the term of this MOU. The foregoing shall not preclude the parties hereto from meeting and conferring at any time during the term of this Agreement with respect to any subject matter within the scope of meeting and conferring for a proposed MOU between the parties to be effective on or after July 1, 2020.

2 MMBA

2.1. BARGAINING UNIT RIGHTS

2.1.1. Bargaining Unit Stewards Designation

The Association shall by written notice to the City Manager designate certain of its members as Employee Representatives.

2.1.2. Release Time

One hundred (100) hours per calendar year shall be provided for union release time, apart from MMB activity, with ten days advance notice and approval of the Police Chief. Any additional hours shall be granted only with ten days advance notice and approval of the Police Chief.

2.1.3 Association Orientation of New Employees

Whenever the City hires an employee within any classification covered by this Memorandum of Understanding and represented by the Association, the City will provide the new employee with a copy of the current Memorandum of Understanding. The City shall make available two hours, at a mutually agreeable time, during the initial thirty (30) days of employment for new employee orientation by the Association. In addition, the City will also provide reasonable advance notice to the Association of all employee orientations conducted by the City.

2.1.4 Employee Information

The City shall provide the Association with the name, job title, department, work location, work, home and personal cell phone numbers, home address and personal email address on file with the City for all employees within the Association every 120 days. In addition, a report with similar information of each Association new hire will be provided to the Association within 30 days of the hire date.

2.2. DUES DEDUCTION

2.2.1. Collection of Dues

The City agrees, upon written consent of the employee involved, to deduct dues as established by the Association from the salaries of its members. The sums so withheld shall be remitted by the City along with a list of employees who have had said dues deducted.

2.2.2. Dues Collection during Separation from Employment

The provisions specified above shall not apply during periods of separation from the representative bargaining unit by any such employee but shall reapply to such employee commencing with the next full pay period following the return of the employee to the representative bargaining unit. The term separation includes transfer out of the bargaining unit, layoff, and leave without pay absences with a duration of more than five (5) working days.

2.3. MANAGEMENT RIGHTS

The City reserves, retains, and is vested with, solely and exclusively, all rights of management which have not been expressed abridged by specific provision of this Memorandum of Understanding or by law to manage the City, as such rights existed prior to the execution of this

Memorandum of Understanding. The sole and exclusive rights of management, as they are not abridged by this Agreement or by law, shall include, but not be limited to, the following rights:

1. To manage the City generally and to determine the issues of policy.
2. To determine the existence or non-existence of facts which are the basis of the management decision.
3. To determine the necessity of organization or any service or activity conducted by the City and expand or diminish services.
4. To determine the nature, manner, means, technology, and extent of services to be provided to the public.
5. Methods of financing.
6. Types of equipment or technology to be used.
7. To determine and/or change the facilities, methods, technology, means and size of the work force by which the City operations are to be conducted.
8. To determine and change the number of locations, relocation's and types of operations, processes and materials to be used in carrying out all City functions including, but not limited to, the right to contract for or subcontract my work or operation of the City.
9. To assign work to and schedule employees in accordance with requirements as determined by the City, and to establish and change work schedules and assignments.
10. To relieve employees from duties for lack of work or similar non-disciplinary reasons.
11. To establish and modify productivity and performance programs and standards.
12. To discharge, suspend, demote or otherwise discipline employees for proper cause in accordance with the provisions and procedures set forth in City Personnel rules and Regulations.
13. To determine job classifications and to reclassify employees.
14. To hire, transfer, promote and demote employees for non-disciplinary reasons in accordance with this Memorandum of Understanding and the City's Personnel Rules and Regulations.
15. To determine policies, procedures and standards for selection, training, and promotion of employees.
16. To establish employee performance standards including, but not limited to quality and quantity standards; and to require compliance therewith.
17. To maintain order and efficiency in its facilities and operations.
18. To establish and promulgate and/or modify rules and regulations to maintain order and safety in the City which are not in contravention with this Agreement.
19. To take any and all necessary action to carry out the mission of the City in emergencies.

Nothing contained within Article 2.3, Management Rights, is intended to, in any way, supersede or infringe upon the rights of the recognized employee Association as provided under applicable Federal and State law, including, but not limited to California State Government Code Sections 3500 through 3510 inclusive.

2.4. COMMENCEMENT OF NEGOTIATIONS

Both parties agree to begin the meet and confer process no later than February 1, 2018, regarding the terms and conditions applicable to an MOU effective July 1, 2018. The process will be initiated by the San Rafael Police Mid-Managers Association through the submittal of upcoming contract requests it wishes to be considered.

3 COMPENSATION

3.1. GENERAL WAGES AND COMPENSATION

The City embraces the succession planning model and values promotion from within. The City recognizes that this model works best when the salary ranges and total compensation align appropriately. Due to the fact that Police Sergeants are eligible to receive both overtime and a variety of specialty pays, and Police Lieutenants and Captains are limited in these areas, the current alignment is not optimal. Thus, the viability of the succession plan model is compromised. The City recognizes that there is a compaction issue between the Lieutenants and Sergeants when considering the various special pay differentials that are applied to the Sergeant pay. The City agrees to utilize the expertise of a classification and compensation consultant to conduct a total compensation survey of the Sergeant, Lieutenant and Captain job classes with comparable agencies. The City commits to complete the study and for staff to recommend an implementation plan to City Council by June 30, 2017. If adjustments are warranted, SRPMMA positions will be prioritized as funds are available.

3.1.1. Pay Dates

City employees are paid twice per month on the 15th and the last working day of the month. When a holiday falls on a pay day, the pay day will be transferred to the following day of regular business unless the Finance Department is able to complete the payroll by the previous work day. The method of the distributing payroll shall be established by the Finance Director.

3.1.2. General Wage Increase

For the term of this agreement, the following base salary increases shall be applied on the identified effective date:

Effective the pay period including September 1, 2018 or upon approval by the City Council, whichever is latest, the City will increase base wages for all employees by 2.0%.

Effective the pay period including July 1, 2019, the City will increase base wages for all employees by 2.0%.

3.1.3. One-Time Payments

The following one-time payment is limited to the two years cited in this agreement, is not scheduled to recur in the future, and will be prorated for part-time employees:

Employees represented by the bargaining group will receive a one-time, non-pensionable payment of \$8,000 in exchange for the elimination of section 4.7.5 Deferred Compensation from the MOU. This payment is subject to normal payroll taxation.

The \$8,000 payment will be split as follows: \$4,000 will be paid with the first pay period in January 2019 or upon approval by the City Council, whichever is latest, and \$4,000 will be paid with the first pay period in January 2020. This payment will not contribute to Classic or PEPRA employees' pensions and is subject to normal payroll taxation.

NOTE: The one-time payments for part-time employees will be prorated based on the full-time equivalent (FTE) of the position. For example, an employee filling a half-time or 0.5 FTE position will receive a receive a \$2,000 payment minus applicable taxes on the same schedule as described above for full-time employees. This payment will not contribute to employees' pensions.

3.1.4. *Definitions*

Total Compensation shall be defined as: Top step salary (excluding longevity pay steps), educational incentive pay, holiday pay, uniform allowance, employer paid deferred compensation (except for such portion that may be part of employee cafeteria plan), employer's contribution towards employees' share of retirement, employer's retirement contribution, employer paid contributions toward insurance premiums for health, life, long term disability, dental and vision plans, and employer paid cafeteria/flexible spending accounts.

The **CPI** shall be the percentage change in the San Francisco-Oakland-San Jose Area All Urban Consumer index as published by the Bureau of Labor Statistics for the one-year period ending the month of October 2016 and each October thereafter during the term of the contract.

3.1.5. *Compensation Plan*

The Compensation Plan adopted by the City Council shall provide for salary schedules, rates, ranges, ascending salary steps for all members of the Association and any other special circumstances or items related to the total compensation paid employees.

Each position within the classified services shall be allocated to an appropriate classification in the compensation plan on the basis of duties and responsibilities. Each classification shall be assigned a five-step salary range with corresponding ascending salary rates assigned to each step. All persons entering the classified service shall be compensated in accordance with the salary plan then in effect.

3.2. STEP INCREASES

3.2.1. *Entry Level Step*

All initial employment shall be at the first step of the salary range. The Police Chief may authorize a position at an appropriate higher salary when, in his/her opinion, it is necessary to obtain qualified personnel. Initial employment appointments above Step C will require City Manager Approval.

3.2.2. *Consideration for Step Increases*

An employee shall be considered for a step increase annually until the top step has been reached. Advancement to a higher salary within a salary step schedule may be granted for continued satisfactory service by the employee in the performance of his/her duties. Salary step advancement shall be made only upon the recommendation of the Police Chief concerned, with the approval of the City Manager or his/her designee, and are not automatic, but based on acceptable work performance.

Accelerated salary step increases may be granted an employee based upon the recommendation of the Police Chief and approval of the City Manager for exceptional job performance.

3.2.3. *Merit Increases*

Employees at the maximum step of their salary step schedule may be granted a merit performance step increase of up to five percent (5%) above and beyond their top salary step. A merit step increase may be effective for up to one (1) year. A merit step increase may be withdrawn after the specified period of time and is not a disciplinary action and is not appealable. Merit step increases may be granted in recognition of meritorious performance beyond the scope of regular duties and in response to extraordinary conditions.

Management and Mid-Management employees shall be evaluated annually based on the evaluation program adopted by the City Council in October of 1996 and incorporated by reference herein.

3.3. ADDITIONAL PAY

3.3.1. Shift Differential Pay

A five percent (5%) shift differential shall be paid for Police Lieutenant regularly scheduled to work fifty percent (50%) or more of their shift after 5:00 p.m.

Shift differential shall not be considered an additional percentage on salary for personnel involved but shall apply only to hours actually worked; e.g., differential does not apply to sick leave, vacation or compensatory time, but does include overtime for employees regularly assigned to the swing or graveyard shifts. The current operational policies and provisions for shift rotation and assignment remain in effect.

3.3.2. Educational Incentive

The Educational Incentive for Police Captain and Police Lieutenant is included in the base salary.

3.3.3. Bilingual Pay

Full Fluency Program

A five percent (5%) bilingual pay incentive shall be paid to designated bilingual employees at the full fluency level

Conversational Fluency Program

A two and one-half percent (2.5%) bilingual pay incentive shall be paid to designated employees who speak Spanish at the conversational level.

Foreign Language Pay Provisions

The City will pay, in advance, for any authorized training or educational costs related to an employee becoming fluent in a foreign language up to an amount equal to the cost of the industry standard. Employees enrolled in such bilingual training are obligated to reimburse the City through payroll deductions over a period of three (3) years for one half the cost of any such education after the completion of such course. The employee is obligated to reimburse the City for the full amount of such education costs if he/she drops out of the education program or does not successfully pass the certification test. In the event an employee must reimburse the full amount, reimbursement shall be through payroll deductions over the course of three (3) years or in full upon separation.

Within the limits established in items 1 and 2 of this section, to qualify for either the Full or Conversational Programs, employees must be certified as proficient in a language deemed to be of work related value to the Police Department as determined by the Police Chief and approved by the City Manager by established standards. It is agreed that full fluency or conversational proficiency certification may be obtained by passing a standardized departmental test (to be developed by the department) or fluency certification issued by an agency approved by the Police Chief. Conversational proficiency certification may be obtained by an employee achieving a Certificate of Completion from One Twelve USA, or passing a departmental conversational test, or a conversational certification issued by an agency approved by the Police Chief.

Fluency in more than one foreign language does not entitle an employee to more than the 5% bilingual pay differential. Both parties agree to annual re-certification of proficiency to continue eligibility for the bilingual differential.

Shift assignments and distribution of bilingual employees shall be at the discretion of the Police Chief.

3.3.4. *Uniform Allowance*

The represented classification will receive a uniform allowance of \$885.00 for each six (6) months of service ending June 30 and December 31. A pro-rated portion of the allowance may be given for the first and last six (6) months of service upon recommendation of the Police Chief and approval of the City Manager or their designee.

4 BENEFITS

4.1 EMPLOYEE BENEFITS COMMITTEE

Both parties agree to continue to utilize the Employee Benefits Committee for ongoing review of benefit programs, cost containment and cost savings options. The Committee shall be made up of representatives of the SEIU, SEIU-Childcare, Western Council of Engineers, Local 1 – Confidential, Police, Fire, Management, and Mid-Management employees.

The Employee Benefits Committee may make recommendations for changes to existing benefits. However, changes to benefits identified in this agreement shall only occur after the City and Association have mutually agreed to meet and confer on such changes and have completed the meet and confer process, including impasse resolution.

4.2 HEALTH & WELFARE

Upon reasonable advance notice to the Association, the City shall have the option of either contracting with the Public Employees Retirement System (PERS) Health Benefits Division for health insurance or contracting directly with some or all of the providers of health insurance under the PERS program; provided, however, contracting directly with the providers shall not cause any material reduction in insurance benefits for active or retired employees from those benefits available under the PERS program; and provided further such contracting shall not cause a material increase in premiums for either the City or the employees. There shall be no requirement for the City to meet and confer upon the City's exercising the option described above in accordance with the provisions of this paragraph.

4.2.1 Full Flex Cafeteria Plan

Effective January 1, 2010, the City implemented a full flex cafeteria plan for active employees, in accordance with IRS Code Section 125. Active employees participating in the City's full flex cafeteria plan shall receive a monthly flex dollar allowance to purchase benefits under the full flex cafeteria plan. The ongoing monthly flex dollar allowance shall be:

For employee only:	\$ 813.18
For employee and one dependent:	\$1,473.00
For employee and two or more dependents:	\$1,915.00

The City shall contribute to the cost of medical coverage for each eligible employee and his/her dependents, an amount not to exceed the California Public Employees' Medical and Hospital Care Act (PEMHCA) Minimum contribution, as determined by CalPERS on an annual basis. This portion of the monthly flex dollar allowance is identified as the City's contribution towards PEMHCA. The monthly flex dollar allowance (including the PEMHCA minimum contribution) may be used in accordance with the terms of the cafeteria plan to purchase health benefits or may be converted to taxable income. For example, in calendar year 2016, a single employee's monthly flex dollar allowance for health was \$813.18, which includes the \$125.00 designated by CalPERS as the City's monthly PEMHCA contribution. The flex dollar allowance must be used to purchase health coverage and any remaining balance would be converted to taxable income.

4.2.2 *Retirees Health Insurance*

Employees represented by the Police Mid-Management Association who retire from the Marin County Employees' Retirement Association (MCERA) within 120 days of leaving their City of San Rafael position (and who comply with the appropriate retirement provisions under the MCERA laws and regulations) are eligible to continue in the City's retiree group health insurance program offered through PEMHCA. The City's contribution towards retiree coverage shall be the PEMHCA minimum contribution as determined by CalPERS on an annual basis.

- a. **Employees hired by the City before January 1, 2010.** The City shall make a monthly retiree health insurance payment on behalf of employees hired before January 1, 2010 and who retire from the City of San Rafael as described in this section. The City's monthly payment shall not exceed \$566 per month. This monthly payment shall include the PEMHCA minimum contribution. The City's retiree health insurance payment shall continue for the lifetime of the retiree and retiree's spouse, in accordance with PEMHCA eligibility provisions for coverage.
- b. **Employees hired by the City on or after January 1, 2010** and who meet the eligibility requirements for retiree health insurance are eligible to continue in the City's group health insurance program. The City's maximum contribution towards retiree coverage under this subsection, 4.2.2b, shall be the PEMHCA minimum contribution as determined by CalPERS on an annual basis. The City shall not be responsible for making any contributions towards the cost of coverage of the retiree's spouse, registered domestic partner, or dependents upon the employee's retirement from the City in excess of the PEMHCA minimum contribution as required by CalPERS.

4.2.3 *Health and Dependent Care Spending Accounts*

City will offer as part of its Section 125 Plan for as long as such a plan is desired by the Association and available pursuant to the IRS Code a Health and Dependent Care Spending Accounts. The Flexible Spending Accounts offered by the City include:

- a. **Healthcare Spending Account:** Out-of-pocket medical expenses that qualify under the IRS Code effective January 1, 2013 at IRS Code limit, not to exceed \$2,500.
- b. **Dependent Care Spending Accounts:** Dependent care expenses that qualify under the IRS Code at the IRS Code limit.
- c. **Premium Only Plan:** Excess Medical premiums shall be deducted from employee's pay with pre-tax dollars as long as such deduction is allowable under the applicable IRS Code.

City shall establish annual enrollment period and each employee must re-enroll annually for either plan noted in a. and/or b. City shall have the authority to implement changes to the 125 Programs to comply with changes in applicable IRS laws without having to go through the meet and confer process.

4.3 DENTAL PLAN

The City will provide a dental insurance program providing 100% coverage for diagnostic and preventative care, \$25 deductible on corrective care (80/20) per patient per calendar year and orthodontic coverage (50/50); and 80/20 coverage of casts, crowns, and restorations in accordance with the plan document of the provider. The coverage limits are as follows:

- Annual Program maximum (per covered person) is \$1500
- Maximum lifetime orthodontics (per covered person) is \$1,000
- Annual Program deductible (per person/per family) is \$25/\$75 for classes I & II only.

4.4 VISION PLAN

The City will contract for a vision plan for employee only vision benefits. Employees will be eligible to enroll qualified family members and will pay the premium costs for such enrollment.

4.5 LIFE INSURANCE

The City shall pay premiums for a life insurance and Accidental Death and Dismemberment (AD&D) policy for each employee. The life and AD&D policy shall provide a \$150,000 life insurance and a \$150,000 AD&D benefit.

4.6 LONG TERM DISABILITY POLICY

The City shall pay premiums for a Long-Term Disability Policy for each employee. The Long-Term Disability policy shall provide for salary replacement of 66.67% of an individual's salary up to a maximum disability benefit of \$7,500 per month

4.7 RETIREMENT CONTRIBUTION

4.7.1 City Paid Employee Retirement (City Paid Member Contribution)

Bargaining unit members shall pay the full share of the employee's contribution to the Marin County Retirement System.

Effective the pay period including September 1, 2013, all current and future "classic" and "new" bargaining unit members shall contribute an additional 1% of pensionable compensation to MCERA, over and above the employee's contribution noted above. The only employees excluded from this payment are long-term City employees with thirty or more years of City service who no longer have to pay any employee contribution to the Marin County Retirement System.

4.7.2 Retirement Plans

The City shall provide the Marin County Employee Retirement Association 3% at 55 retirement program to all classic safety members, as defined under the 1937 Act Government Code Section 31664, subject to Marin County Employee Retirement Association procedures and regulations and applicable 1937 Act laws that govern such plans. This shall be based on an employee's single highest year of compensation.

The City shall provide the Marin County Employee Retirement Association 2.7% at 55 retirement program to all miscellaneous members, as defined under the 1937 Act Government Code Section 31676, subject to Marin County Employee Retirement Association procedures and regulations and applicable 1937 Act laws that govern such plans. This shall be based on an employee's single highest year of compensation.

Safety employees hired on or after July 1, 2011 will receive an MCERA retirement benefit at the formula 3%@55 calculated based on the average of their highest three years of compensation, with a 2% COLA benefit cap.

Non-safety employees hired on or after July 1, 2011 will receive an MCERA retirement benefit at the formula 2%@55 calculated based on the average of their highest three years of compensation, with a 2% COLA benefit cap.

New safety members as defined by the Public Employees' Pension Reform Act of 2013 shall receive pension benefits as defined by law.

4.7.3 Member Cost of Living Rates

Bargaining unit members who are eligible to participate in the Marin County Employee Retirement Association will pay their full share of members' cost of living rates as allowed under Articles 6 and 6.8 of the 1937 Retirement Act. Miscellaneous and safety member contribution

rates include both the basic and COLA portions (50% of COLA is charged to members as defined in the 1937 Act).

4.7.4 Pension Costs

The parties shall discuss pension issues during the term of this MOU utilizing the Labor-Management Committee process memorialized in Section 6.6.5 of this agreement.

5 LEAVES

5.1 SICK LEAVE

5.1.1 Eligibility

Sick leave with pay shall be granted to each eligible employee. Sick leave shall not be considered as a privilege which an employee may use at his/her discretion but shall be allowed only in case of necessity and actual sickness or disability. The employee is required to notify employee's immediate supervisor or Police Chief according to department Rules and Regulations at the beginning of his/her daily duties. Every employee who is absent from his/her duties for two (2) consecutive work days shall file with the Human Resources Director, a physician's certificate or the employee's personal affidavit verifying the employee's eligibility for sick leave. The inability or refusal by said employee to furnish the requested information, as herein required, shall constitute good and sufficient cause for disciplinary action, including dismissal.

In recognition of exempt status from FLSA, time off for sick leave purposes shall not be deducted from the employee's account, unless the employee is absent for the full work day.

5.1.2 Sick Leave Accrual

All eligible full-time employees shall earn sick leave credits at the rate of one (1) working day per month commencing with the date of employment. Unused sick leave may be accumulated to an amount not to exceed twelve hundred (1200) hours. The sick leave accrual rate is prorated for eligible part time employees. The cap on sick leave accrual, twelve hundred (1200) hours, does not apply for accrual purposes but does apply for sick leave separation payoff purposes.

5.1.3 Use of Sick Leave

An employee may use accrued sick leave during their probationary period. An employee eligible for sick leave with pay shall be granted such leave for the following reasons:

1. Personal illness or illness within the immediate family (immediate family under Section 5.1.3 is defined as employee's spouse, domestic partner, dependent children and/or employee's parents, not in-laws), or physical incapacity resulting from causes beyond the employee's control; or
2. Enforced quarantine of the employee in accordance with community health regulations.
3. Medical appointments that cannot be scheduled during non-working hours shall be charged to sick leave, unless the employee is a sworn peace officer.

5.1.4 Advance of Sick Leave

Whenever circumstances require, and with the approval of the City Manager, sick leave may be taken in advance of accrual up to a maximum determined by the City Manager, provided that any employee separated from the service who have been granted sick leave that is un-accrued at the time of such separation shall reimburse the City of all salary paid in connection with such un-accrued leave.

5.1.5 Service Credit for Sick Leave

Employees who are eligible to accrue sick leave and who retire from the City of San Rafael, on or after July 1, 2002, and within 120 days of leaving City employment (excludes deferred retirement), shall receive employment service credit, for retirement purposes only, for all hours of accrued, unused sick leave (exclusive of any sick leave hours said employee is eligible to receive and elects to receive in compensation at the time of retirement, pursuant to Section 5.1.6 Compensation for Unused Portion (Sick leave Payoff).

5.1.6 Compensation for Unused Portion

By resignation, retirement or death, an employee who leaves the City in good standing shall receive compensation for all accrued, unused sick leave based upon the rate of three percent (3) for each year of service up to a maximum of fifty percent (50%) of their sick leave balance.

5.2 VACATION LEAVE

5.2.1 Eligibility

Annual vacation with pay shall be granted to each eligible employee. Vacation leave accrued shall be prorated for those employees working less than full time. Employees will be permitted to use accrued vacation leave after six (6) months of employment subject to the approval of the Police Chief.

5.2.2 Rate of Accrual

Vacation benefits shall accrue during the probationary period. Each regular full-time employee (part-time regular employees are prorated) shall commence to accrue vacation at the following rate for continuous service. For the purpose of this section, one (1) day equals eight (8) hours.

<u>Years of Service</u>	<u>Leave Accrual rate/year</u>
1 - 5 years	15 days or 120 hours
6 years	16 days or 128 hours
7 years	17 days or 136 hours
8 years	18 days or 144 hours
9 years	19 days or 152 hours
10 years	20 days or 160 hours
11 years	21 days or 168 hours
12 years	22 days or 176 hours
13 years	23 days or 184 hours
14 years	24 days or 192 hours
15 years plus	25 days or 200 hours

5.2.3 Administration of Vacation Leave

The City Manager, upon the recommendation of the Police Chief, may advance un-accrued vacation to any permanent regular and part time employee. If the employee leaves City employment before accruing the used vacation leave, said employee will reimburse the City the value of the advanced vacation leave.

In recognition of exempt status from FLSA, time off for vacation leave purposes shall not be deducted from the employees' accrual, unless the employee is absent for the full work day.

The time at which an employee may use his/her accrued vacation leave and the amount to be taken at any one time, shall be determined by the Police Chief with particular regard for the needs of the City, but also, insofar as possible, considering the wishes of the employee.

In the event that one or more City holidays fall within an annual vacation leave, such holidays shall not be charged as vacation leave, and the vacation leave shall be extended accordingly.

Employees who terminate their employment shall be paid in a lump sum for all accrued vacation leave earned prior to the effective date of termination.

5.2.4 Vacation Cap

No employee may accrue more than 250 hours vacation leave. Vacation accruals will resume once the employee's accumulated vacation balance falls below the allowable cap limit.

Employees may, for special situations (i.e., extended medical leave), request an increase in their cap. Each request would need to be in writing, submitted through the department, and receive the approval of the Police Chief and the City Manager. Such requests would be reviewed on a case-by-case basis and would be evaluated based on the reason for the request. This additional vacation accrual could not exceed one-half of the employee's regular annual vacation accrual. In no case would the addition over the cap be extended beyond one additional year.

5.3 HOLIDAYS

The following holidays will be observed:

New Year's Day	Martin Luther King Day
Washington's Birthday	Lincoln's Birthday
Cesar Chavez Day	Memorial Day
Independence Day	Labor Day
Admission Day	Veteran's Day
Thanksgiving Day	Day after Thanksgiving
Christmas Day	

5.4 OTHER LEAVE

5.4.1 Administrative Leave

Mid-Management employees in this Association shall receive eighty (80) hours of Administrative Leave each calendar year subject to the approval of the Police Chief and the City Manager. Unused Administrative Leave does not carry over from one calendar year to the next, nor are unused balances paid off upon an employee's resignation.

In recognition of exempt status from FLSA time off for Administrative leave purposes shall not be deducted from employee's accrual, unless the employee is absent for the full work day.

5.4.2 Bereavement Leave

In the event of the death of an employee's spouse, registered domestic partner, child, parent, brother, sister, in-laws, grandparent, grandchild or relative who lives or has lived in the home of the employee to such an extent that the relative was considered a member of the immediate family and/or another individual who has a legal familial relationship to the employee and resided in the employee's household, up to three (3) days of accrued sick leave within the state and up to five (5) days of accrued sick leave out-of-state may be granted for bereavement leave.

In those cases where the death involves an individual who had such a relationship with the employee as defined above, the employee shall sign a simple affidavit describing the relationship and submit this to the Police Chief as part of the request for bereavement leave.

5.4.3 Jury Duty

Employees required to report to jury duty shall be granted a leave of absence with pay from their assigned duties until released by the court, provided that the employee provides advance notice to the Police Chief and remits to the City all per diem service fees except mileage or subsistence allowance within thirty days from the termination of such duty.

5.4.4 Military Leave

Military leave shall be granted in accordance with the State of California Military and Veteran's Code as amended from time to time. All employees entitled to military leave shall give the City Manager and the Police Chief an opportunity within the limits of military regulations, to determine when such leave shall be taken.

5.4.5 Leave of Absence Without Pay

Leave of absence without pay may be granted by the City Manager upon the written request of the employee. Applicable accrued leave must be exhausted prior to the granting of leave without pay. Applicable benefits do not accrue during times of leave without pay and Police Officer status is removed.

5.4.6 Industrial Injury Leave

For benefits under Workers' Compensation, an employee should report any on the job injury to his/her supervisor as soon as possible, preferably within twenty-four (24) hours. The Human Resources Department coordinates benefits for Workers' Compensation claims.

For further information, see the City's Workers' Compensation policy located on the Intranet (<https://intranet.cityofsanrafael.org>).

Employees of the City who have suffered any disability arising out of, and in the course of their employment as defined by the Workers' Compensation Insurance and Safety Act of the State of California are entitled to all benefits allowed them by the Workers' Compensation Insurance and Safety Act of the State of California.

SAFETY EMPLOYEES

Compensation leave payments are governed by Labor Code Section 4850. Labor Code Section 4850 provides that employees who sustain an industrial injury which precludes them from working are eligible to receive full salary for a period of up to one year during the period of such disability.

The following rule applies to both Safety and Non-Safety personnel who have suffered an industrial injury/illness: Available accrued sick leave cannot be used for more than 60 calendar days after one of the following has been determined:

- a. The employee has reached a maximum medical improvement and/or has been determined "permanent and stationary";
- b. The employee has been determined to be unable to return to their usual and customary occupation, with or without reasonable accommodation.

Given the above has occurred, the next steps would include:

- a. The interactive process; attempt to locate other appropriate employment within the City.

- b. If none available proceed with termination process, including disability retirement application and/or Skelly process, if appropriate.

5.4.7 Medical Leave of Absence

Family leave shall be granted in accordance with the federal Family and Medical Leave Act of 1993 and the California Family Rights Act of 1991. Requests for Family Care Leave are submitted to the Police Chief for approval and reviewed by the Human Resources Director for consistency with the law prior to approval. Employees approved for this type of leave must use appropriate accrued and unused vacation leave and/or compensatory time before going on leave without pay status. Accrued and unused sick leave may be used if requested. Sick leave usage is to be consistent with the sick leave provisions of the MOU. To be eligible for this family leave benefit, an employee must have worked for the City of San Rafael for at least 12 months and have worked a minimum of 1,250 hours in the previous 12-month period. For details, please see the City’s FMLA policy located on the Intranet (<https://intranet.cityofsanrafael.org>).

5.4.8 Absence without Authorized Leave

An unauthorized absence of an employee for three consecutive work days shall constitute an automatic resignation from City service.

5.4.9 Catastrophic Leave

All employees of the Police Department should refer to the Citywide Catastrophic Leave Policy located on the City’s Intranet (<https://intranet.cityofsanrafael.org>).

6 TERMS & CONDITIONS OF EMPLOYMENT

6.1 HOURS OF WORK

The established work week for the Police Department shall be 00:01 hours Sunday through 24:00 hours Saturday. Job classifications covered by this Memorandum of Understanding would be scheduled to work during normal business working hours, Monday through Friday.

6.1.1 Alternative Work Week

Police Lieutenants and Police Captains have the option of working a 4-10 or 5-8 plan as shown below:

Schedule	Definition
4-10	Four (4) consecutive ten (10) hour days with three (3) consecutive days off.
5-8	Five (5) consecutive eight (8) hour days with two (2) consecutive days off.

The Police Chief reserves the right to change schedules based on emergency circumstances.

6.2 OVERTIME

The following special provisions for the payment of overtime will apply to (the FLSA exempt) Police Lieutenants and Police Captains.

6.2.1 Special Events, Extra Duty Requests and Grant Operations

Employees shall be compensated at the overtime rate for the highest Police Sergeant as determined by the Police Department Business Office and shall not exceed grant limitations for extended hours worked for special events and grant operations which are compensated outside of the City’s General Fund. Police Lieutenants and Police Captains will only be allowed to work overtime on such assignments under any of the following circumstance:

- a. Required management staffing at the request of the Police Chief or his/her designee
- b. Backfill of a vacant sworn officer position if the overtime opportunity has been posted for at least seven (7) days and remains unfilled, or if the vacancy remains unfilled less than forty-eight (48) hours prior to the event.

Both parties understand and agree that nothing within this overtime provision shall alleviate represented employees from management duties during special events and grant operations.

6.3 PROBATIONARY PERIOD

6.3.1 Purpose of Probation

Each employee shall serve a period of probation beginning on the date of appointment. Such period shall be for the purpose of determining the employee's ability to perform satisfactorily the duties prescribed for the position.

6.3.2 Length of Probationary Period

The probationary period on original and promotional appointments shall be for twelve (12) months.

6.3.3 Rejection During Probation

During the probationary period, an employee may be rejected at any time by the Police Chief without the right of appeal.

6.3.4 Notification of Rejection

On determining that a probationary employee's work is not satisfactory, the Police Chief shall notify the Human Resources Director in writing of his/her intention to reject the employee. After discussion with the Human Resources Director, the Police Chief shall notify the employee in writing of his/her rejection.

6.3.5 Extension of Probationary Period

The probationary period shall not be extended except in the case of extended illness or injury or compelling personal situation during which time the employee was unable to work. In such cases, the probationary period may be extended for the length of time the ill or injured employee was unable to work.

6.3.6 Regular Status

Regular status in the assigned (new) position shall commence with the day following the expiration date of the probationary period.

6.3.7 Promotion of Probationary Employee

An employee serving a probationary period may be promoted to a position in a higher classification provided he/she is certified from the appropriate Eligibility List. The employee promoted in this manner shall serve a new probationary period for the position to which employee is promoted and the new probationary period and promotional appointment shall be effective the same date.

6.3.8 Unsuccessful Passage of Promotional Probation

An employee who does not successfully pass his/her promotional probationary period shall be reinstated to the position in which the employee held regular status prior to his/her promotion and all previous rights and privileges restored. Provided, however, that if the cause for not passing the promotional probationary period was sufficient grounds for dismissal, the employee shall be subject to dismissal without reinstatement to the lower position.

6.4 PERSONNEL RULES & REGULATIONS

This Association accepts the revised Personnel Rules and Regulations presented in a documented dated April 1991.

6.4.1 Employer-Employee Resolution

The City and the Association agree to abide by the City of San Rafael's Employer-Employee Relations Resolution.

6.4.2 Drug and Alcohol Policy

The City and Association jointly recognize alcoholism and drug abuse as illnesses which may be treatable. The parties are concerned regarding alcoholism and drug problems which cause poor attendance and unsatisfactory employment related performance and/or which may pose a danger to employees or the public. Therefore, the City and Association endorse the concept of a drug free work place.

Possession and/or sale of illegal drugs, use of illegal drugs or misuse of prescribed drugs or alcohol, or being under the influence of drugs or alcohol while on the job is strictly prohibited. Employees violating this policy are subject to discipline, up to and including termination. When reasonable cause (relates to readiness and/or ability to perform job responsibilities) exists, the City may require employees to submit to a medical examination, including but not limited to a urine or blood analysis, to determine whether the employee is using drugs or alcohol. Said testing shall occur on City time and be paid for by the City. An employee's failure to submit to a medical examination will be considered an act of insubordination and, therefore, subject to disciplinary action.

Depending on the circumstances causing the order for medical examination, employees testing positive may be subject to discipline, up to and including termination. Upon being informed that the employee tested positive, the employee may request a meeting with the Human Resources Director and the Police Chief to review the test results and provide the employee's explanation for such results.

Employees are encouraged to voluntarily participate in the City sponsored employee assistance program (EAP). However, EAP participation may be a City-mandated alternative to disciplinary action arising out of a violation of the City's drug and alcohol policy.

As a course of participating in the EAP on a mandated basis, an employee may be required to enter into a "return to work agreement" with the City. Said agreement shall stipulate ongoing freedom from drug and/or alcohol use as a condition of continued employment.

Employees who seek voluntary assistance for alcohol and/or substance abuse will not be disciplined for seeking such assistance. Requests from employees to the Police Chief for such assistance shall remain confidential and shall not be revealed to other employees or management personnel who do not have a need to know, without the employee's consent. Employees enrolled in substance abuse programs shall be subject to all employer rules, regulations and job performance standards with the understanding that an employee enrolled in such a program is receiving treatment for an illness.

An employee who is disciplined/discharged for inappropriate alcohol and/or drug use may appeal such action pursuant to Section 7.4.4 of the Memorandum of Understanding.

6.4.3 Outside Employment Policy

All employees of the Police Department should refer to the Citywide policy located on the City's Intranet (<https://intranet.cityofsanrafael.org>) for policies and procedures related to outside employment.

6.4.4 Harassment Policy

It is the City's intent and purpose to provide all officials, employees, applicants and contractors with an environment that is free from any form of harassment, discrimination or retaliation. Employees shall refer to the City Policy against Harassment, Discrimination and Retaliation which is available on the City's Intranet website.

6.4.5 Wireless Communication Policy

Union members agree to adhere to the provisions of the City's Wireless Communication Policy which is available on the City's Intranet Website.

6.4.6 Use of City Vehicle

The City agrees to allow all currently represented classified positions covered by this agreement (Police Captain and Police Lieutenant) the use of department vehicles, as practiced on the date the MOU was adopted by the City Council for FY 91-92, as they are expected to respond to emergencies. During the term of this contract the Police Chief and members of this Association shall meet and confer on the development of a specific policy related to City Vehicle Use.

6.4.7 Temporary Modified Duty Policy

The purpose of this temporary modified duty program is to minimize the loss of productive time, while at the same time reintroducing the employee to work sooner to prevent deterioration of skills, facilitate recovery and reduce income loss. Modified duty assignments will be structured so that employees are not placed in a duty status that would aggravate or re-incur an injury or illness. Modified duty assignments are to be limited to temporary periods and are not to be used to create a permanent modified duty assignment.

1. Coverage

Any employee who suffers a temporary and partial disability due to an industrial or non-industrial injury or illness will be covered by this modified duty program.

2. Determination/Required Reports

- a. Modified Duty assignments may be made following evaluation and determination by the Police Chief. The determination will be based on available medical information, and consultation with the employee or the affected supervisor. Determination will also be based on the needs of the City and the impact of modified duty departmental operations.
- b. After the initial report, updated medical reports shall be submitted to the Police Chief at two-week intervals, or at other agreed upon intervals, for as long as the employee is off work. Reports will be required for all industrial or non-industrial injuries or illnesses regardless of whether or not a modified duty assignment has been made.
- c. Reports will be evaluated by the Police Chief for purposes of continuing or terminating a current modified duty assignment or to determine when to commence a modified duty assignment.

3. Modified Duty Assignments - Definitions/Restrictions

- a. Modified duty assignments may consist of reduced work hours, limited work or any combination thereof.
- b. Modified duty assignments will not adversely affect the employee's normal wage rate or retirement benefits.
- c. Modified duty assignments will be within the employee's assigned department and will involve work which is consistent with the duties of the employee's classification.

- d. When feasible, modified duty assignments will be during the employee's normal shift and duty hours. However, if it is determined that no useful work will be performed during the normal shift or duty hours, the employee will be assigned modified duty during normal office hours of 8:00 a.m. to 5:00 p.m. Monday through Friday.
 - e. Specific modified duty assignments will be developed based upon a case by case review of the medical restrictions, so as not to aggravate or incur an injury or illness.
 - f. Employees will not be placed in modified duty assignments that, in the normal course of events, will require that they provide direct field emergency response.
4. Holidays/Vacations
- a. Holidays shall be observed in accordance with the modified duty assignment work hours and work week. That is, if an employee is assigned to work hours in a department, division, or operating unit where employees in that work unit take the holiday off, so shall the modified duty employee. If the employees are assigned to work hours on a work holiday, so shall the modified duty employee. Compensation for holidays shall be in accordance with applicable Memorandum of Understanding or the Personnel Rules and Regulations.
 - b. Employees assigned to modified duty shall take their assigned (selected) vacation as normally scheduled. Vacations shall cover the same number of duty and calendar days as would have been enjoyed by the employee if they had remained on full duty. Employees may reschedule their assigned (selected) vacation with the approval of the Police Chief, provided the rescheduling does not result in increased costs or lost time to the City for relief personnel to cover the rescheduled vacation.
5. Return to Full Duty
- Employees will be returned to full duty as soon as possible following medical certification that the employee is able to resume the full duties of his or her classification.

6.5 MISCELLANEOUS

6.5.1 Gratuities / Solicitation of Contributions

All employees of the Police Department should refer to Departmental Rules and Regulations 300.48 and 300.50 for the rules and procedures related to gratuities/solicitation.

6.5.2 Return of City Equipment

Upon termination of employment, all tools, equipment, and other City property assigned to any employee shall be returned to the employee's supervisor.

6.5.3 Political Activity

The political activity of City employees shall comply with pertinent provisions of State and Federal Law.

6.5.4 Employment of Relatives

The City retains the right:

1. To refuse to place one party to a relationship under the direct supervision of the other party to a relationship where such has the potential for creating adverse impact on supervision, safety, security or morale.
2. To refuse to place both parties to a relationship in the same department, division or facility where such has the potential for creating adverse impact on supervision, safety, security, or morale, or involves potential conflicts of interest.

6.5.5 *Gym Reimbursement*

Employees are eligible to receive up to \$50 reimbursement per month for paid gym memberships. Such reimbursement shall be paid once per year by the City in a lump-sum check and reported as taxable income to the employee.

7 PROCEDURES

7.1 DEMOTION & SUSPENSION

7.1.1 Demotion

The City Manager or his/her designee may demote an employee when the following occurs:

- a. The employee fails to perform his/her required duties.
- b. The need for a position which an employee fills no longer exists;
- c. An employee requests such a demotion.

No employee shall be demoted to a classification for which he/she does not possess the minimum qualifications of the position at the time of demotion.

When the action is initiated by the City Manager or his/her designee, written notice of demotion shall be provided to an employee at least ten (10) working days before the effective date of the demotion, and a copy filed with the Human Resources Department.

Withholding a salary step increase or withdrawing a merit step increase within or above the salary range of the employee's position shall not be deemed a demotion.

Disciplinary demotion action shall be in accordance with Article 7.3 "Disciplinary Action."

7.1.2 Suspension

The City Manager may suspend an employee from a position at any time for a disciplinary purpose. Intended suspension action shall be reported immediately to the Human Resources Director and shall be taken in accordance with Article 7.3 "Disciplinary Action."

7.2 TERMINATION OF EMPLOYMENT

7.2.1 Resignation

An employee wishing to leave City service in good standing shall file with his/her immediate supervisor, at least fourteen (14) days before leaving the service, a written resignation stating the effective date and reason for leaving. A copy of the resignation shall be forwarded to the City Manager and the Human Resources Department.

7.2.2 Termination - Layoff

The City Manager or his/her designee may terminate an employee because of changes in duties or organization, abolition of position, shortage of work or funds, or completion of work for which employment was made.

7.2.3 Termination - Disciplinary Action

An employee may be terminated at any time for disciplinary action, as provided in Article 7.3 "Disciplinary Action."

7.2.4 Retirement

Retirement from City service shall, except as otherwise provided, be subject to the terms and conditions of the City's contract, as amended from time to time, with the Marin County Retirement System.

7.2.5 Rejection During Probation

An employee may be terminated from their position during the probationary period of their initial appointment to the City's classified service without Right of Appeal.

7.3 DISCIPLINARY ACTION

7.3.1 Right to Discipline & Discharge

Disciplinary action shall mean discharge/dismissal, demotion, reduction in salary, and suspension resulting in loss of pay.

The City shall have the right to discharge or discipline any employee for dishonesty, insubordination, drunkenness, incompetence, negligence, failure to perform work as required or to observe the Department's safety rules and regulations or for engaging in strikes, individual or group slowdowns or work stoppages, or for violating or ordering the violation of the Memorandum of Understanding.

The City may discipline or discharge an employee for the following:

- a. Fraud in securing appointment.
- b. Negligence of duty.
- c. Violation of safety rules.
- d. Unacceptable attendance record including tardiness, overstaying lunch or break periods.
- e. Possession, distribution or under the influence of alcoholic beverages, non-prescription or unauthorized narcotic or dangerous drugs during working hours.
- f. Inability, unwillingness, refusal or failure to perform work as assigned, required or directed.
- g. Unauthorized soliciting on City property or time.
- h. Conviction of a felony or conviction of a misdemeanor involving moral turpitude.
- i. Unacceptable behavior toward (mistreatment or discourteousness to) the general public or fellow employees or officers of the City.
- j. Falsifying employment application materials, time reports, records, or payroll documents or other City records.
- k. Disobedience to proper authority.
- l. Misuse of City property.
- m. Violation of any of the provisions of these working rules and regulations or departmental rules and regulations.
- n. Disorderly conduct, participation in fights, or brawls.
- o. Dishonesty or theft.
- p. Establishment of a pattern of violations of any City policy or rules and regulations over an extended period of time in which a specific incident in and of itself would not warrant disciplinary action, however, the cumulative effect would warrant such action.
- q. Failure to perform to an acceptable level of work quality and quantity.
- r. Insubordination.
- s. Other acts inimical to the public service.

7.3.2 Appeals

If an employee feels he or she has been unjustly disciplined/discharged, he or she shall have the right to appeal his or her case through the appropriate procedure (Article 7.4). Such appeal

must be filed with the City Manager by the employee in writing within five (5) working days from the date of the discipline/discharge; unless so filed the right of appeal is lost.

7.3.3 City Manager and Arbitration

The employee (appellant) may submit the appeal directly to the City Manager or may request arbitration. If arbitration is requested, representatives of the City and the employee (appellant) shall meet promptly to select a mutually acceptable arbitrator. The fees and expenses of the arbitrator and of a court reporter shall be shared equally by the Association and the City.

A hearing before the arbitrator shall be held within sixty days of the selection of the arbitrator unless the arbitrator's schedule does not so permit. The arbitrator shall not have the power to amend or modify either party's position but shall rule on the merits of each party's case as presented during the hearing. Decisions of the Arbitrator on matters properly before them shall be final and binding on the parties hereto, to the extent permitted by the Charter of the City.

In addition to the arbitrators proposed by the State Mediation and Conciliation Service, the parties shall be free to select from a pool of arbitrators mutually selected by the City and the Association.

7.4 GRIEVANCE PROCEDURE

7.4.1 Definition

A grievance is any dispute which involves the interpretation or application of any provision of this Memorandum of Understanding.

7.4.2 Initial Discussions

Any employee who believes that he or she has a grievance may discuss his or her complaint with the Police Chief or with such management official as the Police Chief may designate. If the issue is not resolved within five (5) working days in the Department, or if the employee elects to submit his or her grievance directly to an official of the employee organization which is formally recognized as the representative of the classification of which he or she is assigned, the procedures hereafter specified may be invoked.

7.4.3 Referral to the City Manager

Any employee or any official of the employee organization which have been formally recognized by the City and which has jurisdiction over any position directly affected by the grievance, may notify the City Manager and Police Chief in writing that a grievance exists and, in such notification, state the particulars of the grievance and, if possible, the nature of the determination which is desired.

No grievance may be processed under Section 7.4.4 below which has not first been heard and investigated in pursuance of Section 7.4.2. A grievance which remains unresolved thirty (30) calendar days after it has been submitted in writing may be referred to the next step.

Any time limit may be extended to a definite date by mutual agreement of the Association and the appropriate management representative.

7.4.4 City Manager and Arbitration

If the grievance is not resolved in the previous step, the grievant, the Association, or the City may, after completion of the previous step in the grievance procedure, submit the grievance directly to the City Manager or may request arbitration. If arbitration is requested, representatives of the City and the Association shall meet promptly to select a mutually acceptable arbitrator. The fees and expenses of the arbitrator and of a court reporter shall be

shared equally by the Association and the City. Each party, however, shall bear the cost of its own presentations, including preparation and post hearing briefings, if any.

No Arbitrator shall entertain, hear, decide or make recommendations on any dispute involving a position over which a recognized employee organization has jurisdiction unless such dispute falls within the definition of grievance as hereinabove set forth in paragraph (1) of this section.

Proposals to add to or change this Memorandum of Understanding or written agreement or addenda supplementary hereto shall not be grievable and nor proposal to modify, amend or terminate this Memorandum of Understanding, not any matter or subject under this section; and no Arbitrator shall have the power to amend or modify this Memorandum of Understanding or written agreements or addenda supplementary hereto or to establish any new terms or conditions of employment. No changes in the Memorandum of Understanding or interpretations thereof will be recognized unless agreed to by the City Manager and the Association.

A hearing before the arbitrator shall be held within 60 days of the selection of the arbitrator unless the arbitrator's schedule does not so permit, and the arbitrator shall render a decision which is binding on the parties hereto, to the extent permitted by the Charter of the City.

7.5 REDUCTION IN FORCE

In reduction of force, the last employee appointed within the represented classification shall be the first employee laid off, and in re-hiring, the last employee laid off shall be the first employee re-hired until the list of former employees is exhausted, provided that the employee retained or re-hired is capable, in the opinion of the City, to perform the work required. An employee laid off from City services prior to being re-hired must pass the physical examination administered by a City-appointed physician and must pass the background check administered by the Police Department. The names of employees laid off shall be placed on a Re-employment Eligibility List as hereinafter specified.

The Re-employment Eligibility List shall consist of names of employees and former employees having probationary or permanent status who were laid off in that classification. The rank order on such lists shall be determined by relative seniority as specified above. Such list shall take precedence over all other eligible lists in making appointments to the classification in which the employee worked.

The name of any person laid off shall continue on the appropriate Re-employment Eligible List for a period of one (1) year after it is placed thereon. The names of any eligible employees on a Re-employment Eligibility List shall be automatically removed from said list at the expiration of the appropriate period of eligibility.

**SAN RAFAEL POLICE MID-MANAGEMENT
ASSOCIATION:**

David Starnes, Police Captain

Date

CITY OF SAN RAFAEL:

Cristine Alilovich, Assistant City Manager

Lauren Monson, Deputy City Attorney

Date

SAN RAFAEL POLICE MID-MANAGEMENT ASSOCIATION
SALARY SCHEDULE
Effective September 1, 2018

Exhibit A

Grade	Position	A	B	C	D	E
6103	POLICE CAPTAIN (Benchmark)	\$11,601	\$12,181	\$12,790	\$13,430	\$14,101
6110	POLICE LIEUTENANT	\$10,271	\$10,785	\$11,324	\$11,890	\$12,485

SAN RAFAEL POLICE MID-MANAGEMENT ASSOCIATION
SALARY SCHEDULE
Effective July 1, 2019

Exhibit A

Grade	Position	A	B	C	D	E
6103	POLICE CAPTAIN (Benchmark)	\$11,833	\$12,425	\$13,046	\$13,698	\$14,383
6110	POLICE LIEUTENANT	\$10,477	\$11,000	\$11,550	\$12,128	\$12,734




Agenda Item No: SA.1.a
Meeting Date: November 5, 2018

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
AGENDA REPORT**

Department: Finance Department

**Prepared by: Nadine Hade
Finance Director**

City Manager Approval: 

TOPIC: QUARTERLY INVESTMENT REPORT

SUBJECT: ACCEPTANCE OF SUCCESSOR AGENCY QUARTERLY INVESTMENT REPORT

RECOMMENDATION: Accept investment report for the quarter ending September 30, 2018, as presented.

BACKGROUND: Pursuant to the State of California Government Code Section 53601 and the City's investment policy, last approved by the City Council on June 18, 2018, staff provides the governing body a quarterly report on the Successor Agency's investment activities and liquidity.

ANALYSIS: The Successor Agency checking account had a balance of \$180,140 at quarter-end. These funds were available for the administration of the activities of the Agency, as well as for approved agency commitments.

FISCAL IMPACT: No financial impact occurs by adopting the report.

RECOMENDATION: Accept investment report for the quarter ending September 30, 2018, as presented.

ATTACHMENT:

- 1. Successor Agency Cash & Investment Report July through September 2018.

FOR CITY CLERK ONLY

File No.: _____

Council Meeting: _____

Disposition: _____

TREASURER'S CERTIFICATION

I CERTIFY THAT ALL INVESTMENTS MADE ARE IN CONFORMANCE WITH SUCCESSOR AGENCY'S APPROVED INVESTMENT POLICY AND STATE INVESTMENT REGULATIONS. THE SUCCESSOR AGENCY HAS SUFFICIENT LIQUIDITY TO MEET ALL OF THE OBLIGATIONS REQUIRED DURING THE NEXT SIX-MONTH PERIOD, SUBJECT TO OVERSIGHT BOARD APPROVAL OF OBLIGATIONS AND THE SUBSEQUENT TIMELY COUNTY DISBURSEMENT OF FUNDS.

NADINE HADE
FINANCE DIRECTOR

SUCCESSOR AGENCY TO SAN RAFAEL REDEVELOPMENT AGENCY

CASH and INVESTMENTS
 QUARTER ENDED 9/30/2018

ISSUER	PURCHASE TYPE	MATURITY DATE	YIELD	PURCHASE PRICE	PAR VALUE	MARKET VALUE	Days to Maturity	% OF TOTAL	AS OF
<u>CASH ACCOUNTS:</u>									
WESTAMERICA	DD	N/A	N/A	\$ 714,354.39	\$ 714,354.39	\$ 714,354.39	1	100.00%	7/31/2018
WESTAMERICA	DD	N/A	N/A	\$ 180,140.35	\$ 180,140.35	\$ 180,140.35	1	100.00%	8/31/2018
WESTAMERICA	DD	N/A	N/A	\$ 180,140.35	\$ 180,140.35	\$ 180,140.35	1	100.00%	9/30/2018
TOTAL INVESTMENTS				\$ -	\$ -	\$ -			
TOTAL CASH & INVESTMENTS - QUARTER-END BALANCE				\$ 180,140.35	\$ 180,140.35	\$ 180,140.35		300.00%	

% Portfolio held 1 year or less

100%

TYPE:
 DD - Demand Deposit