



AGENDA

SAN RAFAEL CITY COUNCIL – MONDAY, NOVEMBER 16, 2020

CORONAVIRUS (COVID-19) ADVISORY NOTICE

In response to Executive Order N-29-20, the City of San Rafael will no longer offer an in-person meeting location for the public to attend. This meeting will be streamed through YouTube Live at www.youtube.com/cityofsanrafael. Comments submitted via YouTube Live must be submitted according to the directions located on the YouTube video description. The City is not responsible for any interrupted service. To ensure the City Council receives your comments, submit written comments to the City Clerk prior to the meeting. For more information regarding real-time public comments, please visit our Live Commenting Pilot page at <https://www.cityofsanrafael.org/live-commenting-pilot/>.

Want to listen to the meeting and comment in real-time over the phone? Call the telephone number listed on this agenda and dial the Meeting ID when prompted. Feel free to contact the City Clerk's office at 415-485-3066 or by email to lindsay.lara@cityofsanrafael.org if you have any questions.

Any member of the public who needs accommodations should contact the City Clerk (email lindsay.lara@cityofsanrafael.org or phone at 415-485-3066) who will use their best efforts to provide reasonable accommodations to provide as much accessibility as possible while also maintaining public safety in accordance with the City procedure for resolving reasonable accommodation requests.

SPECIAL MEETING AT 5:45 P.M.

Watch online: <https://tinyurl.com/cc-2020-11-16>

Listen by phone: (669) 900-9128,
ID: 957-0402-1429#

1. Boyd House Interested Parties (PW)

REGULAR MEETING AT 7:00 P.M.

Watch online: www.youtube.com/cityofsanrafael

Listen by phone: (669) 900-9128,
ID: 850-6400-3042#

OPEN SESSION

1. None.

CLOSED SESSION

2. Closed Session: - None.

CITY MANAGER'S REPORT:

3. City Manager's Report:

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.

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**

Approve Minutes of City Council / Successor Agency Regular Meeting of Monday, November 2, 2020 (CC)

Recommended Action - Approve minutes as submitted

b. **Residential Building Resale Report (RBR) Program**

Resolution Adopting Temporary Measures for Administering the Residential Building Record Program ("RBR Program") Set Forth in San Rafael Municipal Code Title 12 (Building Regulations), Chapter 12.36 (Report of Residential Building Record) During the High Demand Real Estate Market and Covid-19 Pandemic (CD)

Recommended Action - Adopt Resolution

c. **Downtown Business Improvement District (BID) Assessment Annual Review**

Resolution Declaring the City Council's Intention to Levy an Annual Assessment for the Downtown San Rafael Business Improvement District (ED)

Recommended Action - Adopt Resolution

d. **Annual Occupancy Inspections**

Resolution Acknowledging Receipt of Report from Fire Chief Regarding the Inspection of Certain Occupancies Required Pursuant to Sections 13146.2 and 13146.3 of the California Health and Safety Code (FD)

Recommended Action - Adopt Resolution

e. **Proposition 68 Grant Funding Opportunities**

Resolutions: 1) Resolution Approving Application(s) for Per Capita Grant Funds; 2) Resolution Approving the Application for the Statewide Park Development and Community Revitalization Program Grant Funds; and 3) Resolution Determining the Pickleweed Park Enhancement Project to Be Categorically Exempt from the California Environmental Quality Act (CEQA) and Authorizing Staff to File a Notice of Exemption in Compliance with CEQA Guidelines (LR)

Recommended Action - Adopt Resolutions (3)

f. **Dissolution Agreement of the Marin County Major Crimes Task Force**

Resolution Approving and Authorizing the Mayor to Sign the Dissolution Agreement of the Marin County Major Crimes Task Force (PD)

Recommended Action - Adopt Resolution

SPECIAL PRESENTATIONS

5. Special Presentations:

a. **Essential Facilities Projects Commemoration Video (PW)**

OTHER AGENDA ITEMS

6. Other Agenda Items:

a. Year-End Financial Statements and Related Audit Reports

Fiscal Year 2019-2020 Annual Financial Report; Gann Appropriations Limit; Memorandum on Internal Control; Report of Required Communications; Child Development Program Financial Report; and the Transportation Development Act Financial Report (Fin)

Recommended Action – Accept reports

b. Cannabis Program Adjustments

Resolution Amending and Renaming the “Cannabis Business Operator License Pilot Program” As the “Cannabis Business Operator License Program”, and Restating It in Its Entirety (ED)

Recommended Action – Adopt Resolution

c. City's Response to Grand Jury Report on Adapting to Climate Change

Resolution Approving and Authorizing the Mayor to Execute the City of San Rafael's Response to the 2019-2020 Marin County Civil Grand Jury Report Entitled, “Climate Change: How Will Marin Adapt?” (CM)

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: - None.

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 online. Sign Language interpreters may be requested by calling (415) 485-3066 (voice), emailing Lindsay.lara@cityofsanrafael.org or using the California Telecommunications Relay Service by dialing “711”, at least 72 hours in advance of the meeting. Copies of documents are available in accessible formats upon request.



MINUTES

SAN RAFAEL CITY COUNCIL – MONDAY, NOVEMBER 2, 2020

CORONAVIRUS (COVID-19) ADVISORY NOTICE

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Present: Mayor Phillips
Vice Mayor Colin
Councilmember Bushey
Councilmember Gamblin
Councilmember McCullough

Absent: None

Also Present: City Manager Jim Schutz
City Attorney Rob Epstein
City Clerk Lindsay Lara

OPEN SESSION - (669) 900-9128 ID: 889-1633-1168# - 6:00 PM

1. Mayor Phillips announced Closed Session items.

CLOSED SESSION - (669) 900-9128 ID: 889-1633-1168# - 6:00 PM

2. Closed Session:
 - a. Personnel Matters – Government Code Section 54957
Public Employee Performance Evaluation – City Manager

REGULAR MEETING AT 7:00 P.M.

Watch online: www.youtube.com/cityofsanrafael

Listen by phone: (669) 900-9128,
ID: 884-8011-5619#

Mayor Phillips called the meeting to order at 7:06 p.m. and invited City Clerk Lindsay Lara to call the roll. All members of the City Council were present.

City Clerk Lindsay Lara informed the community the meeting would be streamed live to YouTube and members of the public would provide public comment either on the telephone or through YouTube live chat. She explained the process for community participation through the telephone and on YouTube.

City Attorney Rob Epstein announced that no reportable action was taken in the Closed Session held prior to the meeting.

CITY MANAGER'S REPORT:

3. City Manager's Report:

City Manager Jim Schutz announced:

- COVID-19 and the City's response updates
- Election Day and information on how and where to vote
- Expressed thanks to our community and staff for virtual events held in October

OPEN TIME FOR PUBLIC EXPRESSION - 7:00 PM

- Salamah Locks, Commission on Aging, announced the next Commission on Aging meeting, and reminded everyone to vote
- Leslie address the City Council regarding agenda item 5.d
- Name withheld, addressed the City Council regarding the vandalized statue at the Mission Church

CONSENT CALENDAR:

Mayor Phillips invited public comment on the Consent Calendar; however, there was none

Councilmember Bushey moved and Councilmember Gamblin seconded to approve the Consent Calendar

4. Consent Calendar Items:

- a. **Approval of Minutes**
Approve Minutes of City Council / Successor Agency Regular Meeting of Monday, October 19, 2020 (CC)
Approve minutes as submitted
- b. **Special Library Parcel Tax Oversight Committee Appointment**
Approve Appointment of Gail Grasso to the Special Library Parcel Tax Oversight Committee to the End of July 2022 Due to the Resignation of Pamela Cook (CC)
Approved Appointment
- c. **Agreements for On-Call Planning and Environmental Consultant Services**
 - i. Resolution Approving and Authorizing the City Manager to Execute an Agreement for Professional Services with MIG, Inc. for On-Call Planning and Environmental Consultant Services in an Amount Not to Exceed \$100,000 (CD)
Resolution 14865 - Resolution Approving and Authorizing the City Manager to Execute an Agreement for Professional Services with MIG, Inc. for On-Call Planning and Environmental Consultant Services in an Amount Not to Exceed \$100,000

- ii. Resolution Approving and Authorizing the City Manager to Execute an Agreement for Professional Services with M-Group for On-Call Planning and Environmental Consultant Services in an Amount Not to Exceed \$100,000 (CD)
Resolution 14866 – Resolution Approving and Authorizing the City Manager to Execute an Agreement for Professional Services with M-Group for On-Call Planning and Environmental Consultant Services in an Amount Not to Exceed \$100,000

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

OTHER AGENDA ITEMS

5. Other Agenda Items:

- a. [Canal Policy Working Group](#)

Resolution to Pursue Bold, Collaborative Solutions that Place Equity at the Forefront of Our Efforts to Address the Disproportionate Impacts the Covid-19 Pandemic is Having on Our Most Marginalized Communities, Local Businesses and Property Owners (CM)

Cristine Alilovich, Assistant City Manager, presented the staff report along with the Canal Policy Working Group, Omar Carrera, Canal Alliance, Chandra Alexandre, Community Action Marin, Stephanie Haffner, Legal Aid of Marin, and Supervisor Dennis Rodoni.

Councilmembers provided comments

Mayor Phillips invited public comment

Speakers: Chris Hart, Christina Rosales, Mari, Lisel Blash, John Reynolds, Veronica, Marina Palma

Mayor Phillips called for recess at 7:56 p.m.

Mayor Phillips called the meeting back in session at 8:03 p.m.

Speakers continued: San Rafael Chamber of Commerce, Alex, Kiki la Porta, Name withheld

Staff responded to public comment and Councilmembers provided comments

Councilmember Colin moved and Councilmember McCullough seconded to adopt the resolution

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

Resolution 14867 – Resolution to Pursue Bold, Collaborative Solutions that Place Equity at the Forefront of Our Efforts to Address the Disproportionate Impacts the Covid-19 Pandemic is Having on Our Most Marginalized Communities, Local Businesses and Property Owners

- b. [CDBG-CARES Act Coronavirus Funding Allocation Recommendations](#)

Resolution Recommending Community Development Block Grant CARES Act Coronavirus (CDBG-CV) Allocation 3A Funding to the Marin County Board of Supervisors for the San Rafael Planning Area (CD)

Ethan Guy, Principal Analyst, presented the staff report

Mayor Phillips invited public comment

Speakers: Cecile Gramajo, Marina Palma, San Rafael Chamber of Commerce, Peter Mendoza, Marin Center of Independent Living

Councilmembers provided comments

Councilmember Bushey moved and Councilmember Colin seconded to adopt the resolution

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

Resolution 14868 – Resolution Recommending Community Development Block Grant CARES Act Coronavirus (CDBG-CV) Allocation 3A Funding to the Marin County Board of Supervisors for the San Rafael Planning Area

c. [Opportunity Zone Renter Relocation Assistance Informational Report](#)

Informational Report on Renter Relocation Assistance in the Opportunity Zone Located in the Canal Neighborhood of San Rafael (CD)

Ethan Guy, Principal Analyst, presented the staff report

Mayor Phillips commented and staff responded to questions from Councilmembers

Mayor Phillips invited public comment

Speakers: John Reynolds, Chris Hart, Marina Palma

Councilmembers provided comments

Councilmember Colin moved and Councilmember McCullough seconded to accept the report

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

Accepted report

Mayor Phillips called for recess at 9:01 p.m.

Mayor Phillips called the meeting back in session at 9:06 p.m.

d. [Affordable Housing Trust Fund Allocation](#)

Resolution Approving a Housing Trust Fund Grant to the County of Marin for the Affordable Housing Development at 3301 Kerner Boulevard in an Amount Not to Exceed \$1,540,000, and Authorizing the City Manager to Execute Grant Documents and Related Documents (CD)

Andrew Hening, Director of Homeless Planning and Outreach, and Ethan Guy, Principal Analyst, presented the staff report and introduced Leelee Thomas, Marin County Community Development, who would be available to answer questions

Staff responded to questions from Councilmembers

Mayor Phillips invited public comment

Speakers: Linda Jackson, Aging Action Initiative, Dawei Wong, Housing Advocates of Northern California, Rev. Lynn Oldham Robinett, Marin Interfaith Council, Linda Hallman, Unitarian Universalist Congregation of Marin, Joanne Webster, Housing Crisis Action Steering Committee, Bob Pendoley, Marin Environmental Housing Collaborative, Margorie Delgadillo, Salamah Locks, Marin Commission on Aging, Shannon Griffin, Marin Organizing Committee, Peter Mendoza, Marin Center of Independent Living

Mayor Phillips called for recess at 9:54 p.m.

Mayor Phillips called the meeting back in session at 10:09 p.m.

Speakers continued: Catherine, Sami Mericle, Marin Environmental Housing Collaborative, Ron Brown, Marin Organizing Committee, Margaret Fisher, Kate Sprague, Name withheld, Name Withheld, Nick Morris, Street Chaplaincy Executive Director, Josh Sullivan, Marin Organizing Committee & Legal Aid of Marin Supervising Attorney, Karen Strolia, Downtown Streets Team, Name withheld, Name withheld, Name withheld, John Reynolds, Name withheld, Laura J. Giacomini, Congregation Rodef Sholom and Marin Organizing Committee, Bill Carney, San Rafael Chamber of Commerce, Sunny Lee, Lisel Blash, Name withheld, Marjorie Dalgadillo, Omar Carrera, Canal Alliance CEO, Mark Kay Sweeney, Homeward Bound of Marin

Councilmembers provided comments and staff responded to questions from Councilmembers

Councilmember McCullough moved and Councilmember Bushey seconded to adopt the resolution subject to review of the appraisal by Mayor Phillips and Councilmember Gamblin, and to delegate authority to Mayor Phillips and Councilmember Gamblin to either authorize the City Manager to execute necessary documents, or to schedule a special meeting of the City Council to meet the schedule imposed by the County of Marin if concerns arise.

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

NOES: Councilmembers: Colin

ABSENT: Councilmembers: None

Resolution 14869 – Resolution Approving a Housing Trust Fund Grant to the County of Marin for the Affordable Housing Development at 3301 Kerner Boulevard in an Amount Not to Exceed \$1,540,000, and Authorizing the City Manager to Execute Grant Documents and Related Documents

e. **Third Street Improvements**

Informational Report on the Third Street Rehabilitation and Third Street Safety Improvements Projects (PW)

Bill Guerin, Public Works Director introduced April Miller, Senior Civil Engineer and Robert Stevens, CSW Stuber-Stroeh, who presented the staff report

Councilmembers provided comments

Mayor Phillips invited public comment

Speakers: Bill Carney, Sustainable San Rafael, Lisa Merigian, Sunny Lee, Alan Edmondson, Name withheld, Name withheld

Staff responded to questions from Councilmembers and Councilmembers provided comments.

Councilmember Colin moved and Councilmember McCullough seconded to accept the report

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

Accepted report

COUNCILMEMBER REPORTS / REQUESTS FOR FUTURE AGENDA ITEMS:

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

6. Councilmember Reports: -None.

SAN RAFAEL SUCCESSOR AGENCY:

1. Consent Calendar: - None.

ADJOURNMENT:

Mayor Phillips and the City Council adjourned the meeting at 11:20 p.m. in memory of Jerry Belletto and Tom Untermann.

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SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: **COMMUNITY DEVELOPMENT**

Paul A. Jensen

Prepared by: Paul A. Jensen, Director
Don Jeppson, Chief Building Official

City Manager Approval: *AS*

TOPIC: RESIDENTIAL BUILDING RESALE REPORT (RBR) PROGRAM

SUBJECT: RESOLUTION ADOPTING TEMPORARY MEASURES FOR ADMINISTERING THE RESIDENTIAL BUILDING RECORD PROGRAM (“RBR PROGRAM”) SET FORTH IN SAN RAFAEL MUNICIPAL CODE TITLE 12 (BUILDING REGULATIONS), CHAPTER 12.36 (REPORT OF RESIDENTIAL BUILDING RECORD) DURING THE HIGH DEMAND REAL ESTATE MARKET AND COVID-19 PANDEMIC

RECOMMENDATION:
Adopt resolution of temporary measures for administering the RBR Program.

BACKGROUND:

History

In 1973, the City Council adopted Ordinance 1128, which established the City’s Residential Building Resale (RBR) Program. The provisions and requirements of the RBR Program are codified in San Rafael Municipal Code (SRMC) Chapter 12.36 (Report of Residential Building Record). SRMC Section 12.36.010 requires that prior to the sale or exchange of any residential building, the property owner is required to obtain a “report of residential building record” (resale report). The program includes a City inspection for which the findings are incorporated in the resale report. While the RBR Program is not a common service and practice in most California cities, this program is in place in all local jurisdictions in Marin County, except for the County of Marin.

In December 2016, following a performance audit of the RBR Program by the California State Auditor’s Office, the City Council adopted a substantially revised and updated Program. The City Council adopted [Ordinance 1945](#) setting forth new municipal code provisions for the RBR Program. In tandem with this action, the Council adopted: a) [Resolution 14243](#) which sets forth adopted policies, practices, and procedures for administering and enforcing the RBR Program; and b) Resolution 14244, which updated the RBR Program fee schedule.

The updated RBR Program has been operating well, which is largely attributed to the following factors:

FOR CITY CLERK ONLY

Council Meeting: _____

Disposition: _____

- To minimize inconsistencies in City inspections and to promote continuity, a City Building Inspector has been assigned to conduct the RBR inspections rather than the inspections being conducted by temporary/seasonal employees and contract inspectors.
- The "[Resale Inspection Checklist](#)" that was developed has been effective in: a) ensuring consistent City inspection practices; and b) providing the customer (owner and buyer) with an understanding of what the City inspector will or will not be looking for during the inspection.
- The property sellers and their real estate agents have been diligent in filing requests for an RBR early in the property listing process, which has provided better time management for City processing, site inspection and report preparation.
- The property sellers and their real estate agents have been proactive in applying for and securing City permits to correct unpermitted work prior to property listings and the issuance of an RBR report. It is apparent that property owners (sellers) are being more proactive at the frontend of the property sale process. Real estate agents are urging sellers to resolve unpermitted improvements and violations, and sellers are requesting City permits (mostly "retroactive" building permits) before filing a request for a resale report. By doing so, sellers are seeking to avoid or minimize fines/penalties or potential delays in the property sale.
- When a "clean" resale report is issued (no violations or corrections) or when the property owner completes all corrections or remedial actions to resolve violations, the Building Division staff issues a "Notice of Compliance."
- A refund of the RBR fee is offered to the applicant that has been issued a "clean" resale report with no cited violations or corrections.

Staff has received few complaints about the reports and unpermitted work. Since the updated program was launched in early 2017, there have been less than ½ dozen appeals on the report findings. The complaints that are received are about processing time and the inspection schedule.

The following table provides RBR activity statistics for the past four years of administering the updated Program:

Reporting Year	Total RBRs Issued	Total Monthly Average	Total Refunds Issued
2017	634	50	15
2018	635	49	23
2019	592	45	19
2020 (Year-to-date)	565	74	38

High Demand Real Estate Market & COVID 19 Pandemic

As recently reported in Bay Area news, San Francisco and the South Bay are experiencing an exodus of City residents that are moving outward to the suburbs. A combination of factors is causing this exodus including: 1) employers requiring employees to work from home in response to the COVID-19 Shelter-in-Place order; 2) skyrocketing rents in San Francisco; and 3) low interest rates for real estate loans (mortgage interest rates are below 3%). Our local realtors have reported record numbers of new clients seeking housing in Marin. Further, the available real estate inventory is low, so property that is placed on the market sells quickly, resulting in shorter transaction periods.

As a result of this spike in activity, the RBR applications are at a record high (as cited above, monthly average has jumped 35%) and one Building Inspector has been dedicated to administering the

inspections and resale reports. Other staff in the Building Division have had to step in and assist during periods of heavy application/inspection activity. Because of reduced staffing resulting from the COVID-19 pandemic, there have been delays in processing, inspecting, and issuing the resale reports. As the sellers, buyers and realtors rely on the information from the RBR in the property sale process, the delays in the issuance of the resale reports has been challenging for our customers.

Temporary RBR Program Measures

Staff has collaborated with Marin Association of Realtors to identify temporary measures that can be implemented during the current, high demand real estate market and the pandemic. We have agreed to the following, which is outlined in the attached resolution:

1. Temporarily cease the City inspection part of the process.
2. Prepare and issue a resale report that provides property information and the permit history on file with the City.
3. Temporarily reduce the RBR fee. The recommended fee reduction is discussed in the Fiscal Impact section of this report.
4. Apply these interim measures for a period of six (6) months, with the potential of it being extended if the real estate market continues to surge and the pandemic continues.

ANALYSIS:

Staff finds that the temporary measures will assist in reducing turnaround time for issuance of a resale report and allow the City's RBR inspector to be deployed to other, needed inspection services. Further, the issuance of an RBR report that provides the property permit history only would be like the resale programs in Marin where no inspection is completed (e.g., Town of Corte Madera). For now, the other advantage is one of safety to the customer and the Building Inspector. With the current high demand real estate market where the available inventory is selling quickly, a great number of sellers are remaining in their homes during the property listing and sale process. As a result, there is a greater number of person-to-person encounters during the RBR inspection process.

There are two downsides to these interim measures. First, without a City inspection, unpermitted work would not be identified and cited for correction. Second, if unpermitted work is not cited, there would be a temporary reduction in projected revenue (discussed below in Fiscal Impact section) that is generated from the issuance of retroactive permits with fines/penalties. These concerns are best addressed by adopting the measures for the limited six-month-period, as recommended by staff. This time frame will allow staff to monitor these issues before considering any extension of the interim measures.

COMMUNITY OUTREACH:

Staff has been in direct contact and worked with the Marin Association of Realtors (MAR) on the draft interim measures and temporary fee reduction. MAR is supportive of the interim program measures.

FISCAL IMPACT:

The administration of the RBR Program is funded by fees. As noted above, on December 5, 2016 the City Council adopted an update of the RBR Program fee schedule. The adopted RBR fees are presented in the table below. The fees are based on a 2016 cost study that was prepared by staff, which represents staff time to complete the service, including a minor amount of overhead. Completing the field inspection and reporting the inspection findings represents about 50% of the service time and

SAN RAFAEL CITY COUNCIL AGENDA REPORT / Page: 4

cost represented in the adopted fees. Therefore, staff is recommending that during this interim period, the RBR fees be temporarily reduced as presented in the table below (right column).

RBR Service	Currently Adopted Report Fees	Temporary Fee Reduction (Recommended)
Resale Report- Single-Family Residential	\$290.00	\$145.00
Resale Report- Duplex	\$290.00/unit	\$145.00/unit
Resale Report- Multiple-Family/Apartments First Unit.	\$270.00	\$135.00
Each additional Multiple-Family Dwelling/Apt. Unit	\$30.00	\$15.00
Resale Report- Condominiums	\$255.00	\$128.00
Appeal	\$100.00	N/A

Please note two factors. First, a “not applicable” entry has been placed in this table for appeals. An appeal is offered to the customer that challenges the field inspection findings that are reported in the RBR. If, during this interim period no field inspections are conducted, there would be no appeals. Second, during this interim period, the fee would not be refundable. The current refund that is offered is for a “clean” resale report that is issued based on the findings of the field inspection, which would not be conducted during this interim period.

Year-to-date, the City has collected \$150,100 in program fees. Regarding the 100% refund that is issued for “clean reports,” year-to-date, the City has issued 38 refunds for a total amount of \$10,500. As noted, revenue is generated by the retroactive permits and penalties for unpermitted work that is disclosed as part of the RBR inspection process. If inspections are ceased for the six-month period, it is estimated that \$80,000-100,000 in projected revenue from retroactive building permit and penalties (investigation fees) would not be realized.

OPTIONS:

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

1. Adopt resolution as recommended by staff; or
2. Adopt resolution with additional changes to the interim measures; or
3. Direct staff to return with additional information; or
4. Reject the report.

RECOMMENDED ACTION:

Adopt resolution.

ATTACHMENTS:

1. Resolution

RESOLUTION NO. _____

RESOLUTION OF THE SAN RAFAEL CITY COUNCIL ADOPTING TEMPORARY MEASURES FOR ADMINISTERING THE RESIDENTIAL BUILDING RECORD PROGRAM (“RBR PROGRAM”) SET FORTH IN SAN RAFAEL MUNICIPAL CODE TITLE 12 (BUILDING REGULATIONS), CHAPTER 12.36 (REPORT OF RESIDENTIAL BUILDING RECORD) DURING THE HIGH DEMAND REAL ESTATE MARKET AND COVID-19 PANDEMIC

WHEREAS, on December 16, 2016, the City Council adopted Ordinance No. 1945 amending San Rafael Municipal Code Title 12, Chapter 12.36 (Report of Residential Building Record), which set forth the general administration and enforcement of what is known as the RBR Program. The RBR Program requires that upon resale of any residential property with the City, the property seller shall obtain from the City a report (resale report) of the City permit records and City inspection of the property. The resale report provides an added level of disclosure to the purchaser of the property; and

WHEREAS, in tandem with the adoption of Ordinance No. 1945, on December 16, 2016 the City Council adopted: a) Resolution No. 14243 which sets forth the specific policies, practices, and procedures for administering the RBR Program; and b) Resolution No. 14244 which amended the City’s Master Fee Schedule to update fees specific to the RBR Program; and

WHEREAS, Resolution No. 14243 includes, among others the specific process steps for and required information to be included in a resale report. The resale report must include a complete history of the property permit records (Building and Planning Division permits) and code enforcement cases on file with the City. Further, a property inspection must be conducted by a City inspector and the resale report shall include the findings of the inspection and shall cite violations and/or unpermitted construction that must be corrected or remedied. This resolution also includes a commitment that within seven (7) business days following City receipt of the RBR application, City staff is to contact the property owner/seller or their representative to schedule a date and time for City inspection of the property; and

WHEREAS, San Francisco and the South Bay are experiencing an exodus of residents moving outward to the suburbs. A combination of factors is causing this exodus including: 1) the COVID 19 Shelter-in-Place Order has mandated that employees work from home; 2) skyrocketing rents in San Francisco and South Bay; and 3) the low interest mortgage loan rates that are currently available. The high demand real estate market has resulted in a low inventory and shorter property sale transaction periods; and

WHEREAS, the COVID-19 pandemic has led to significant budget cuts and staffing reductions resulting in slower processing times and inspection scheduling for resale reports; and

WHEREAS, the Community Development Department staff has collaborated with Marin Association of Realtors to develop temporary, interim measures for administering the RBR Program during the pandemic and this high demand real estate market. The interim measures include temporarily ceasing the City inspection portion of the RBR Program for six months;

NOW, THEREFORE, BE IT RESOLVED, that the City Council hereby adopts the following temporary measures for administering the RBR Program:

1. The City inspection, reporting of the inspection results, and the citing of violations and unpermitted improvements outlined in and required by City Council Resolution No. 14243 shall cease during this temporary period. All other RBR Program tasks and actions outlined in Resolution No. 14243 shall continue to be administered by the City.
2. During this temporary period, the contents of the resale reports shall follow the requirements set forth in San Rafael Municipal Code Chapter 12.36 (Report of Residential Building Record), Section 12.36.060 (contents of report) except that the report will not include City site inspection findings.
3. The RBR application and related fees shall temporarily be adjusted as follows:

RBR Service	Temporary Fee Reduction
Resale Report- Single-Family Residential	\$145.00
Resale Report - Duplex	\$145.00/unit
Resale Report- Multiple-Family/Apartments First Unit.	\$135.00
Each additional Multiple-Family Dwelling/Apt. Unit	\$15.00
Resale Report- Condominiums	\$128.00
Appeal	NA

During this temporary period, no refunds will be issued.

4. During this temporary period, issued resale reports shall continue to be valid for a period of six (6) months with the ability for the Building Official to issue a one-time extension of up to an additional 90 days.
5. These temporary measures shall be in place and in effect for a period of six (6) months or until May 16, 2021. Prior to the May 16, 2021 sunset date of these temporary measures, the Community Development Department staff shall assess the status of the real estate market and the COVID-19 pandemic to determine if the temporary measures should be extended for an additional period not to exceed six months. An extension of the temporary measures shall require the approval of the City Council.
6. Following the sunset date of these temporary measures without extension by the City Council, administration, and enforcement of the RBR Program shall resume consistent with the adopted policies, practices and procedures set forth in City Council Resolution No. 14243. Further, at that time, the RBR fees shall return to the full application fee amounts set forth in the City of San Rafael Master Fee Schedule.

I, LINDSAY LARA, Clerk of the City of San Rafael, hereby certify that the foregoing resolution was adopted at a regular meeting of the City Council on the 16TH day of November 2020.

AYES:

NOES:

ABSENT:

LINDSAY LARA, City Clerk



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Economic Development

Prepared by: Simon Vuong
Economic Development Coordinator

City Manager Approval: _____

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

TOPIC: DOWNTOWN BUSINESS IMPROVEMENT DISTRICT (BID) BUSINESS ASSESSMENT ANNUAL RENEWAL

SUBJECT: RESOLUTION DECLARING THE CITY COUNCIL'S INTENTION TO LEVY AN ANNUAL ASSESSMENT FOR THE DOWNTOWN SAN RAFAEL BUSINESS IMPROVEMENT DISTRICT

RECOMMENDATION:

Accept report and adopt resolution declaring the City Council's intention to levy an annual assessment for the Downtown San Rafael Business Improvement District.

BACKGROUND:

Section 36500 of the California Streets and Highways Code allows for the creation of a business improvement district (BID) within a municipality, whereby businesses within the district self-assess an annual fee in order to pay for improvements and activities which benefit the overall business district. The intent of the state law is to provide a funding mechanism for business districts to promote economic vitality.

In 1979, businesses in Downtown San Rafael set up a business district. This original district included approximately 125 businesses along Fourth Street between Lincoln Avenue and E Street. In 2013, the City Council voted to replace it with a larger district of approximately 700 businesses along Fourth Street. The expanded district includes the West End and some side streets, as well as non-ground floor tenants and other tenants not included in the original BID.

For 2020, the [BID Board of Directors](#) has focused on navigating a new business environment in the midst of an unprecedented pandemic due to COVID-19. Their efforts have focused on keeping the Downtown community and members informed during a very challenging time for all merchants. However, the Board has been very busy working on actively promoting Downtown through social media, the website, marketing campaigns, email blasts, and acting as a conduit for disseminating critical reopening information from Marin Recovers and the State.

FOR CITY CLERK ONLY

Council Meeting:

Disposition:

The BID Board has been collaborating with downtown stakeholders, including the City of San Rafael, the Chamber of Commerce, the Downtown San Rafael Arts District (DSRAD), and the San Rafael Business Development Center (SBDC) to provide hands on help to all struggling businesses. During this time the Board has contributed donations to the San Rafael Small Business COVID-19 Disaster Relief Fund, partnered with our Parking Services Division and Department of Public Works for setting up and installing temporary curbside pickup spaces and temporary outdoor dining spaces in Downtown, created a directory of open and closed businesses, collaborated with Dominican University students to install art in empty store windows, worked with merchants on their presentation of Dia de los Muertos altar window displays, as well as many other initiatives.

However, the largest and most consequential event for the BID Board in 2020 has been funneling and leveraging their knowledge and relationships into producing the 'Dining Under The Lights' outdoor dining event. Held Thursday and Friday nights starting in July and continuing through the end of November, the BID has worked with dozens of restaurants to make this signature Downtown program a reality, with the intent of providing a lifeline to our many restaurants hit hard by the pandemic. Dining outdoors has been one of the few options that restaurants have had available to them to continue business during the shelter-in-place. For many patrons, this is also preferred over indoor dining, with doubt and uncertainty over partaking in any activities conducted inside. With indoor dining restrictions in place for the foreseeable future, and with an overwhelmingly positive reception from the community and businesses for 'Dining Under The Lights', the BID would like to see 'Dining Under The Lights' return in 2021 as soon as it is feasible. Additional information relating to these accomplishments is included in the BID 2020 Annual Report (Attachment 2).

Since there have been a number of restrictions imposed by the County to stop the spread of the coronavirus and prohibitions on large social gatherings, the BID has not been able to host many of the traditional events of years past, such as the Sidewalk Sales, Hops & Vines Stroll, May Madness, Trick-or-Treat, or the West End Village Celebration.

ANALYSIS

BID Renewal Process

Per State law, to renew the annual assessment, the City Council must first adopt a Resolution of Intention to Levy an Annual Assessment and set a public hearing for a future date. In accordance with State law, the annual renewal process for the BID assessment will take place at two City Council meetings as follows:

Meeting #1 – November 16, 2020

Resolution of Intention to Levy an Annual Assessment: This meeting is intended to notify the public of the process. The only action required is to accept the BID annual report, which reviews past BID Board accomplishments and adopt the resolution of intention to levy an annual assessment. These actions do not commit the City Council to any ultimate decision other than initiating the annual renewal process.

Meeting #2 – December 7, 2020

Public Hearing on Annual Assessment: This is the meeting to receive additional input from the public on the annual assessment for the BID and to confirm the levy of an assessment for the upcoming year.

COMMUNITY OUTREACH:

The BID will notify its members of the annual renewal process through its member communications, including the BID e-newsletter, notifications on the BID website, and through agenda items at the monthly BID Board meeting.

FISCAL IMPACT:

There is no fiscal impact associated with this action.

OPTIONS:

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

- 1) Accept report and adopt the resolution as presented.
- 2) Accept report and adopt the resolution with modifications.
- 3) Decline to accept the report and decline to adopt the resolution.

RECOMMENDED ACTION:

Accept report and adopt a resolution declaring City Council's intention to levy an annual assessment for the Downtown San Rafael Business Improvement District.

ATTACHMENTS:

1. Resolution
2. BID 2020 Annual Report, including:
 - A. Exhibit A: BID Map
 - B. Exhibit B: BID 2020 Assessment Formula
 - C. Exhibit C: BID Budget
 - D. Exhibit D: Memo – BID Financial Summary

RESOLUTION NO. _____

RESOLUTION OF THE SAN RAFAEL CITY COUNCIL DECLARING THE CITY COUNCIL'S INTENTION TO LEVY AN ANNUAL ASSESSMENT FOR THE DOWNTOWN SAN RAFAEL BUSINESS IMPROVEMENT DISTRICT

WHEREAS, California Streets and Highways Code Sections 36500 et seq. authorizes cities to establish parking and business improvement areas for the purpose of promoting economic revitalization and physical maintenance of business districts, in order to create jobs, attract new businesses and prevent erosion of business districts; and

WHEREAS, the Downtown San Rafael Business Improvement District ("BID") was established in 2013 to amend the existing Parking and Business Improvements District instituted in 1979 in the commercial area on and around the Fourth Street corridor in San Rafael; and

WHEREAS, pursuant to San Rafael Municipal Code Chapter 10.09 and California Streets and Highways Code Section 36533, the Advisory Board of the BID shall prepare an annual report for each calendar year in which assessments are to be levied which the City Council shall review; and

WHEREAS, the BID Advisory Board has prepared and filed with the City Clerk its "BID 2020 Annual Report" and the City Council has reviewed and approved the report;

NOW THEREFORE BE IT RESOLVED by the City Council of the City of San Rafael as follows:

1. The City Council intends to levy and collect an annual benefit assessment for calendar year 2021 on businesses in the Downtown San Rafael Business Improvement District to pay for selected improvements and activities of the BID.

2. The boundaries of the entire area to be included in the BID, and the boundaries of each separate benefit zone within the BID, are set forth in Exhibit A to the BID 2020 Annual Report on file with the City Clerk.

3. The types of improvements and activities proposed to be funded by the levy of assessments on business in the BID are set forth in Exhibit B to the BID 2020 Annual Report on file with the City Clerk.

4. The method and the basis for levying the benefit assessment on businesses within the BID are set forth in San Rafael Municipal Code Section 10.09.050.

5. All funds of the BID shall be expended on improvements and activities within the BID.

6. New businesses shall not be exempt from payment of the fee.

7. A public hearing to consider the levy of the BID assessment shall be held virtually before the City Council on December 7, 2020 at 7 p.m. in the Council Chambers, 1400 Fifth Avenue, San Rafael, California. At the public hearing the testimony of all interested persons, for or against the levy of the BID assessment or on any of the matters included in the assessment, will be heard and all protests collected.

8. A protest against the assessment of the BID, or any aspect of the assessment may be made in writing or orally at the public hearing. To be counted as a part of a majority protest against the assessment of the BID, a protest must be in writing and from a business in the BID. A written protest may be withdrawn from the record at any time before the conclusion of the public hearing. Each written protest shall contain a written description of the business in which the person signing the protest is interested, sufficient to identify the business, and its address. If the person signing the protest is not shown on the official records of the City of San Rafael as the owner of the business, then the protest shall contain or be accompanied by written evidence that the person is the owner of the business. Any written protest of the regularity of the proceedings shall be in writing and clearly state the irregularity or defect to which objection is made.

9. If at the conclusion of the public hearing on December 7, 2020 there is a record of written protests by business owners within the BID who will pay fifty percent (50%) or more of the total assessments of the entire BID, no further proceedings to amend the BID shall occur. New proceedings to amend the BID shall not be undertaken again for a period of at least one year from the date of the finding of the majority written protest by the City Council. If the majority written protest is against a specific activity, inclusion of a specific area or type of business, or a specific assessment amount, adjustments may be made to the amendment proposal.

10. Further information regarding the Downtown San Rafael Business Improvement District may be obtained from the Office of Economic Development at 1125 B Street, San Rafael, CA 94901.

11. The City Clerk is directed to give notice of said public hearing by publishing the notice once in a newspaper of general circulation in the City of San Rafael, at least seven days before the hearing; and by mailing a complete copy of this Resolution of Intention to those interested parties who have filed a written request with the local agency for mailed notice of public meetings or hearings on new or increased general taxes.

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 16th day of November 2020, by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

Lindsay Lara, City Clerk



BUSINESS IMPROVEMENT DISTRICT

ANNUAL REPORT 2020

BID Board of Directors

**President Elect 2021 & Event Chair
2020 – Jaime Ortiz**
Bank of Marin

**Vice President 2020-21 – Adam
Dawson**
Mike's Bikes

Secretary, July 2020-21 – Tobi Lessem
Bodywise Massage

**Secretary, Jan. - June 2020 –
Bonnie Ayers Namkung**
Marketing & Communications

Treasurer, 2020-21 – Jed Greene
Five Corners Group

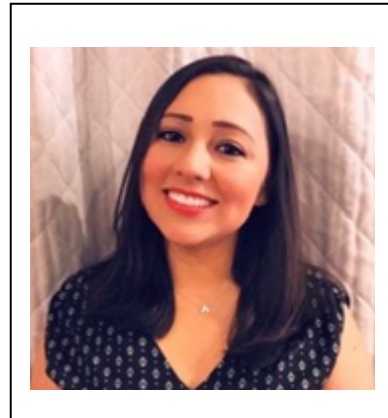
Directors

**President/Social Media Chair 2020 –
Erika Bowker,**
Pleasures of the Heart

Jeff Brusati 2020-21 – T & B Sports

Morgan Schaufler 2020-21 –
Youth in Arts

Elisabeth Setten 2020-21 –
Art Works Downtown



President's Message

Dear Fellow BID Members,

The BID Board is happy to present a summary of our 2020 activities to support San Rafael's unique Downtown business area. It was far from business as usual this year.

We focused on keeping our Downtown business owners informed and ready to respond to the ever-changing Covid-19 landscape. We constantly worked on promoting our Downtown through social media, our website and marketing campaigns. Our goal was to keep our community and members current as we moved ahead through the many challenges.

As I finish my term, I thank you for your perseverance and resilience in pivoting to stay open and relevant in these unprecedented times. Keep up the good work and please to contact Jaime or Eda to get involved in improving your community!

Erika Bowker, President 2020

2020 ACCOMPLISHMENTS

- **Banners** – created and installed **Shop Local * Eat Local * Support San Rafael** cross-street banners immediately at lockdown and all events were canceled. Banners remain in the east and west ends across 4th Street. Posted bumper stickers with same message.
- **Donations** – BID was an original donor to the SR Small Business COVID-19 Grant Program and voted for remaining Target funds to support this initiative during the early stages of the crisis. We also supported the nonprofit Marin Multicultural Center and CFI.
- **Member emails, newsletters, and updates** – continuously communicated with members to keep them informed of Covid-19 information updates and Tier status for closings and re-openings. Explained details and provided links to information sources, including Marin Recovers, PPE and safety protocols, PPP loans, small business grants and classes, permits and more.
- **Hands-on help** - executive director engaged with members by email, phone and in person amidst day-to-day changes of the pandemic.
- **Parking** - worked with City Parking and Public Works depts. to quickly create four free 15-minute parking spaces per block for safe pickup of food and goods. Promoted free weekend parking program and three hours free holiday parking in City garages and lots.
- **Website updates** – presented current content for BID members and public visitors, highlighted Dining Under the Lights and built status box to notify partners and public of confirmed and canceled dates. Also featured a link to air quality reports.
- **Created online searchable directory** - Downtown businesses can create and continuously update their listing (closed, open for takeout only, special hours, sales, etc.) Drove traffic to directory through banners, ads and social media.
- **Collaborations** – worked with City government and departments including Economic Development, Public Works, Parking, Recreation and SRPD. Partnered with Downtown San Rafael Arts District (DSRAD), SR Chamber, SBDC and other Marin Cities.
- **Outdoor dining areas** – liaison between businesses and the City for outdoor areas to offer any services, since indoors was not allowed. Helped with permits and interest and ability to work outside. Advised re: TAM Grant for restaurant dining in parking spaces.
- **Beautification initiatives** – after spearheading the West End pilot Tivoli overhead lighting project in 2019, acted with City Public Works to extend the lights east to the SMART station in time for the kickoff of Dining Under the Lights.
- **Bike racks** – worked with DSRAD and City to install eight Cultural Art District branded bike racks paid for by California Arts Council in Downtown locations.
- **Art in empty store windows** – collaborated with Dominican professor and students to install original, uplifting art in windows of empty street-level locations.

- **Dia de los Muertos altar window displays** – 25+ downtown merchants, in a show of community, presented Day of the Dead window art. Collaboration included BID sponsor, Marin Multicultural Center, San Rafael Dia de los Muertos, City Rec Dept. and artists.
- **Online posts of art news** – DSRAD/BID cross promotional Instagram @artsanrafael - 508 followers, Facebook - 441 followers, +35% from 2019.
- **Social media director** – board member Erika Bowker actively posts to 3,500 followers on Instagram and Facebook, multiplying effects by engaging with Downtown businesses with their own social media and email campaigns. BID added 1,000 followers this year.
- **Downtown and DUTL promotion** – marketed through print ads and digital media: BID website, Facebook page, Nextdoor, Marin newspapers, as well as PR sites and articles. Strategic paid ad boosts on Facebook, coached merchants to feature Dining Under the Lights (DUTL) on their websites, newsletters and email lists to increase diners and shoppers Downtown.
- **Holiday window decorating contest** – annual contest with prizes to bring some festive fun to merchants and shoppers. Partnered with CFI (California Film Institute) and Mill Valley Film Festival to sponsor Grab and Go Program with the goal of promoting our BID District and supporting our local small businesses.



2020 Events

Sadly, we were forced to call off all our traditional events due to the pandemic. We were also sad to say goodbye to Brian Auger on his retirement as the City's events coordinator, after his decades of cheerful and expert help on our events, including our current canceled lineup:

- **32nd Annual May Madness** (pivoted to Sat. Night Cruise in August)
- **32nd Trick or Treat on Fourth Street** (became Dine in Costume at DUTL)
- **Clean & Green Day**
- **Sidewalk Sales**
- **Hops & Vines Stroll**
- **West End Village Celebration**
- **Shop Local Saturday** (now **Shop Local Season** - featuring print and digital ad campaigns highlighting the many reasons to support Downtown businesses)

Dining Under the Lights and Outdoor Dining Areas

To bring hope, commerce and life back to our Downtown, we created a new program—Dining Under the Lights, with substantial help from the City of San Rafael. We are extremely grateful for the fast action and generosity of so many City departments in making it happen.

We are proud to have been one of the first in Northern Calif. to develop an on-street dining program. We launched on Thursdays in June, added Fridays in July, and eventually extended the program through November.

This created the opportunity for restaurants to begin rehiring staff and serving seated diners. We acted as liaison between departments of the ABC, the County and City to encourage over 45 restaurants, caterers, breweries and bars to partner and safely participate.

Dining Under the Lights (DUTL) also gave the weary public an outlet to feel safely distanced and protected, enjoy a moment of normalcy and support their local small business owners.

Our DUTL program allows restaurants to maximize their profit potential without costly building permits, construction costs or the lost foot traffic caused by construction. Providing our local restaurants with the ability to seat more diners represents a significant revenue improvement which will help them navigate these extremely difficult times.



DUTL also promotes our Downtown by providing foot traffic for other local businesses. This “free advertising” will draw more patrons of different demographics to our Downtown, giving our local retailers a boost.

Outdoor seating of every variety offers benefits that make our restaurants more attractive to a variety of diners. Street seating can also address other issues, such as providing guests with mobility issues the easy entry and exit of al fresco dining. This ground-level seating is ideal for guests who use wheelchairs and other walking aids. Diners with bikes and dogs also appreciate the freedom of outdoor dining.

This spring, in the season of growth and renewal, we advocate for more outdoor dining options. These can stimulate higher revenues and brighter financial forecasts for bring our City and Downtown businesses.

We hope to continue our successful DUTL in 2021. Some BID members are suggesting starting the 2021 season as early as April or whenever weather permits.

The BID Organization and 2021 Work Plan

Our 2021 agenda emphasizes ensuring the BID's organizational foundation is strong, fiscally responsible and able to promote Downtown to members and the community. With the future very much unknown, including our level of funding and what events may be allowed, our intention is to:

- **Communicate with members** – continue engagement through routine communications via website, email, newsletters and in person
- **Add board members and volunteers** – actively recruit committee members and engage prospective board members
- **Raise BID funding** – explore supplemental funding sources through business sponsorship of events, matching funds and more
- **Collaborate with local groups** – continue partnerships with SR City Departments, the SRPD, the Chamber and the DSRAD to expand the BID's reach and create more visibility and excitement for Downtown.
- **Resume Dining Under the Lights** – restart the program in the spring when the weather turns warm
- **Continue May Madness** – host our legacy event whenever and however it can be safely done (parade or cruise). Hopefully, we can produce other events as well.

See current information, status and business directory at:
DowntownSanRafael.org

Our Mission

The Business Improvement District promotes the economic vitality of Downtown and the common interests of Downtown business owners. We help promote a district that is a welcoming place to shop, dine, work, live and enjoy.

Our Vision

Downtown is the cultural heart and soul of our City, where activity, dining, entertainment and commerce blend with creative and entrepreneurial spirit. Downtown is where hometown pride and community thrive.



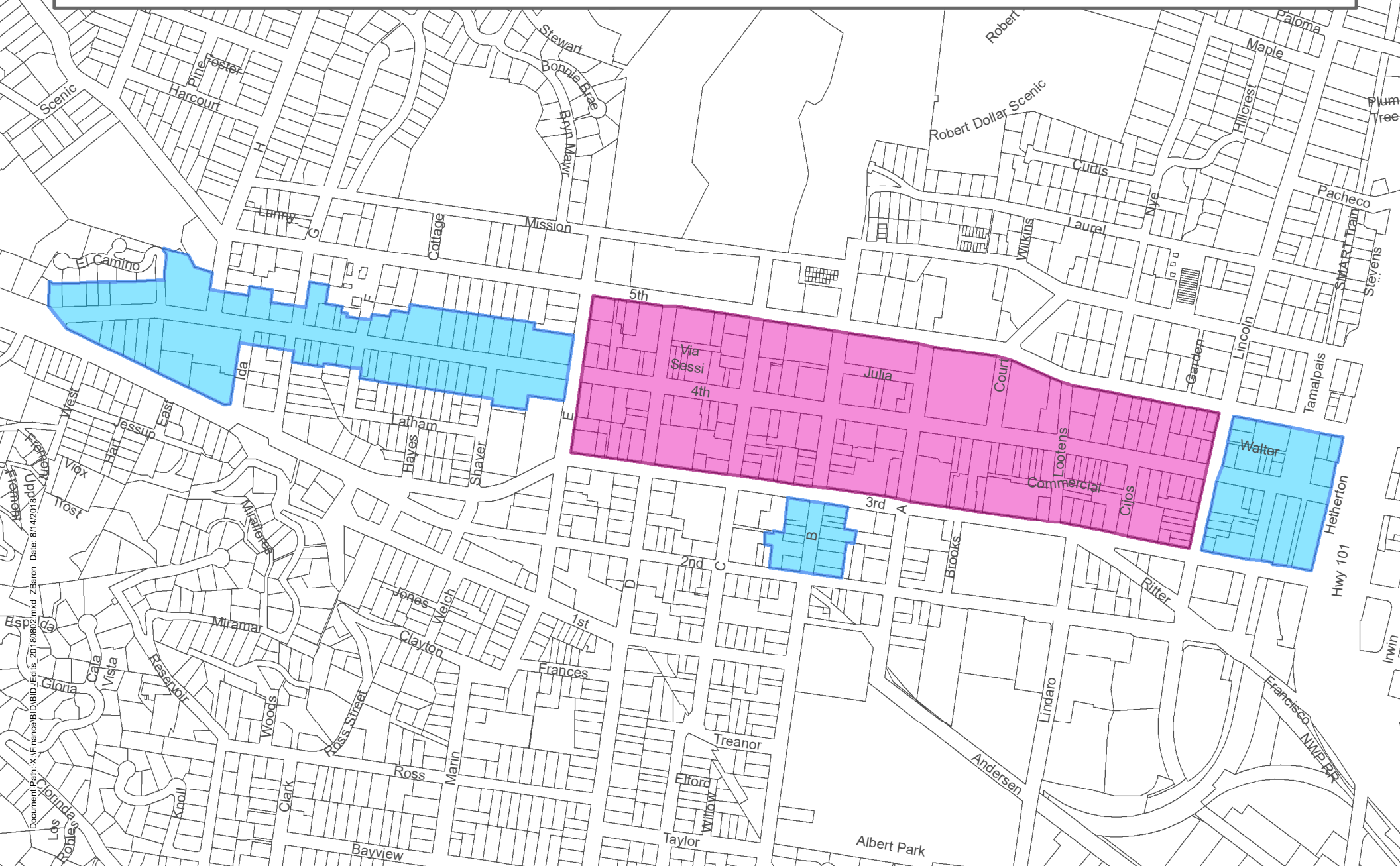


San Rafael Business Improvement District (BID)

14 August 2018

Exhibit A

- PREMIUM BID
- STANDARD BID



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Exhibit B**2020 BID Assessment**

Type of Business	Standard	Premium
Retail on the Ground Floor, Restaurant, Personal Services on the Ground Floor	\$175	\$225
Retail on the Ground Floor, Restaurant, Personal Services on Ground Floor with Less than \$100,000 in Gross Receipts	\$150	\$175
Offices, Professional, Personal Services, not on Ground Floor, Retail not on Ground Floor	\$75	\$100
Personal Services Sole Practitioner	\$25	\$50
Non-Profit Organization and Fine Artists	\$50	\$50
Financial Institution	\$375	\$425

San Rafael Downtown BID Budget

Exhibit C

	2019 Year End Fund Balance	\$58,457	2020 Year End Fund Balance	\$69,153
Revenues	2020 Programs	Year 2020 Estimated Year End	2021 Programs	Year 2021 Proposed Budget
	BID Assessments	\$88,353	BID Assessments	\$60,000
	Event Income - May Madness	\$1,199	Event Income (May Madness)	\$15,000
	Sponsorship - DUTL	\$2,000		
	Sponsorship - General	\$1,000		
	Interest	\$6		
Total Operating Income		\$92,558		\$75,000
Expenses				
Events	May Madness	(\$5,542)	May Madness	(\$15,000)
	Trick or Treat	(\$100)	<u>Other Events/Costs:</u>	(\$10,000)
	West End Celebration (2019)	(\$941)	Trick or Treat	
	Event Staffing	(\$2,175)	Shop Local Saturday	
			West End Celebration	
			Sidewalk Sales	
			West End Events	
			Event Staffing	
Events subtotal		(\$8,758)		(\$25,000)
Initiatives	Dining Under the Lights (includes BID staff costs)	(\$32,000)	Dining Under the Lights (includes BID staff costs)	(\$40,000)
	SR Chamber (Small Business COVID-19 Grant Program)	(\$5,000)	<u>Other Initiatives:</u>	
	Children's Cottege (from 2019 WEVC)	(\$750)	Downtown SR Arts District (DSRAD)	
			Beautification	
Initiatives subtotal		(\$37,750)		(\$40,000)
Marketing & Promotions	Event Advertising/Marketing	(\$8,000)	Event Advertising/Marketing	(\$10,000)
	Website Maintenance	(\$2,000)	Website Maintenance	(\$2,000)
	BID Member Communication	(\$500)	BID Member Communication	(\$500)
	Social Media	(\$500)	Social Media	(\$500)
Marketing & Promotions Subtotal		(\$11,000)		(\$13,000)
Operating Expenses	Staffing	(\$18,000)	Staffing	(\$17,000)
	Insurance	(\$2,240)	Insurance	(\$3,000)
	Office Expense (supplies, communications, etc.)	(\$2,000)	Office Expense (supplies, communications, etc.)	(\$2,000)
	Professional Fees	(\$1,700)	Professional Fees	(\$1,700)
	Meeting and Travel Expense	(\$414)	Meeting and Travel Expense	(\$500)
Operating Expenses Subtotal		(\$24,354)		(\$24,200)
Total Expenses		(\$81,862)		(\$102,200)
Net Profit/(Loss)		\$10,696		(\$27,200)
Projected 2020 Ending Fund Balance/Carryover to 2021		\$69,153	2021 Ending Fund Balance	\$41,953

*Target Fund balance of \$20,962 was used in its entirety to fund small businesses as Covid-19 relief.

Memorandum

To: San Rafael City Council

From: Jed Greene, Treasurer
San Rafael Business Improvement District

Date: October 30, 2020

Re: San Rafael Business Improvement District Financial Summary

This memorandum highlights the significant 2020 financial activity of the San Rafael Business Improvement District (BID) and the 2021 proposed budget.

2020

The COVID -19 outbreak, turned our world upside down, as it did everyone's. We made a giant pivot from local events, which we could no longer do, to helping the community and local businesses as much as possible. A majority of our discretionary funding was used to support the Dining Under the Lights initiative and helping with the Small Business COVID-19 Grant Program. We also anticipated that our revenues would decline sharply in 2021, so we attempted to maintain a high cash reserve to use in 2021.

For 2020, the BID is projected to have a net income of approximately \$11,000, leaving a cash balance of \$69,153.

Proceeds from BID assessments were higher than budgeted, increasing to over \$88,000, approximately 6% higher than 2019. Due to COVID-19 restrictions, we were unable to host many of our planned events, providing the BID with significant expense savings. However, we provided a significant financial outlay (estimated to be \$32,000 by the end of the year) for the Dining Under the Lights initiative, a vital program for the local restaurant industry and community as a whole. We also granted the City and San Rafael Chamber of Commerce \$5,000 for their Small Business COVID-19 Grant Program, to help local businesses affected by COVID-19. We voted to use the remaining Target funds for that initiative as well.

2021

Our activities and financial budget are difficult to anticipate for 2021. We expect a significant decline in BID assessment revenue to \$60,000, or over a 30% decline from 2020. However, because of our cash reserves, our total expenses are budgeted to be similar our typical annual cash outflow before COVID-19. We anticipate using a majority of our discretionary spending on the Dining Under the Lights program and/or local events. However, we are aware that this is a fluid situation and there are many factors that could prevent or adjust our plan and we will react accordingly. The BID projects to have a net loss of \$27,200 in 2021, but our cash reserves give us the ability to continue to help local businesses and the community during these trying times. Our anticipated cash balance at the end of 2021 is \$41,953.



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: FIRE DEPARTMENT

Prepared by: Darin White, Fire Chief

City Manager Approval: _____

TOPIC: ANNUAL OCCUPANCY INSPECTIONS

SUBJECT: RESOLUTION ACKNOWLEDGING RECEIPT OF REPORT FROM FIRE CHIEF REGARDING THE INSPECTION OF CERTAIN OCCUPANCIES REQUIRED PURSUANT TO SECTIONS 13146.2 AND 13146.3 OF THE CALIFORNIA HEALTH AND SAFETY CODE

RECOMMENDATION:

Adopt resolution acknowledging receipt of a report made by the Fire Chief regarding the annual inspection of certain occupancies pursuant to Sections 13146.2 and 13146.3 of the California Health and Safety Code for 2019.

BACKGROUND:

On December 2, 2016, a fire broke out in a warehouse, known as the Ghost Ship, in Oakland, California. What became the deadliest building fire in the history of the city took 36 lives that night. It quickly caught media attention throughout California, across the United States, and around the world. Numerous articles, editorials, and social media postings were published, specifically around the Bay Area.

Subsequently, media attention put a spotlight on fire and safety laws and inspections in California. Lawmakers quickly jumped to the occasion, and one law, [Senate Bill 1205 \(SB 1205\)](#), was authored to assist in the prevention of tragedies of this nature and magnitude. On September 27, 2018, SB 1205 became effective, and added a new section to the California Health and Safety Code (CHSC) which affects every fire department or fire district in the State. This new bill requires every fire department or district to annually report to its administering authority, compliance status with the annual inspection requirements of the California Health and Safety Code. The bill also requires the administering authority to formally acknowledge receipt of the compliance report in a resolution or a similar formal document.

ANALYSIS:

On September 27, 2018, SB 1205 became effective, and added a new section to the CHSC which affects every fire department or fire district in the State. This new bill requires every fire department or district to annually report to its administering authority, compliance status with the annual inspection requirements

FOR CITY CLERK ONLY

Council Meeting: _____

Disposition: _____

of the CHSC. The bill also requires the administering authority to formally acknowledge receipt of the compliance report in a resolution or a similar formal document. It also now requires every fire department or district providing fire protection services to annually inspect every building used as a public or private school. This same annual inspection requirement is applicable to hotels, motels, lodging houses, residential care facilities and apartment houses containing three or more living units. SB 1205 provides an avenue for policy makers to understand the annual inspection requirements and compliance status so that any communicated shortcomings can receive the necessary actions to remedy.

Within the City of San Rafael, there are 626 residential occupancy structures and 20 academic occupancies. The Fire Department was able to inspect 98% of the residential occupancies and 100% of the academic facilities.

FISCAL IMPACT:

There is no fiscal impact associated with this action. This resolution merely acknowledges that our Mayor and Council has accepted the report from the Fire Chief. The inspection program has been accomplished with existing Fire Department staffing resources.

OPTIONS:

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

1. Staff's recommended action to approve the Resolution.
2. Adopt Resolution with modifications.
3. Direct staff to return with more information.
4. Take no action.

RECOMMENDED ACTION:

Staff recommends approval of the Resolution

ATTACHMENTS:

1. Resolution

RESOLUTION NO. ____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL ACKNOWLEDGING RECEIPT OF A REPORT MADE BY THE FIRE CHIEF OF THE SAN RAFAEL FIRE DEPARTMENT REGARDING THE ANNUAL INSPECTION OF CERTAIN OCCUPANCIES REQUIRED PURSUANT TO SECTIONS 13146.2 AND 13146.3 OF THE CALIFORNIA HEALTH AND SAFETY CODE.

WHEREAS, California Health & Safety Code Section 13146.4 was added in 2018, and became effective on September 27, 2018; and,

WHEREAS, California Health & Safety Code Sections 13146.2 and 13146.3 requires all fire departments, including the San Rafael Fire Department, that provide fire protection services to perform annual inspections in every building used as a public or private school, hotel, motel, lodging house, and apartment house compliance with building standards, as provided; and,

WHEREAS, California Health & Safety Code Section 13146.2 requires all fire departments, including the San Rafael Fire Department, that provide fire protection services to report annually to its administering authority on its compliance with Sections 13146.2 and 13146.3; and,

WHEREAS, the City Council of the City of San Rafael intends this Resolution to fulfill the requirements of the California Health & Safety Code regarding acknowledgment of the San Rafael Fire Department's compliance with California Health and Sections 13146.2 and 13146.3;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN RAFAEL RESOLVES that it has received the annual inspection report required pursuant to Sections 13146.2 and 13146.3 of the California Health and Safety Code, as follows:

A. EDUCATIONAL GROUP E OCCUPANCIES:

Educational Group E occupancies are generally those public and private schools, used by more than six persons at any one time for educational purposes through the 12th grade. Within the City of San Rafael, there lie twenty Group E occupancies, buildings, structures and/or facilities.

During calendar/fiscal year 2019, the San Rafael Fire Department completed the annual inspection of twenty Group E occupancies, buildings, structures and/or facilities. This is a compliance rate of 100% for this reporting period.

Additional items of note regarding this compliance rate can be found in the accompanying staff report for this resolution.

B. RESIDENTIAL GROUP R OCCUPANCIES:

Residential Group R occupancies, for the purposes of this resolution, are generally those occupancies containing sleeping units, and include hotels, motels, apartments (three units or more), etc. as well as other residential occupancies (including several residential care facilities). These residential care facilities have a few different sub-classifications, and they may contain residents or clients that have a range of needs, including those related to custodial care, mobility impairments, cognitive disabilities, etc. The residents may also be non-ambulatory or bedridden.

During calendar year 2019, the San Rafael Fire Department completed the annual inspection of 615 of the 626 Group R occupancies, buildings, structures and/or facilities. This is a compliance rate of 98% for this reporting period.

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 said City held on November 16, 2020 by the following vote, to wit:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

LINDSAY LARA, City Clerk



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Library & Recreation

Prepared by: Catherine Quffa,
Assistant Library and Recreation
Director

City Manager Approval: _____

TOPIC: PROPOSITION 68 GRANT FUNDING OPPORTUNITIES

SUBJECT: RESOLUTIONS APPROVING THE SUBMITTAL OF GRANT APPLICATIONS FOR THE PROPOSITION 68 PER CAPITA GRANT, THE PROPOSITION 68 STATEWIDE PARK DEVELOPMENT AND COMMUNITY REVITALIZATION PROGRAM AND DETERMINING THE PICKLEWEED PARK ENHANCEMENT PROJECT TO BE CATEGORICALLY EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) AND AUTHORIZING STAFF TO FILE A NOTICE OF EXEMPTION IN COMPLIANCE WITH CEQA GUIDELINES

RECOMMENDATION:

Adopt resolutions approving the submittal of grant applications for the Proposition 68 Per Capita Grant, the Proposition 68 Statewide Park Development and Community Revitalization Program and determining the Pickleweed Park Enhancement Project to be categorically exempt from the California Environmental Quality Act (CEQA) and authorizing staff to file a Notice of Exemption in compliance with CEQA guidelines.

BACKGROUND:

In 2018, voters passed Proposition 68 (Prop 68), the “Parks, Environment and Water Bond Act of 2018”. Prop 68 authorized \$4 billion in general obligation bonds for state and local parks, environmental protection and restoration projects, and water infrastructure projects and flood protection projects. Through this, Prop 68 provides a variety of funding opportunities for local jurisdictions. Two of those grant opportunities include the Per Capita Grant Program and a Statewide Park Development and Community Revitalization Program. The State process for both Prop 68 grants requires that jurisdictions adopt a specific resolution prior to submitting the application, which verifies the City’s commitment and ability to implement the project.

The Per Capita Grant program is a non-competitive program made available for local park rehabilitation, creation, and improvement grants to local governments. Per Capita Grant funds are distributed to local jurisdictions based on population size.

FOR CITY CLERK ONLY

Council Meeting: _____

Disposition: _____

The Statewide Park Development and Community Revitalization Program (SPP) is a highly competitive funding opportunity with the goal of either creating new parks or enhancing existing parks as well as implementing new amenities, all of which must occur in critically underserved communities. SPP identifies underserved communities based on ratio of park space per 1,000 residents, median household income, and number of people below the poverty level. The maximum award amount for an SPP grant in the current funding round is \$8,500,000 with no local match required.

According to the SPP guidelines, projects must create or renovate at least one recreation feature and can only include one park per application. In San Rafael, Pickleweed Park, located at the Albert J. Boro Community Center and which serves the Canal neighborhood, is the only existing park that qualifies for this grant opportunity. This grant opportunity is consistent with the City's longstanding goal to convert the soccer fields at Pickleweed Park from natural to synthetic turf, and to enhance the surrounding park amenities. SPP provides a unique opportunity to pursue funding at a level that could otherwise not be achieved.

ANALYSIS:

Under current Prop 68 funding programs, the City qualifies for the Per Capita Grant program and the SPP.

Per Capita Grant

In 2019, the City submitted the Per Capita Allocation Questionnaire to determine the City's allocation under the grant program. Grant funds are allocated based on population and are one-time funds. On June 24, 2020, the State notified the City of their allocation amount of \$177,952.

According to the Per Capita Grant program guidelines, projects submitted must be for recreational purposes, either acquisition or development, and are subject to the following:

- Projects must be for capital outlay; that is, acquisition of land, or improvements to existing property beyond its original condition. Operation, maintenance, repairs are not eligible.
- Acquisition and development projects cannot be combined,
- A project can only have one location. One project serving several parks is not permitted.
- Development projects must be consistent with the park and recreation element of the grantee's general or recreation plan.
- Per Capita funds must be used to supplement, not supplant, local revenues in existence as of June 5, 2018.
- Contracted work must comply with the provisions of §1771.5 of the State Labor Code.
- Grantee must have adequate liability insurance, performance bond, or other security necessary to protect the State and Grantee's interest against poor workmanship, fraud, or other potential loss associated with the completion of the project.
- Pre-Construction Costs may not exceed 25% of the project amount.
- The primary purpose of any building constructed or improved must be public recreation.
- Projects must be accessible, including an accessible path of travel to the project.

After reviewing the projects that were evaluated as part of the City's recent 3-Year Capital Improvement Program process and the applying the above criteria, the Sun Valley Park Playground Replacement Project was identified as the project that would most benefit from these funds.

The project entails the replacement of the existing play structures with new play structures and parking and pathway improvements for ADA access. Other park playground replacement projects that were evaluated include Gerstle, Peacock Gap and Bernard Hoffman parks. Unfortunately, improving the

accessible paths of travel for ADA compliance at these three parks would exceed funding available through the Prop 68 Per Capita Grant program.

All projects not serving a “severely disadvantaged community” require a 20% match of funds. The median household income in the areas surrounding Sun Valley Park does not qualify as severely disadvantaged, therefore, a 20% local match is required. Staff recommend using Measure A funds (Fund #241) to provide the 20% local match.

In order to receive the allocation, the City is required to submit a resolution approving the filing of the project application. The resolution is due to the State no later than December 31, 2021, with the full grant application due no later than June 30, 2021. The deadline by which the City must fulfill all grant requirements, including installation of new infrastructure, is March 31, 2024.

Statewide Park Development and Community Revitalization Program (SPP)

SPP is a highly competitive grant opportunity that focuses on expanding and improving recreation access and amenities in critically underserved communities. The City of San Rafael has applied for SPP funding previously for different variations of the Pickleweed Park Enhancement project, in 2010 and 2011, and for the Prop 84 California Youth Soccer and Recreation Development Program Grant in 2016. Converting the Pickleweed Field to synthetic turf has been a critical park priority for the Canal community since 2010 and Pickleweed is the only park in San Rafael that would qualify as critically underserved per the SPP guidelines.

Currently, the Pickleweed Fields are closed for six (6) months of the year for maintenance and to provide opportunity for the grass turf to regenerate. Converting the fields to synthetic turf would allow them to remain open year-round, thereby doubling community access to this recreational amenity. In addition to converting the fields to synthetic turf, the project would add new amenities including: fitness equipment, a basketball/sport court, new play structure for children under 5, a gazebo, a community mural, backstops for little league on the fields, shaded seating throughout the park, an improved bathroom, and additional parking. These amenities were identified as priorities by Canal residents through a robust community engagement process.

The project plan also integrates environmentally friendly design, such as native and drought-tolerant landscaping, additional trees, bioswales and water filtration techniques, and improved LED lighting throughout the park and parking lot. More details on the project amenities and design can be found in Attachment 3.

The SPP grant requires local jurisdiction CEQA clearance and a recorded notice as part of the application. In consultation with an environmental consultant, the project has been reviewed for compliance with the CEQA Guidelines and it has been determined that the project is categorically exempt from CEQA. City Council action would confirm this finding and authorize filing of the Notice of Exemption with the County of Marin, as well as approve the submittal of the grant application.

The total funding request for the Pickleweed Park Enhancement project is \$8,480,000. The SPP application is due on March 12, 2021. The State will announce award recipients in Fall 2021, with project completion required by June 30, 2025.

COMMUNITY OUTREACH:

At the regular meeting of the Park and Recreation Commission on September 17, 2020, the Commission approved the selection of Sun Valley Park playground replacement project for the Per Capita grant application process. Once approved by Council, staff will conduct a community engagement process to

solicit input from residents on what amenities they would like to see in the playground replacement project.

The SPP grant requires significant community input for the application to be competitive. For the Pickleweed Park Enhancement project, staff presented the project scope to community members and solicited feedback during two virtual meetings, held in partnership with the Canal Alliance and the Multicultural Center of Marin. Additionally, staff went to three community events held in the Canal neighborhood (2 food distribution events and one youth event at the Albert J. Boro Community Center) to gather one-on-one feedback on amenities community members would like to see in the project. Finally, staff created an online community survey to gather additional feedback on the project. The survey was sent out through the City's Canal-specific social media channels, posted on the Pickleweed Park electronic sign, and was also pushed out by community partners, including San Rafael City Schools, the Marin Community Clinic, the Canal Alliance, Parent Services Project, and the Marin Asian Advocacy Project.

Additionally, the Pickleweed Park Enhancement Project was presented to the Park and Recreation Commission as part of the Measure A work plan on May 16, 2019. During that time, the Commission recommended that Measure A funds be used to support the community engagement and design process for the Prop 68 SPP grant application. The use of Measure A funds for this purpose was approved by City Council on June 17, 2019.

FISCAL IMPACT:

The Per Capita Grant program requires a 20% project match from the agency receiving the funds. With a \$177,952 grant allocation, the City must provide \$44,488 in matching funds. Staff recommend that the City designate funds from the FY 2021-2022 Measure A allocation to fulfill the match requirement. Historically, the City has designated between \$110,000 and \$140,000 per year of Measure A funds towards park improvement projects. If approved, staff would include this allocation in the next round of Measure A funding.

Although the SPP grant does not have a funding match requirement, the City is requesting the maximum award amount of \$8,500,000. If the project should result in additional costs that may include but not be limited to the addition of amenities and/or unanticipated construction costs, staff would recommend that the City utilize local Measure A funds to cover the shortfall. Staff does not anticipate that this would exceed \$250,000. If unsuccessful and the City does not receive SPP grant funding, the City will not move forward with the project.

OPTIONS:

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

1. Adopt the two resolutions approving applications for Prop. 68 grant funds and the resolution determining the Pickleweed Park Enhancement Project to be categorically exempt from CEQA and authorizing staff to file a Notice of Exemption in compliance with CEQA guidelines.
2. Adopt resolution for only one of the Prop. 68 funding applications.
3. Direct staff to return with more information.
4. Take no action.

RECOMMENDED ACTION:

1. Adopt the resolution approving the submittal of grant applications for the Proposition 68 (Prop 68) Per Capita Grant; and
2. Adopt the resolution approving the submittal of grant application for the Proposition 68 (Prop 68) Statewide Park Development and Community Revitalization Programs; and

3. Adopt the resolution determining the Pickleweed Park Enhancement Project to be categorically exempt from CEQA and authorizing staff to file a notice of exemption in compliance with CEQA Guidelines

ATTACHMENTS:

1. Resolution for Prop 68 Per Capita Grant Funds
2. Resolution for Prop 68 Statewide Park Development and Community Revitalization Program Grant Funds
3. Resolution Determining the Pickleweed Park Enhancement Project to be Categorically Exempt From the California Environmental Quality Act (CEQA) and Authorizing Staff to File a Notice of Exemption in Compliance with CEQA Guidelines
4. Pickleweed Park Enhancement Project Conceptual Site Plan

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF SAN RAFAEL APPROVING APPLICATION(S) FOR PER CAPITA GRANT FUNDS

WHEREAS, the State Department of Parks and Recreation has been delegated the responsibility by the Legislature of the State of California for the administration of the Per Capita Grant Program, setting up necessary procedures governing application(s); and

WHEREAS, said procedures established by the State Department of Parks and Recreation require the grantee's Governing Body to certify by resolution the approval of project application(s) before submission of said applications to the State; and

WHEREAS, the grantee will enter into a contract(s) with the State of California to complete project(s);

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of San Rafael hereby:

1. Approves the filing of project application(s) for Per Capita program grant project(s); and
2. Certifies that said grantee has or will have available, prior to commencement of project work utilizing Per Capita funding, sufficient funds to complete the project(s); and
3. Certifies that the grantee has or will have sufficient funds to operate and maintain the project(s), and
4. Certifies that all projects proposed will be consistent with the park and recreation element of the City of San Rafael's general or recreation plan (PRC §80063(a)), and
5. Certifies that these funds will be used to supplement, not supplant, local revenues in existence as of June 5, 2018 (PRC §80062(d)), and
6. Certifies that it will comply with the provisions of §1771.5 of the State Labor Code, and
7. (PRC §80001(b)(8)(A-G)) To the extent practicable, as identified in the "Presidential Memorandum--Promoting Diversity and Inclusion in Our National Parks, National Forests, and Other Public Lands and Waters," dated January 12, 2017, the City of San Rafael will consider a range of actions that include, but are not limited to, the following:
 - (A) Conducting active outreach to diverse populations, particularly minority, low-income, and disabled populations and tribal communities, to increase awareness within those communities and the public generally about specific programs and opportunities.
 - (B) Mentoring new environmental, outdoor recreation, and conservation leaders to increase diverse representation across these areas.
 - (C) Creating new partnerships with state, local, tribal, private, and nonprofit organizations to expand access for diverse populations.

(D) Identifying and implementing improvements to existing programs to increase visitation and access by diverse populations, particularly minority, low-income, and disabled populations and tribal communities.

(E) Expanding the use of multilingual and culturally appropriate materials in public communications and educational strategies, including through social media strategies, as appropriate, that target diverse populations.

(F) Developing or expanding coordinated efforts to promote youth engagement and empowerment, including fostering new partnerships with diversity-serving and youth-serving organizations, urban areas, and programs.

(G) Identifying possible staff liaisons to diverse populations.

8. Agrees that to the extent practicable, the project(s) will provide workforce education and training, contractor and job opportunities for disadvantaged communities (PRC §80001(b)(5)); and
9. Certifies that the grantee shall not reduce the amount of funding otherwise available to be spent on parks or other projects eligible for funds under this division in its jurisdiction. A one-time allocation of other funding that has been expended for parks or other projects, but which is not available on an ongoing basis, shall not be considered when calculating a recipient's annual expenditures. (PRC §80062(d)); and
10. Certifies that the grantee has reviewed, understands, and agrees to the General Provisions contained in the contract shown in the Procedural Guide; and
11. Delegates the authority to the City Manager, or designee to conduct all negotiations, sign and submit all documents, including, but not limited to applications, agreements, amendments, and payment requests, which may be necessary for the completion of the grant scope(s); and
12. Agrees to comply with all applicable federal, state and local laws, ordinances, rules, regulations and guidelines.

I, LINDSAY LARA, Clerk of the City of San Rafael, hereby certify that the foregoing Resolution was duly and regularly introduced, approved and adopted at a regular meeting of the City Council of the City of San Rafael, held on Monday, the 16th day of November 2020, by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

LINDSAY LARA, City Clerk

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL
APPROVING THE APPLICATION FOR THE STATEWIDE PARK DEVELOPMENT
AND COMMUNITY REVITALIZATION PROGRAM GRANT FUNDS**

WHEREAS, the State Department of Parks and Recreation has been delegated the responsibility by the Legislature of the State of California for the administration of the Statewide Park Development and Community Revitalization Grant Program, setting up necessary procedures governing the application; and

WHEREAS, said procedures established by the State Department of Parks and Recreation require the Applicant to certify by resolution the approval of the application before submission of said application to the State; and

WHEREAS, successful Applicants will enter into a contract with the State of California to complete the Grant Scope project;

NOW, THEREFORE, BE IT RESOLVED that the San Rafael City Council hereby:

APPROVES THE FILING OF AN APPLICATION FOR THE PICKLEWEED PARK
ENHANCEMENT PROJECT; AND

1. Certifies that said Applicant has or will have available, prior to commencement of any work on the project included in this application, the sufficient funds to complete the project; and
2. Certifies that if the project is awarded, the Applicant has or will have sufficient funds to operate and maintain the project, and
3. Certifies that the Applicant has reviewed, understands, and agrees to the General Provisions contained in the contract shown in the Grant Administration Guide; and
4. Delegates the authority to the City Manager or their designee to conduct all negotiations, sign and submit all documents, including, but not limited to applications, agreements, amendments, and payment requests, which may be necessary for the completion of the Grant Scope; and
5. Agrees to comply with all applicable federal, state and local laws, ordinances, rules, regulations and guidelines.
6. Will consider promoting inclusion per Public Resources Code §80001(b)(8 A-G).

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 said City held on Monday, the 16th day of November 2020 by the following vote, to wit:

AYES:

NOES:

ABSENT:

LINDSAY LARA, City Clerk

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL DETERMINING THE PICKLEWEED PARK ENHANCEMENT PROJECT TO BE CATEGORICALLY EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) AND AUTHORIZING STAFF TO FILE A NOTICE OF EXEMPTION IN COMPLIANCE WITH CEQA GUIDELINES

WHEREAS, the State Department of Parks and Recreation has been delegated the responsibility by the Legislature of the State of California for the administration of the Statewide Park Development and Community Revitalization Grant Program, setting up necessary procedures governing the application; and

WHEREAS, the grant application requires the City complete the environmental clearance process pursuant to California Environmental Quality Act (CEQA) Guidelines; and

WHEREAS, the City desires to submit a grant application for the Pickleweed Park Enhancement Project, for which, for the purposes of CEQA, the improvements are defined as a “project” subject to environmental review; and

WHEREAS, having reviewed the proposed improvements, staff consider the project Categorically Exempt pursuant to CEQA Guidelines Sections 15303, 15304(b), 15304(f), and 15311(b);

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of San Rafael hereby finds that the Pickleweed Park Enhancement Project is Categorically Exempt from environmental review under CEQA, and directs staff to file the Notice of Exemption, based on the following findings:

1. The City Council has reviewed and considered the information by staff in support of the Categorical Exemption and finds that it is adequate and complete to support the filing of a Notice of Exemption with a summary of finding for the Notice of Exemption presented in a memorandum on file with the City.
2. The City Council has exercised its independent judgment in evaluating the Categorical Exemption and has considered the comments received during the

public comment period. Based on this review, the City Council has determined that there is no substantial evidence that the Project will have a significant impact on the environment.

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 16th day of November 2020, by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

LINDSAY LARA, City Clerk

File No.: 06.07.11

SAN RAFAEL CANAL

FUTURE TISCORNIA MARSH RESTORATION

FUTURE TISCORNIA MARSH RESTORATION

LEGEND

- 1** MULTI-USE FIELD WITH SYNTHETIC TURF, LINED FOR VARIOUS SPORTS
- 2** BASKETBALL/SPORT COURT
- 3** PLAY STRUCTURE FOR CHILDREN UNDER 5
- 4** FITNESS EQUIPMENT FOR ADULTS
- 5** RENOVATED RESTROOM WITH COMMUNITY MURAL
- 6** SHADED SEATING
- 7** DROUGHT RESISTANT LANDSCAPING, BIOSWALES, TREES, AND OTHER BENEFICIAL LANDSCAPING
- 8** GAZEBO
- 9** ADDITIONAL PARKING
- 10** ADDITIONAL LIGHTING AND SECURITY CAMERAS FOR IMPROVED SECURITY

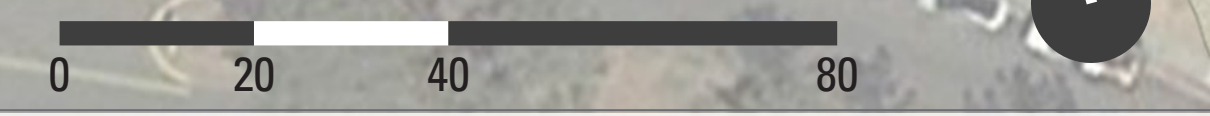


PICKLEWEED PARK ENHANCEMENT PROJECT

50 CANAL ST. SAN RAFAEL, CALIFORNIA 94901

CONCEPTUAL PLAN

11.09.2020





SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Police Department

Prepared by: Dave Starnes, Captain

City Manager Approval: _____

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

TOPIC: DISSOLUTION AGREEMENT OF THE MARIN COUNTY MAJOR CRIMES TASK FORCE

SUBJECT: RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL APPROVING AND AUTHORIZING THE MAYOR TO SIGN THE DISSOLUTION AGREEMENT OF THE MARIN COUNTY MAJOR CRIMES TASK FORCE

RECOMMENDATION:

Staff recommends the City Council adopt the resolution authorizing the Mayor to sign the dissolution agreement of the Marin County Major Crimes Task Force.

BACKGROUND:

In 1977, the Marin County Major Crimes Task Force (MCMCTF) was created and in 1979, was expanded and formalized at the behest of the Marin County Police Chiefs' Association by entry into a Joint Powers Agreement (JPA) among all cities, towns, and the County of Marin. The MCMCTF has operated across jurisdictional boundaries within the County for many years as a narcotics task force and occasionally assisting local agencies in investigating resource-intensive crimes. Over the years, the MCMCTF was restructured by multiple amendments to its JPA Agreement, centralizing control with the Marin County Sheriff's Office.

In FY 2002-03, the City of San Rafael elected to withdraw from participation in the MCMCTF. [In October 2014](#), the City Council authorized the City Manager to execute an agreement with the County of Marin that provided for the City of San Rafael's participation in the MCMCTF for a one-year trial period. Thereafter the City Council voted to continue with the City of San Rafael's participation in the MCMCTF.

On February 25, 2016, the current, operative version of the amended JPA Agreement was executed by the County and all the member agencies. Section 7.1 of this amended JPA Agreement provides that it shall be deemed terminated when member agencies representing fifty percent or more of the population of Marin County file their notices of intent to withdraw.

On June 19, 2020, on behalf of the City/Town Managers, the Chair of the Marin Managers' Association advised the Sheriff in writing that, because of the COVID-19 pandemic and the extreme stress it imposed upon the budgets of the member agencies, it was soon likely that agencies representing more

FOR CITY CLERK ONLY

Council Meeting:

Disposition:

than fifty percent (50%) of the County's population would file notices of intent to withdraw from the MCMCTF, thereby resulting in termination of the JPA Agreement.

In late June 2020, the City/Town Managers of member agencies Novato, San Rafael, Mill Valley, Ross, Belvedere, Fairfax, Tiburon, Larkspur, San Anselmo and Corte Madera, advised the Board Chair of the Task Force Oversight Committee in writing they were formally providing their notices of intent to withdraw and thereby invoked Article 7.1's termination process.

Representatives of the County and the Member Agencies formed a subcommittee following receipt of the aforementioned notices of intent to withdraw. The subcommittee held periodic meetings and worked closely together to inventory the Task Force's assets, sell its vehicles, account for asset forfeiture funds, and create reserve projections for close-out costs such as lease payments, evidence processing costs, liability insurance premiums, and related dissolution expenses.

After a three-month process, the subcommittee negotiated an agreement to: (1) formally terminate the MCMCTF's JPA Agreement dated February 25, 2016; (2) provide for the dissolution of the MCMCTF and its operations; and (3) liquidate the MCMCTF's assets and distribute such assets and property (including all asset forfeiture funds, monies and grants) pursuant to Article 7.2 of the JPA.

On September 28, 2020, the subcommittee met with the MCMCTF Oversight Committee and reviewed this agreement. No changes were recommended by the Oversight Committee.

ANALYSIS:

This Dissolution Agreement must be approved and signed by the member agencies consisting of the County of Marin and the Cities/Towns of Belvedere, Corte Madera, Fairfax, Larkspur, Mill Valley, Novato, Ross, San Anselmo, San Rafael and Tiburon, for the purposes of terminating the Joint Powers Agreement creating the Marin County Major Crimes Task Force and dissolving the Task Force.

At the request of the Marin Managers Association (MMA), Thomas Bertrand was hired to represent the City/Town member agencies and authored the attached agreement in coordination with Marin County Counsel Kerry Gerchow. The full Dissolution Agreement is attached to the resolution accompanying this staff report. The following is a summary of the major terms of the agreement:

Section 1: Attached to the agreement is Exhibit A, which includes the final spreadsheets that set forth the various applicable calculations, valuations, projections and figures necessary to proceed with the Task Force's dissolution and final termination of the current JPA Agreement. Both the County of Marin and the City/Town Member Agencies agree that these final figures are accurate and correct to the best of the parties' knowledge and abilities. The parties all agree that they will not challenge or contest these figures for any reason in any subsequent forum or proceeding.

Section 3: All the Member Agencies agree to waive and forego all claims or rights to their respective shares of MCMCTF assets/monies as follows:

- a) Waiver of any and all of their rights or claims to asset forfeiture funds to which they would be entitled in the future;
- b) Waiver of any and all of their rights or claims to cash amounts currently existing in the MCMCTF savings and checking accounts;
- c) Waiver of any and all of their rights to any FY 2019-2020 MCMCTF budget surplus;
- d) Waiver of any and all of their rights to the sale proceeds of the seven MCMCTF vehicles recently sold;

- e) Waiver of any and all of their rights to claim that the remaining five MCMCTF vehicles have monetary value while being retained/used by the County of Marin;
- f) Waiver of any and all of their rights to claim that the office lease has value if subleased or if occupied by the County of Marin for its own use;
- g) Waiver of any and all of their rights to unused funds calculated/set aside for future evidence processing, insurance, rent or other such reserve contingencies; and
- h) Waiver of any and all of their rights to the use of or value of all office furniture, computers, and other such equipment possessed by the MCMCTF.

Section 4: Notwithstanding the foregoing paragraph, County of Marin will pay/distribute to both Central Marin Police Authority (Larkspur/Corte Madera/San Anselmo) and Novato their respective shares/payouts of asset forfeiture funds previously agreed to, to with: \$107,434 to CMPA and \$74,147 to Novato.

Section 5: The County of Marin and Member Agencies also each agree to themselves assume, and make no claims for, their respective shares expended to date for operation of the MCMCTF during the final months of 2020 immediately preceding its termination/dissolution.

Section 6: The City/Town Member Agencies, in exchange for and in consideration of their agreement to waive their entitlement to their respective shares of Task Force assets as set forth in Section 4 above, will be relieved from any and all duties, obligations, liabilities, debts, responsibilities and claims arising from both the operation and the dissolution of the MCMCTF. The County of Marin, by and through its Sheriff's Office acting as the Designated Police Agency under the JPA Agreement, agrees to be the "Dissolving Member" of the Task Force and to undertake all actions necessary to effectuate the dissolution of the Task Force. The County of Marin agrees to provide the City/Town Member Agencies with copies of all tail insurance policies/declaration pages procured by it covering the Task Force.

Section 7: As further consideration for the City/Town Member Agencies' agreement to waive their entitlement to their respective shares of MCMCTF assets as set forth in the agreement, the County of Marin agrees to fully indemnify, hold harmless, defend and release all the City/Town Member Agencies and their officers, directors, agents and employees from any and all liabilities, actions, claims, damages, costs, and expenses of suits arising out of or in connection with the activities the MCMCTF, excluding liability for said Member Agencies' own gross negligence or willful misconduct.

Section 8: Both the County of Marin and Member Agencies agree that the dissolution terms set forth in this agreement comply with the requirements of Section 7.2 of the current JPA Agreement providing for the distribution of assets in proportion to the contributions of the parties.

Section 9: Should any disagreement or dispute between the parties arise concerning interpretation, implementation, and/or enforcement of any of the terms or subject matter of this Agreement, the parties agree to submit such dispute to mandatory mediation before an agreed-upon mediator. Should mediation be unsuccessful, then the parties each agree that they shall submit their dispute to binding arbitration before a mutually agreeable arbitrator.

See attached Dissolution Agreement and Exhibit A for further information.

FISCAL IMPACT:

Upon the final execution of the termination of the task force, the City of San Rafael will have an annual savings of \$190,433. For the current Fiscal Year, the City of San Rafael paid \$33,697.75 as the contribution from July 1, 2020 through September 30, 2020, leaving a savings of \$156,735.

OPTIONS:

1. Adopt the resolution authorizing the Mayor to sign the Dissolution Agreement of the Marin County Major Crimes Task Force (MCMCTF).
2. Decline the resolution and provide direction to staff.

RECOMMENDED ACTION:

Adopt the resolution approving and authorizing the Mayor to sign the Dissolution Agreement of the Marin County Major Crimes Task Force (MCMCTF)

ATTACHMENTS:

1. Resolution, with attached Dissolution Agreement
2. MMA Letter

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL APPROVING AND AUTHORIZING THE MAYOR TO SIGN THE DISSOLUTION AGREEMENT OF THE MARIN COUNTY MAJOR CRIMES TASK FORCE

Whereas, the Marin County Major Crimes Task Force (MCMCTF) was created in 1977, and in 1979 was expanded and formalized at the behest of the Marin County Police Chiefs' Association by entry into a Joint Powers Agreement (JPA) among all the cities, towns and the County of Marin; and

Whereas, the MCMCTF thereafter was operated for many years as a general investigations unit charged with assisting local agencies investigating resource-intensive crimes as well as narcotics offenses, and it operated across jurisdictional boundaries within the County; and

Whereas, over the years, the MCMCTF was restructured by multiple amendments to its JPA Agreement, centralizing control with the Marin County Sheriff's Office; and

Whereas, the current, operative version of the amended JPA Agreement was executed by the County of Marin and all the City/Town Member Agencies and is dated February 25, 2016. Section 7.1 of this amended JPA Agreement provides that it shall be deemed terminated when member agencies representing fifty percent or more of the population of Marin County file their notices of intent to withdraw; and

Whereas, on June 19, 2020, on behalf of the City/Town Managers, the Chair of the Marin Managers' Association advised the Sheriff in writing that, because of the COVID-19 pandemic and the extreme stress it imposed upon the budgets of the member agencies, it was soon likely that agencies representing more than fifty percent (50%) of the County's population would file notices of intent to withdraw from the Task Force, thereby resulting in termination of the JPA Agreement; and

Whereas, in late June 2020, the City/Town Managers of member agencies Novato, San Rafael, Mill Valley, Ross, Belvedere, Fairfax, Tiburon, Larkspur, San Anselmo and Corte Madera, advised the Board Chair of the Task Force Oversight Committee in writing they were formally providing their notices of intent to withdraw and thereby invoked Article 7.1's termination process; and

Whereas, the parties hereto now desire to enter into this Agreement in order to (1) formally terminate the MCMCTF JPA Agreement dated February 25, 2016; (2) provide for the dissolution of the MCMCTF and its operations; (3) liquidate

MCMCTF assets and distribute such assets and property (including all asset forfeiture funds, monies and grants) pursuant to Article 7.2 and as hereinafter agreed.

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of San Rafael approves and authorizes the Mayor to sign the Dissolution Agreement attached hereto and incorporated herein by reference.

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 meeting held on November 16, 2020 by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

Lindsay Lara, City Clerk

**DISSOLUTION AGREEMENT OF MARIN
COUNTY MAJOR CRIMES TASK FORCE**

This Dissolution Agreement (hereinafter “AGREEMENT”) is entered into by and among the COUNTY OF MARIN (hereinafter “COUNTY”) and the CITIES/TOWNS of BELVEDERE, CORTE MADERA, FAIRFAX, LARKSPUR, MILL VALLEY, NOVATO, ROSS, SAN ANSELMO, SAN RAFAEL and TIBURON (hereinafter collectively referred to as “MEMBER AGENCIES”) for the purposes of terminating the Joint Powers Agreement creating the Marin County Major Crimes Task Force (hereinafter “Task Force”) and dissolving the Task Force.

RECITALS

A. The Task Force originally was created in 1977, and in 1979 was expanded and formalized at the behest of the Marin County Police Chiefs’ Association by entry into a Joint Powers Agreement (JPA) among all the cities, towns and the County of Marin.

B. The Task Force thereafter was successfully operated for many years as a general investigations unit charged with assisting local agencies investigating resource-intensive crimes as well as narcotics offenses, and it operated across jurisdictional boundaries within the County.

C. Over the years, the Task Force was restructured by multiple amendments to its JPA Agreement, centralizing control with the Marin County Sheriff’s Office.

D. The current, operative version of the amended JPA Agreement was executed by the COUNTY and all the MEMBER AGENCIES and is dated February 25, 2016. Section 7.1 of this amended JPA Agreement provides that it shall be deemed terminated when member agencies representing fifty percent or more of the population of Marin County file their notices of intent to withdraw.

E. On June 19, 2020, the Chair of the Marin Managers' Association advised the Sheriff in writing that, because of the COVID-19 pandemic and the extreme stress it imposed upon the budgets of the MEMBER AGENCIES, it was soon likely that agencies representing more than fifty percent (50%) of the County's population would file notices of intent to withdraw from the Task Force, thereby resulting in termination of the JPA Agreement.

F. In late June, 2020, the City Managers of MEMBER AGENCIES NOVATO, SAN RAFAEL, MILL VALLEY, ROSS, BELVEDERE, FAIRFAX, TIBURON, LARKSPUR, SAN ANSELMO and CORTE MADERA advised the Board Chair of the Task Force Oversight Committee in writing that they formally were providing their notices of intent to withdraw and thereby invoked Article 7.1's termination process.

G. The parties hereto now desire to enter into this AGREEMENT in order (1) to formally terminate the Task Force's JPA Agreement dated February 25, 2016; (2) to provide for the dissolution of the Task Force and its operations; (3) to liquidate certain of the Task Force's assets and distribute such assets and property (including all asset forfeiture funds, monies and grants) pursuant to Article 7.2 and as hereinafter agreed.

AGREEMENT

The COUNTY and the MEMBER AGENCIES, in consideration of the mutual promises, covenants, terms and conditions set forth below, hereby agree as follows:

1. Representatives of the COUNTY and the MEMBER AGENCIES, following receipt of the aforementioned notices of intent to withdraw, held periodic meetings and worked closely together to inventory the Task Force's assets, sell certain of its vehicles, account for asset forfeiture funds and create reserve projections for close-out costs such as lease payments, evidence processing costs, tail liability insurance premiums and related dissolution expenses.

Attached hereto as Exhibit A are the final spreadsheets which set forth the various applicable calculations, valuations, projections and figures necessary to proceed with the Task Force's dissolution and final termination of the current JPA Agreement. Both the COUNTY and the MEMBER AGENCIES hereby agree that these final figures are accurate and correct to the best of the parties' knowledge and abilities. The parties hereto all agree that they will not challenge or contest these figures for any reason in any subsequent forum or proceeding.

2. In the foregoing meetings, representatives of the COUNTY and the MEMBER AGENCIES jointly sought the most expeditious, simple and fair terms for dissolving the Task Force and distributing its assets. The parties have agreed upon such terms as set forth below in paragraphs 4 through 8.

3. All the MEMBER AGENCIES hereby agree to waive and forego any and all claims or rights to their respective shares of Task Force assets/monies as follows: (a) waiver of any and all of their rights or claims to asset forfeiture funds to which they would be entitled in the future; (b) waiver of any and all of their rights or claims to cash amounts currently existing in the Task Force savings and checking accounts; (c) waiver of any and all of their rights to any FY 2019-20 Marin County Major Crimes Task Force budget surplus; (d) waiver of any and all of their rights to the sale proceeds of the seven Task Force vehicles recently sold; (e) waiver of any and all of their rights to claim that the remaining five Task Force vehicles have monetary value while being retained/used by COUNTY; (f) waiver of any and all of their rights to claim that the office lease has value if subleased or if occupied by COUNTY for its own use; (g) waiver of any and all of their rights to unused funds calculated/set aside for future evidence processing, insurance, rent or other such reserve contingencies; and (h) waiver of any and all of their rights

to the use or value of all office furniture, computers, and other such equipment possessed by the Task Force.

4. Notwithstanding the foregoing paragraph, COUNTY hereby agrees to pay/distribute to both CMPA (LARKSPUR/CORTE MADERA/SAN ANSELMO) and NOVATO their respective shares/payouts of asset forfeiture funds previously agreed to, to wit: \$107,434 to CMPA and \$74,147 to NOVATO. Such payments to CMPA and NOVATO shall be made upon final execution of this AGREEMENT, which shall be effectuated upon the final MEMBER AGENCY'S formal adoption of this AGREEMENT by its governing body in a public meeting. MEMBER AGENCIES agree to facilitate such formal adoption as soon as practicable after recommendation of said AGREEMENT by the Major Crimes Task Force Oversight Committee.

5. COUNTY and MEMBER AGENCIES also each hereby agree to themselves assume, and make no claims for, their respective shares expended to date for operation of the Task Force during the final months of 2020 immediately preceding its termination/dissolution.

6. The MEMBER AGENCIES, in exchange for and in consideration of their agreement to waive their entitlement to their respective shares of Task Force assets as set forth in paragraph 4 above, shall be forever relieved as of the effective date of this AGREEMENT from any and all duties, obligations, liabilities, debts, responsibilities and claims arising from both the operation and the dissolution of the Task Force. The COUNTY, by and through its Sheriff's Office acting as the Designated Police Agency under the JPA Agreement, hereby agrees to be the "Dissolving Member" of the Task Force and to undertake all actions necessary to effectuate the dissolution of the Task Force, including but not limited to (i) the establishment of necessary reserve funds; (ii) undertaking final evidence processing tasks; (iii) procurement of tail liability insurance and establishing, if appropriate, self-insured reserve funds; (iv) payment of all

remaining rental payments and proper termination of the office lease; (v) preparation and filing of the appropriate Statement of Facts-Roster of Public Agencies with the California Secretary of State's Office; and (vi) whatever other final actions are required to completely and finally dissolve the Task Force. The COUNTY hereby agrees to provide the MEMBER AGENCIES with copies of all tail insurance policies/declaration pages procured by it covering the Task Force upon expiration of current liability insurance effective through June 30, 2021.

7. As further consideration for the MEMBER AGENCIES' agreement to waive their entitlement to their respective shares of Task Force assets as set forth in paragraph 4 above, the COUNTY hereby agrees to fully indemnify, hold harmless, defend and release all the MEMBER AGENCIES and their officers, directors, agents and employees from any and all liabilities, actions, claims, damages, costs, and expenses of suits, which may ever be asserted after execution of this AGREEMENT by any person or entity arising out of or in connection with the activities the Task Force and its agents and employees whether or not concurrent passive negligence exists on the part of the MEMBER AGENCIES but excluding liability for said MEMBER AGENCIES' gross negligence or willful misconduct. This indemnification obligation is not limited in any way by the amount or types of damage claims made against or paid on behalf of the Task Force or its agents under any legal theory, statute or basis of recovery. From and after dissolution, the MEMBER AGENCIES agree to cooperate fully with the COUNTY in connection with any existing or future investigations, claims, litigation, audits or similar actions involving the Task Force in which and to the extent the COUNTY deems the MEMBER AGENCIES' cooperation is necessary.

8. Both the COUNTY and MEMBER AGENCIES hereby agree that the dissolution terms set forth in paragraphs 4 through 8 above comply with the requirements of Section 7.2 of

the current JPA Agreement providing for the distribution of assets in proportion to the contributions of the parties.

9. Should any disagreement or dispute between the parties arise concerning interpretation, implementation, and/or enforcement of any of the terms or subject matter of this AGREEMENT, the parties shall submit such dispute to mandatory mediation before an agreed-upon mediator, with each party to pay an equal share of the mediation fees and each party to pay its own attorneys' fees and legal costs. Should the parties be unable to agree upon a mediator, they shall agree upon a mediation service and shall have that service select a mediator for them. Should mediation be unsuccessful, then the parties each agree that they shall submit their dispute to binding arbitration before a mutually-agreeable arbitrator. If they cannot agree upon an arbitrator, they shall select an arbitration service, which shall select an arbitrator for them. The parties each shall pay an equal portion of the arbitration fees and each party shall pay its own attorneys' fees and legal costs, it hereby being agreed that the arbitrator shall have no authority to award attorneys' fees or costs to any prevailing party. The parties each hereby expressly waive any and all rights to have disputes under this AGREEMENT decided by court action, court trial, jury trial, or any other legal action of any kind or type, other than the mandatory mediation and binding arbitration process specified above. However, in emergency or extraordinary circumstances, the parties may seek equitable or injunctive relief to preserve the status quo pending occurrence of the mediation/arbitration process set forth herein. It is the express intent of each party to have any and all disputes under this AGREEMENT resolved by the above-specified mediation/arbitration process and in as timely and economical manner as possible.

10. Any notice or other communication required or permitted to be given under this AGREEMENT shall be in writing and shall be (i) personally delivered; (ii) delivered by a

reputable overnight courier; or (iii) delivered by certified mail, return receipt requested and deposited in the U.S. Mail, postage prepaid. Notices shall be deemed received at the earlier of actual receipt or (i) one business day after deposit with an overnight courier as evidenced by a receipt of deposit; or (ii) five business days following deposit in the U.S. Mail, as evidenced by a return receipt. Notices shall be directed to the parties at their respective addresses shown below, or such other address as either party may, from time to time, specify in writing to the other in the manner described above:

if to COUNTY: Robert T. Doyle,
Marin County Sheriff
1600 Los Gamos Drive, Suite 200
San Rafael, California 94903

if to MEMBER AGENCIES: Todd Cusimano,
Town Manager
Town of Corte Madera
300 Tamalpais Drive
Corte Madera, California 94925

11. The parties agree that if this AGREEMENT does not become effective for any reason, this AGREEMENT shall be deemed negotiation only and will not be admissible in evidence or usable for any purpose whatsoever in any legal proceeding.

12. As a material inducement for the parties to enter into this AGREEMENT, they each represent, warrant and covenant that they have not filed any claims against the Task Force assets which constitute the subject matter of this AGREEMENT with any local, state or federal agency or court, that they covenant not to do so any time hereafter concerning the subject matter of this AGREEMENT and that if any agency or court assumes jurisdiction of any such claim, they will request that such agency or court withdraw from the matter and they will not accept any remedy obtained through the efforts of any such agency. Nor are any MEMBER AGENCIES

aware of any potential claim that could be made by any third party against the Task Force regarding any action of the Task Force prior to dissolution.

13. The AGREEMENT may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against, any action, suit or other proceeding which may be instituted, prosecuted or maintained in breach of this AGREEMENT.

14. The parties to this AGREEMENT acknowledge and agree that each is to bear their own costs and attorneys' fees incurred in connection with the termination of the JPA Agreement and the dissolution of the Task Force. The parties further expressly acknowledge and agree that no party is a "prevailing party" or "successful party" for purposes of any claim for statutory or contractual attorneys' fees or costs related thereto.

15. The parties hereto expressly represent, warrant and covenant that they have not heretofore assigned or transferred, or purported to assign or transfer, to any third-party person or entity any asset, or any portion thereof or interest therein, of the Task Force that are not accounted for in Exhibit A attached hereto.

16. Should any provision of this AGREEMENT be determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby, and said illegal or invalid part, term or provision shall be deemed not to be part of this AGREEMENT.

17. This AGREEMENT is made and entered into in the State of California, and shall in all respects be interpreted, enforced and governed under the laws of the State of California. The language of all parts of this AGREEMENT shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the parties.

Marin Managers' Association

Belvedere
Craig Middleton

June 19, 2020

Corte Madera
Todd Cusimano
Vice-Chair

Sheriff Robert T. Doyle
1600 Los Gamos Dr. #200
San Rafael, CA 94903

Fairfax
Garrett Toy

Larkspur
Dan Schwarz

Dear Sheriff Doyle,

Mill Valley
Alan Piombo
(Interim)

I am writing today on behalf of the Marin Managers Association (Hereinafter, 'MMA') with regards to the Major Crimes Task Force (hereinafter, 'MCTF'). The MCTF is currently administered under the provisions of a Joint Exercise of Powers Agreement (hereinafter, 'Agreement') between the County of Marin and the Cities/Towns of Belvedere, Corte Madera, Fairfax, Larkspur, Mill Valley, Novato, Ross, San Anselmo, San Rafael and Tiburon (hereinafter 'Member Agencies').

Novato
Adam McGill

Ross
Joe Chinn

Over the past few months, MMA representatives have been assessing ways to mitigate the impact of the COVID-19 emergency on their respective budgets. This assessment has included difficult reviews of all the various Joint Powers Authorities (hereinafter, 'JPA'), including the MCTF. During discussions among the MMA representatives, several challenges were identified that have caused some member agencies to examine their interest in continued participation in the JPA. The concerns include individual agency costs (particularly in light of significant budget deficits due to COVID-19), governance structure, funding model and strategic focus of the MCTF. For these reasons, agencies representing at least fifty percent (50%) of the population of Marin County have expressed their interest in withdrawing from the current JPA. All member agencies expressed how grateful they are for the hard work of the MCTF and the leadership of the Sheriff's Office.

San Anselmo
Dave Donery

San Rafael
Jim Schutz

Sausalito
Adam Politzer

Tiburon
Greg Chanis
Chair

Under Section 7.1 of the Agreement, if agencies representing fifty percent (50%) or more of the population of Marin County file a notice of intent to withdraw from the MCTF, the Agreement shall be deemed terminated. However, even if only one or two larger agencies withdraw in response to facing substantial budget deficits, it affects the entire group, making it not feasible to continue under the current structure. The MMA therefore feels the current model of the MCTF is fiscally impossible. This letter serves as notice we believe the 50% threshold to terminate the agreement will be met, and we recommend planning for the dissolution of the MCTF JPA should begin as soon as is practical.

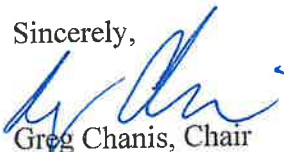
County of Marin
Matthew Hymel

We understand you have discussed with Manager Todd Cusimano the possibility of the Sheriff's Office continuing to offer some or all the services currently provided by the MCTF through a different contracting arrangement. The MMA supports that approach, and we appreciate your willingness to work with us in assessing the potential alternatives.

The MMA recognizes dissolution of the MCTF JPA will require time and careful planning. We stand ready to provide any assistance that will be helpful in facilitating this process. Given his involvement in the discussions up to this point, the MMA has asked Manager Cusimano to take the lead in representing the group as we begin this transition, with other managers providing assistance as needed throughout the process. We are also open to reimagining a new, countywide approach to jointly work together on public safety issues.

These are trying times, requiring us to work together in developing programs that serve our communities the best and in the most cost-efficient way possible. We thank you for your leadership, and willingness to work with us on this important matter.

Sincerely,



Greg Chanis, Chair
Marin Managers' Association

CC Major Crimes Task Force Oversight Committee

18. The parties hereto represent and acknowledge that in executing this AGREEMENT, they do not rely, and have not relied, upon any representation or statement made by any of their agents, representatives or attorneys with regard to the subject matter, basis, or fact of this AGREEMENT or otherwise.

19. This AGREEMENT shall be binding upon the parties and their heirs, administrators, representatives, executors, successors and assigns, and shall inure to the benefit of the parties, and each of them, and to their heirs, administrators, representatives, executors, successors and assigns.

20. The effective date of this AGREEMENT shall be the date the AGREEMENT has been formally executed by all of the parties hereto upon adoption of the last MEMBER AGENCY in a public meeting of its governing body.

21. This AGREEMENT may not be amended or modified in any respect whatsoever, except by a writing duly executed by all of the parties hereto. All parties each agree that they will make no claim at any time that this AGREEMENT has been orally amended or modified. No oral waiver of any term shall be effective for any purposes.

IN WITNESS WHEREOF, representatives of the COUNTY and MEMBER AGENCIES hereto have set their hand the day and year below written.

Dated: _____

COUNTY OF MARIN

Title: Board Clerk

Title: President, Board of Supervisors

Dated: _____

CITY OF BELVEDERE

Title: City Clerk

Title: Mayor

Dated: _____

TOWN OF CORTE MADERA

Title: Town Clerk

Title: Mayor

Dated: _____

TOWN OF FAIRFAX

Title: Town Clerk
Dated: _____

Title: Mayor
CITY OF LARKSPUR

Title: City Clerk

Title: Mayor

Dated: _____

CITY OF MILL VALLEY

Title: City Clerk

Title: Mayor

Dated: _____

CITY OF NOVATO

Title: City Clerk

Title: Mayor

Dated: _____

TOWN OF ROSS

Title: Town Clerk

Title: Mayor

Dated: _____

TOWN OF SAN ANSELMO

Title: Town Clerk

Title: Mayor

Dated: _____

CITY OF SAN RAFAEL

Title: City Clerk
Dated: _____

Title: Mayor
TOWN OF TIBURON

Title: Town Clerk

Title: Mayor

Approved As to Form:

TASK FORCE OVERSIGHT COMMITTEE

Mike Norton, Chair

OFFICE OF COUNTY COUNSEL

Kerry Gerchow

LEGAL COUNSEL FOR MEMBER AGENCIES

Thomas Bertrand

EXHIBIT A

PROJECTED TASK FORCE ASSETS CLOSEOUT	(Last Updated 9/16/2020)	Distribution
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VEHICLES (Assets to County)	ESTIMATES	AMOUNT RECV'D	CATEGORY TOTALS	County	Cities	
2017 Acura ILX	\$14,200	\$14,200	\$14,200	\$14,200		
2015 Dodge Durango	\$20,000	\$20,000	\$20,000	\$20,000		
2010 Honda Civic	\$5,500	\$5,500	\$5,500	\$5,500		
2014 Acura TSX	\$8,700	\$8,700	\$8,700	\$8,700		
2015 Hyundai Genesis	\$13,000	\$13,000	\$13,000	\$13,000		
2006 Chevy Tahoe	\$5,000	\$5,000	\$5,000	\$5,000		
1995 Chevy Astro	\$2,500	\$2,500	\$2,500	\$2,500		
2016 Honda Odyssey	\$20,000	Retained value (unsold)				
2016 Acura MDX	\$23,500	Retained value (unsold)				
2015 Acura TLX	\$13,500	Retained value (unsold)				
2018 Honda Accord	\$18,500	Retained value (unsold)				
2014 Jeep Grand Cherokee	\$10,800	Retained value (unsold)				
SUBTOTAL (Vehicles)	\$155,200	\$68,900	\$68,900	\$68,900	\$0	
BANK ACCOUNTS (Assets to County)				County	Cities	
MCTF SAVING ACCOUNT AF/PROP	\$90,642	\$90,642	\$90,642	\$90,642	\$0	
MCTF CHECKING	\$8,190	\$8,190	\$8,190	\$8,190	\$0	
SUBTOTAL (Bank Accts)	\$98,832	\$98,832	\$98,832	\$98,832	\$0	
ASSET FORFEITURE (Closed - Assets Shared) ¹				County	CMPA	Novato
State AF ready for disbursement	\$432,883	\$432,883	\$432,883	\$190,847	\$107,434	\$74,147
Federal AF ready for disbursement	\$139,659	\$139,659	\$139,659			
SUBTOTAL (Closed AF - Net Avail. for Calculations)	\$572,542	\$572,542	\$572,542	\$190,847	\$107,434	\$74,147
RESERVE FOR FUTURE COSTS (Net to County)				County	Cities	
Rent	(\$77,946)		(\$77,946)	(\$77,946)		
Evidence Processing-MCTF	(\$75,000)		(\$75,000)	(\$75,000)		
Liability Insurance (3 Year)	(\$75,000)		(\$75,000)	(\$75,000)		
SUBTOTAL (Reserves)	(\$227,946)	\$0	(\$227,946)	(\$227,946)	\$0	
GRAND TOTALS	\$598,628	\$740,274	\$512,328	\$130,533	\$107,434	\$74,147

ASSET FORFEITURE (Pending/Potential - To County) ²				County	CMPA	Novato
State AF	\$32,961			\$4,944		
Federal AF	\$1,759,761			\$263,964		
	\$1,792,722	\$0	\$0	\$268,908		est. 15% share potential

¹ Asset Forfeitures for Current/Closed Cases Split 1/3 each among County, Novato and CMPA until whole for FY 2019-20

² Any Asset Forfeiture receipts after dissolution remain with County to offset 'hold harmless' to City/Town JPA members

EXHIBIT A

Proposed Asset Forfeiture Distribution based on FY 2019-20 costs

Asset Forfeiture fund balance available as of 9-15-20 to be distributed	\$572,542
1/3 County AF reimbursement	\$190,847
1/3 Central Marin AF reimbursement	\$190,847
1/3 Novato AF reimbursement	\$190,847
Deputy Sheriff County FY 2019-20 Annual Cost	\$203,489
1/3 County AF reimbursement	\$190,847
Total Deficit	(\$12,642)
Central Marin Officer Annual Cost	\$196,629
less Central Marin FY 2019-20 Contribution	\$89,195
Subtotal	\$107,434
less 1/3 Central Marin AF reimbursement	\$190,847
Total Surplus	\$83,413
Novato Officer Annual Cost	\$187,266
less Novato FY 2019-20 Contribution	\$113,118
Subtotal	\$74,147
less 1/3 Novato AF reimbursement	\$190,847
Total Surplus	\$116,700
Deficit	(\$12,642)
Surplus	\$200,113
Secondary Allocation	(\$192,469)
Total additional amount needed before a Reserve Fund can be created	(\$4,998)

Payouts	
\$190,847	County
\$107,434	CMPA
\$74,147	Novato
<u>\$372,429</u>	<u>Total</u>



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: FINANCE

**Prepared by: Nadine Atieh Hade,
Finance Director**

City Manager Approval: 

TOPIC: YEAR-END FINANCIAL STATEMENTS AND RELATED AUDIT REPORTS

SUBJECT: FISCAL YEAR 2019-2020 ANNUAL FINANCIAL REPORT; GANN APPROPRIATIONS LIMIT; MEMORANDUM ON INTERNAL CONTROL; REPORT OF REQUIRED COMMUNICATIONS; CHILD DEVELOPMENT PROGRAM FINANCIAL REPORT; AND THE TRANSPORTATION DEVELOPMENT ACT FINANCIAL REPORT

RECOMMENDATIONS:

Accept the Fiscal Year 2019-2020 Annual Financial Report, Gann Appropriations Limit Report, Memorandum on Internal Control, Report of Required Communications, Child Development Program Financial Report, and the Transportation Development Act Financial 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 2019-2020. Their work was completed in accordance with generally accepted 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, 2021. A Memorandum on Internal Control is also prepared by the auditors to address the City's controls over its financial activities. These reports are attached to this staff report.

As part of the fiscal year-end activities, the Finance and Library & Recreation departments worked with the auditors to complete the annual audit of the City's childcare program, as required by the State of California.

For the year ending June 30, 2020, the City received funds under the purview of the Transportation Development Act. As part of the fiscal year-end activities, the Finance and Public Works departments worked with the auditors to complete the audit of the funds received, as required by the State of California.

FOR CITY CLERK ONLY

Council Meeting:

Disposition:

SAN RAFAEL CITY COUNCIL AGENDA REPORT / Page: 2

On November 4, 2020, these final reports were presented to the City Council Finance Committee, at which time it was agreed that staff would bring the reports forward to the full City Council.

ANALYSIS:

Overview

Fiscal Year 2019-2020 was a tale of two halves, with the first showing strong signs of growth and the second a sharp decline resulting from the COVID-19 pandemic. Property tax revenues remained strong, with growth in line with prior years, whereas sales taxes decreased year-over-year by \$1.8 million. The decrease in sales tax revenues, although significant, did not dip as low as expected as construction, auto sales, and allocations from the County pool stemming from the Wayfair decision finished the year stronger than forecasted. The City was forced to tap into its General Fund Emergency Reserves to continue to provide essential services during the economic downturn and prudent fiscal management will be necessary to restore it to the target level of ten percent of operating expenses established by City Council Policy. Although the City weathered the initial storm, challenges remain for the future as the effects of the pandemic continue while we simultaneously work on recovery.

Fiscal year 2019-2020 marks the sixth year of implementation of the pension accounting standard issued by the Governmental Accounting Standards Board (GASB) known as GASB 68, and the fourth year of implementation of the new Other Postemployment Benefits (OPEB) accounting standard issued by 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, 2020 by \$114.5 million from a reporting perspective. The net pension liability as of this date was measured to be \$133.9 million. The net impact of reporting under GASB 75 lowers the City's net position as of June 30, 2020 by \$27.3 million. The net OPEB liability as of this date was measured to be \$26.6 million.

The full annual funding of the City's Retiree and OPEB costs have been incorporated into the adopted fiscal year 2020-2021 budget; therefore, there is no negative impact on City operations or services resulting from the reporting of financial information under these reporting standards.

The City made major progress on the Public Safety Facility initiative using Measure E funds, completing Fire Station 57 and the Public Safety Center. Construction expenses for the year totaled \$23.6 million, of which 90% were in support of the Public Safety Center and the remainder mainly in support of Station 57. Total project-to-date spending is approximately \$72 million.

Fiscal Year 2019-20 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 inclusive of all governmental funds, all assets of the City (including infrastructure) and all liabilities (including long-term debt) was \$138.1 million, an increase of \$1.2 million from the prior year adjusted balance. This increase is largely attributable to the reduction of expenses in the latter part of the year as a result of reduced capital project activity from shelter-in-place orders. The Parking Fund, reported as a business-type activity, ended the fiscal year with a net position of \$9.9 million, or \$57 thousand more than that of the previous fiscal year. The fund's cash balance makes up 27% of total net position.

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 expenditures exceeded revenues by \$2.7 million. Measure E revenues of \$4.1 million dedicated to public safety facilities construction and infrastructure were transferred out of the General Fund in support of the projects whereas \$2.2 million was transferred from bond proceeds in the Essential Facilities Capital Projects Fund to cover interest payments.

The fund balance of the General Fund as of June 30, 2020 was \$9.8 million (a decrease of \$2.7 million from the prior year balance): \$8 thousand is non-spendable and \$9.8 million is assigned. The assigned portion of the balance includes \$7.8 million for emergency and cash flow needs. As forecasted as part of the [Fiscal Year 2020-2021 Budget Staff report](#) presented on June 15, 2020, the full amount of unassigned (one-time) available funds saved over prior years, \$2.2 million were absorbed to cover the deficit as well a small portion of the General Fund Emergency Reserves, \$100 thousand and \$404 thousand of the General Plan fund balance.

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 2020-2021 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. Findings of deficiencies in internal controls were mainly due to lack of documentation of review and approval, as well as segregation of duties in certain cash operations. Staff responses addressing each comment are included in the Memorandum.

Required Communications

Professional standards require that certain information regarding significant audit findings related to the audit be communicated to those charged with governance. These communications include minor changes to accounting policies, new accounting pronouncements, and a discussion of significant accounting estimates among other items. No adverse communications were noted.

Child Development Program (Childcare) Financial Report

The Childcare Program had negative operating results resulting from the pandemic, with \$3.2 million in total revenues and \$3.7 million in expenditures for the fiscal year. The fund balance decreased from \$1.7 million to \$1.3 million of which funds have been accumulated for capital improvements. The audit resulted in no adverse findings. This report still requires a closeout letter from the State of California as it needs to match to the dollar to the State numbers. The State is running behind on their closeout letters which results in a delay for the City in finalizing the Report. No material adjustments are expected, if any. Staff recommends moving forward with the acceptance of all reports and if there are any material changes, the Child Care Program Report will be brought back to Council prior to finalizing.

Transportation Development Act Financial Report

SAN RAFAEL CITY COUNCIL AGENDA REPORT / Page: 4

The City has developed pedestrian and bicycle capital projects of which the Transportation Development Act provides funding assistance for eligible construction. These funds are distributed by the Metropolitan Transportation Commission and are included in the Gas Tax fund. The City has expended \$423,983 of a total grant amount of \$492,443 and has received reimbursement of the total amount expended as of June 30, 2020. The audit resulted in no adverse findings.

FISCAL IMPACT:

No fiscal impact occurs by the City Council's acceptance of these reports. The fiscal year 2019-2020 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 2019-20 Draft Comprehensive Annual Financial Report
2. FY 2019-20 Draft Gann Appropriations Limit
3. FY 2019-20 Draft Memorandum of Internal Controls
4. FY 2019-20 Draft Required Communications
5. FY 2019-20 Draft Child Development Program Financial Report
6. FY 2019-20 Draft Transportation Development Act Financial Report



SAN RAFAEL
THE CITY WITH A MISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2020



Mental Health Comfort Dog, Blue



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2020

City of San Rafael, California
1400 Fifth Avenue
San Rafael, California 94901

Prepared by the Finance Department of the City of San Rafael





China Camp

INTRODUCTORY SECTION



CITY OF SAN RAFAEL, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020

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INTRODUCTORY SECTION

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CITY OF SAN RAFAEL, CALIFORNIA

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CITY OF SAN RAFAEL, CALIFORNIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020**

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CITY OF SAN RAFAEL, CALIFORNIA

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November 9, 2020

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, 2020, 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 unmodified, or “clean” opinion on the City’s financial statements for the fiscal year ended June 30, 2020.

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 basic financial statements, related footnote disclosures, and the combining and individual fund 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, 2020 was 59,807.

In a normal year Downtown San Rafael is the location of many community events, including the Thursday night Summer Market Festivals, 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 one of only 14 Cultural Arts Districts in the State 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 along with a temporary pop-up at the Northgate Mall. 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.

During fiscal year 2019-2020, 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 targets several buildings 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 include an upgraded dispatch and communications center, and a new classroom and training tower for emergency preparedness. The architectural review for Fire Station 54 and Fire Station 55 commenced in mid-2019. Construction of Fire Station 57 located at 3530 Civic Center Drive was completed in November 2019, Fire Station 52 located at 210 3rd Street was completed in April 2019, and the Public Safety Center was completed in August of 2020.

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 74% residential, 20% commercial, 2% industrial, and 4% unsecured and others. The top 25 sales tax producers provide 49% of overall sales tax revenues.

The COVID-19 pandemic has severely impacted the California economy. Where the unemployment rate had fallen to record lows pre-pandemic it stands at 11% as of September 2020. Initial forecasts of a sharp, or V shaped, recovery have been tempered by the re-emergence of the virus which has paused re-opening plans. California has a challenging road ahead as prospects of a prolonged recovery appear more likely as time passes.

Locally, Marin County is also reeling from the effects of the pandemic, however, as the county's workforce is more concentrated in the finance, science and information sectors there is hope the region's employment figures will outperform much of the state that relies more heavily on personal service and retail. A bright spot in an otherwise murky landscape for post-COVID recovery.

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 Health Medical Center, Dominican University of California, Marin Community Clinics, Novato Community Hospital, Hospice by the Bay, W Bradley Electric, Wells Fargo, Community Action Marin, and BioMarin.
- ☒ 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 2019 for San Rafael were: 1. Autos and Transportation (24.1%), 2. Building and Construction (17.7%), and 3. State and County Pools (15.9%).
- ☒ 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 for an apartment in San Rafael is \$2,672. The median home value in San Rafael is \$1,100,740.

Recent growth and economic vibrancy:

- 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.

- The City of San Rafael is also enjoying a boost in development of hotel rooms thanks to a new AC Marriott Hotel currently under construction in the heart of our Downtown. A dual-brand Hampton Inn/H2 Hotel is also coming soon in the East San Rafael neighborhood to serve a variety of large retailers and businesses as well as workers within the traditionally industrial area. These two hotels combined are expected to add 325 new hotel rooms to the City and generate much needed Transit Occupancy Tax (TOT).
- The Downtown San Rafael Arts District (DSRAD) and the arts community continues to thrive. We have made numerous artistic improvements throughout our Downtown, including a facelift to our parking garage, rotating public art on wayfinding signage, pop-up art in vacant windows in Downtown storefronts, and custom bike racks highlighting San Rafael as a cultural district. We have developed the first ever arts and culture plan for the City and are proud to continue to have many arts organizations and stakeholders in our Downtown representing the many voices and perspectives of our diverse arts community.
- San Rafael continues to serve our local business and restaurant community, especially during the COVID-19 pandemic, where we have supported our restaurants by expanding temporary outdoor dining options in our parking stalls, sidewalks, and parking lots. In coordination with the Business Improvement District, the City has also closed streets during our weekly ‘Dining Under The Lights’ event where patrons can enjoy a meal outdoors under the newly extended Tivoli lights that crisscross above the heart of our Downtown.
- Construction of the Public Safety Center was recently completed with an official opening expected in the coming months.
- Sonoma-Marín Area Rail Transit completed and began commercial service on the Larkspur Extension connecting Downtown San Rafael with the Larkspur Ferry terminal.

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.



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, Whitney Fry, Andrew Thompson and Flora Xu, led by Accounting Manager Van Bach and Finance Director Nadine Atieh Hade 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 eighth 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 Councilmember John 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
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 November 9, 2020

City Council

Gary O. Phillips, Mayor
Kate Colin, Vice Mayor
Maribeth Bushey, Councilmember
John Gamblin, Councilmember
Andrew McCullough, Councilmember

Elected Officials

Rob Epstein, City Attorney
Lindsay Lara, City Clerk

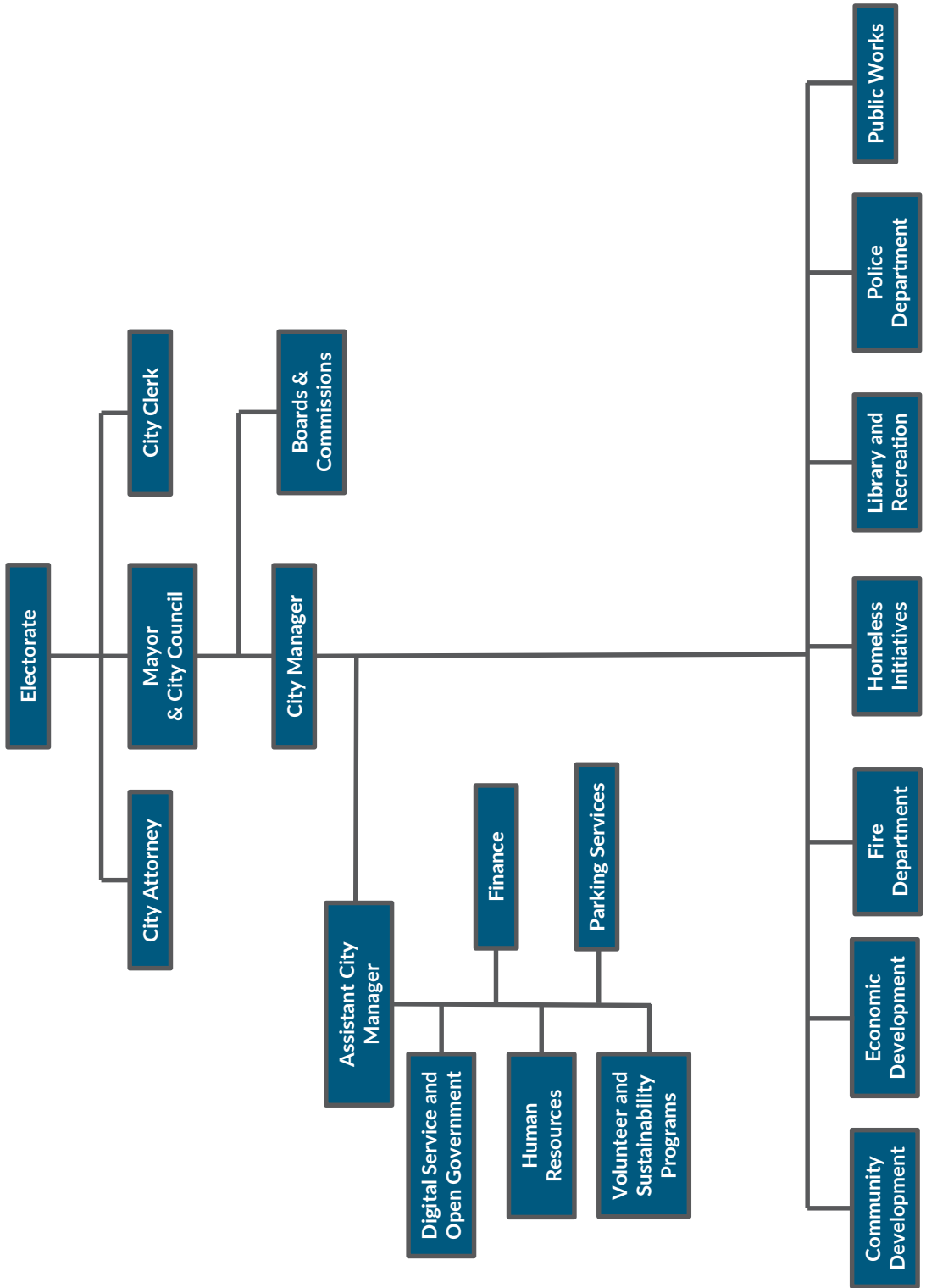
Executive Team

Jim Schutz, City Manager
Cristine Alilovich, Assistant City Manager
Diana Bishop, Chief of Police
Darin White, Fire Chief
Bill Guerin, Public Works Director
Paul Jensen, Community Development Director
Susan Andrade-Wax, Library & Recreation Director
Nadine Atieh Hade, Finance Director
Rebecca Woodbury, Director of Digital Service & Open Government
Shibani Nag, Human Resources Director
Andrew Hening, Homeless Initiatives Director



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, 2019

Christopher P. Morill

Executive Director/CEO





Fire Boat San Rafael

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, 2020, 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 25%, 60%, and 18%, respectively, of the assets, net position, and revenues of the primary government. Those 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 those 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 opinion, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 November 9, 2020 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
November 9, 2020



CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

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, 2020. 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 and deferred outflows of the City exceeded its liabilities and deferred inflows as of June 30, 2020 by \$148 million.
- *Activities* – During the fiscal year the City's total revenues of \$112.2 were greater than expenses of \$110.9 million for governmental and business-type activities.
- *Changes in Net Position* – The City's total net position increased by \$1.3 million in fiscal year 2019-2020 as compared to the net position of the previous year. Net position of governmental activities increased by \$1.2 million, while net position of the business-type activities increased by \$57 thousand.

Fund Level:

- *Governmental Funds* – As of the close of fiscal year 2019-2020, the City's governmental funds reported combined ending fund balances of \$46.1 million, a decrease of \$21.7 million primarily due expenditure of bond proceeds from the fund balance of the prior year. Of this total amount, \$15 thousand is nonspendable, \$34.3 million is restricted, \$1.9 million is committed, \$9.9 million is assigned, and (\$11 thousand) is unassigned.
- Governmental fund revenues totaled \$106.8 million, a decrease of \$10.9 million from the those of the previous fiscal year. Approximately \$8.1 million was due to a reduction of grant and federal reimbursements for expenses incurred on capital projects when compared to the prior year in the Gas Tax and Essential Facilities Capital Projects funds. The remainder was due to impacts of the COVID-19 pandemic that were partially offset by strong revenue collections earlier in the year.
- Governmental fund expenditures decreased by \$9.1 million to \$129.8 million, from \$138.9 million in the prior year, due primarily to the reduction in activities as a result of the COVID-19 pandemic.
- Enterprise fund operating revenue decreased \$299 thousand to a total of \$5.1 million as a result of shelter-in-place orders in response to the COVID-19 pandemic. Enterprise operating expenditures totaled \$4.3 million, a decrease of \$0.6 million over the previous year.

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 Service Funds, and Agency Fund
5. Statistical Information

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

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 generally accepted accounting principles.

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, deferred outflows/inflows of resources, and liabilities, with the difference 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.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

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. 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 116 through 146 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 thirty-two 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-eight governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 30 through 33 of this report. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 116 through 136 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.

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 proprietary fund financial statements can be found on pages 36 through 38 of this report.

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020**

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 40 through 41 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 General Fund and major funds (general, gas tax, and traffic and housing mitigation). The other section includes schedules of funding progress for the Marin County Employees' Retirement System and the City's OPEB plan. 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 the System and the OPEB plan. Required supplementary information can be found on pages 95 through 110 of this report.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

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 \$138.1 million from Governmental Activities and \$9.9 million from Business-type Activities, for a total of \$148 million. This represents an increase of \$1.3 million from the prior year net position.

The following is the condensed Statement of Net Position for the fiscal years ended June 30, 2020 and 2019:

Summary of Net Position
(in thousands)

	Governmental Activities		Increase	Business-Type Activities		Increase
	2020	2019	(Decrease)	2020	2019	(Decrease)
Current and other assets	\$85,240	\$102,788	(\$17,548)	\$3,371	\$3,283	\$88
Capital assets	273,513	254,163	19,350	15,731	15,941	(210)
Total assets	358,753	356,951	1,802	19,102	19,224	(122)
Deferred outflows (Notes 9 and 11)	46,498	38,415	8,083	1,506	1,364	142
Current and other liabilities	15,423	14,479	944	432	477	(45)
Noncurrent liabilities	223,220	208,131	15,089	9,386	8,953	433
Total liabilities	238,643	222,610	16,033	9,818	9,430	388
Deferred inflows (Notes 9 and 11)	28,481	35,838	(7,357)	890	1,060	(170)
Net Position:						
Net investment in capital assets	230,737	231,844	(1,107)	11,104	11,023	81
Restricted	23,522	23,289	233	0	0	0
Unrestricted	(116,133)	(118,215)	2,082	(1,204)	(1,179)	(25)
Total net position	\$138,126	\$136,918	\$1,208	\$9,900	\$9,844	\$56

Current governmental assets decreased by \$17.5 million, primarily due to the expenditure of bond proceeds for public safety facility construction and improvements. The \$19.4 million increase in capital assets reflects project-to-date activity for the public safety facility construction and improvements in combination with major traffic infrastructure improvements. The increase of \$8.1 million in deferred outflows is primarily a result of a 3% increase in the City's proportionate share of the Unfunded Actuarial Liability per the June 30, 2018 actuarial valuation. This change in proportion was mainly attributable to the disproportionate reduction of the County's Unfunded Actuarial Liability as a result of larger than expected investment gains and contributions. Current and other liabilities increased by approximately \$1 million, primarily due to an increase in current claims payable. Noncurrent governmental liabilities increased by \$15.1 million a result of the increase in net pension liability, partially offset by the reduction in Net OPEB liability, when compared to the prior year (Note 11). Deferred inflows decreased by \$7.4 million as a result of the difference between projected and actual earnings on investments per the June 30, 2018 actuarial valuation. In order to decrease the volatility of the measurement of net pension liability gains and losses in excess of those projected are capitalized and amortized over a five-year period.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

The net position in business-type activities reflects the fiscal activity of the Parking Services program and increased by \$56 thousand from the previous year. Capital assets decreased by \$210 thousand due to current year depreciation. The increase in deferred outflows was due to the proportion change of net pension liability mentioned above. The \$388 thousand increase in noncurrent liabilities is driven by the increase in net pension liabilities.

At June 30, 2020, the largest portion of total net position in the amount of \$241.8 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.

A portion of the City's total net position, \$23.5 million, is subject to external restrictions, the use of which is determined by those restrictions whether legal or by covenant. The remaining portion, unrestricted negative \$117.3 million, represents the extent to which the net investment in capital assets and restricted net position exceed total net assets.

Net Position as of 6/30/2020	
(in thousands)	
Invested in Capital Assets (net)	\$241,841
Restricted	23,522
Unrestricted	<u>(117,337)</u>
Total Net Position	<u><u>\$148,026</u></u>

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

Statement of Activities - Governmental

The following is the condensed Statement of Activities and Changes in Net Position for the fiscal years ended June 30, 2020 and 2019:

Summary of Changes in Net Position
(in thousands)

	Governmental Activities		Increase
	2020	2019	(Decrease)
REVENUES			
Program revenues:			
Charges for services	\$19,142	\$19,904	(\$762)
Operating grants and contributions	5,546	4,585	961
Capital grants and contributions	1,348	8,042	(6,694)
Total program revenues	<u>26,036</u>	<u>32,531</u>	<u>(6,495)</u>
General revenues:			
Property taxes	26,492	25,903	589
Sales taxes	33,783	35,627	(1,844)
Paramedic tax	4,923	4,936	(13)
Transient occupancy tax	2,411	3,203	(792)
Franchise tax	4,029	3,627	402
Business license tax	2,825	2,788	37
Other taxes	2,153	1,783	370
Investment earnings	1,908	1,450	458
Miscellaneous	2,471	5,905	(3,434)
Total general revenues	<u>80,995</u>	<u>85,222</u>	<u>(4,227)</u>
TOTAL REVENUES	<u>107,031</u>	<u>117,753</u>	<u>(10,722)</u>
EXPENSES			
General government	15,630	11,968	3,662
Public safety	50,001	49,899	102
Public works and parks	21,661	19,271	2,390
Community/economic development	5,314	5,782	(468)
Culture and recreation	11,828	12,819	(991)
Interest on long-term debt	1,975	1,848	127
TOTAL EXPENSES	<u>106,409</u>	<u>101,587</u>	<u>4,822</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>622</u>	<u>16,166</u>	<u>(15,544)</u>
Transfers in	<u>586</u>	<u>609</u>	<u>(23)</u>
Total Other Financing Sources (Uses)	<u>586</u>	<u>609</u>	<u>(23)</u>
Net Change in Net Position	1,208	16,775	(15,567)
Beginning Net Position	136,918	120,143	16,775
Ending Net Position, June 30	<u>\$138,126</u>	<u>\$136,918</u>	<u>\$1,208</u>

CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020**

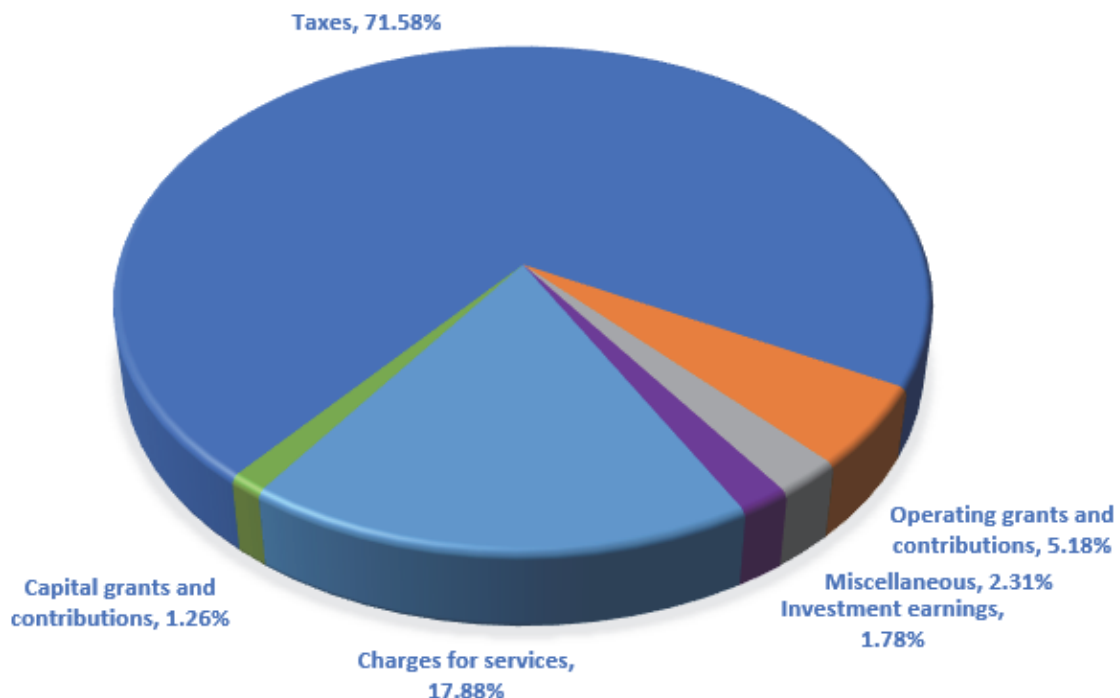
The City's governmental activities net position increased by \$1.2 million during fiscal year 2019-2020. Year-over-year decreases in revenues of \$10.7 million resulting from the pandemic were still able to absorb the increase in expenses of \$4.8 million. Revenue decreases were concentrated in areas affected by the shelter-in-place coronavirus pandemic orders such as sales taxes, transient occupancy taxes, and capital grants. Increases in program expenses were concentrated in general government and public works. Although there was a decrease in operating expenses as a result of the pandemic, a total increase in expenditures for general government and public works are the result of required pension and OPEB related adjustments as well as increased claims and workers compensation expenditures as determined by outside Actuarial reports. Due to the nature of allocations of expenses in the government-wide statements, fluctuation analysis on program expenses is better performed on the fund level financial statements.

Growth in property taxes stemmed from the 2% proposition 13 inflation adjustment that was unaffected by the pandemic.

The year-over-year \$1.8 million decrease in sales taxes is due to reduced economic activity resulting from shelter-in-place orders to guard against the coronavirus pandemic. The recently enacted Wayfair decision played a crucial role in helping to mitigate the loss as sales shifted on-line and greater tax revenues were allocated to the City from the County pool responsible for distributing taxes on on-line purchases.

The increase in fiscal year 2019-2020 governmental expenses was due, in part, to pension expense adjustments recorded under GASB 68, as well as increased internal service fund expenditure allocations resulting primarily from Workers' Compensation premiums and claims during the year.

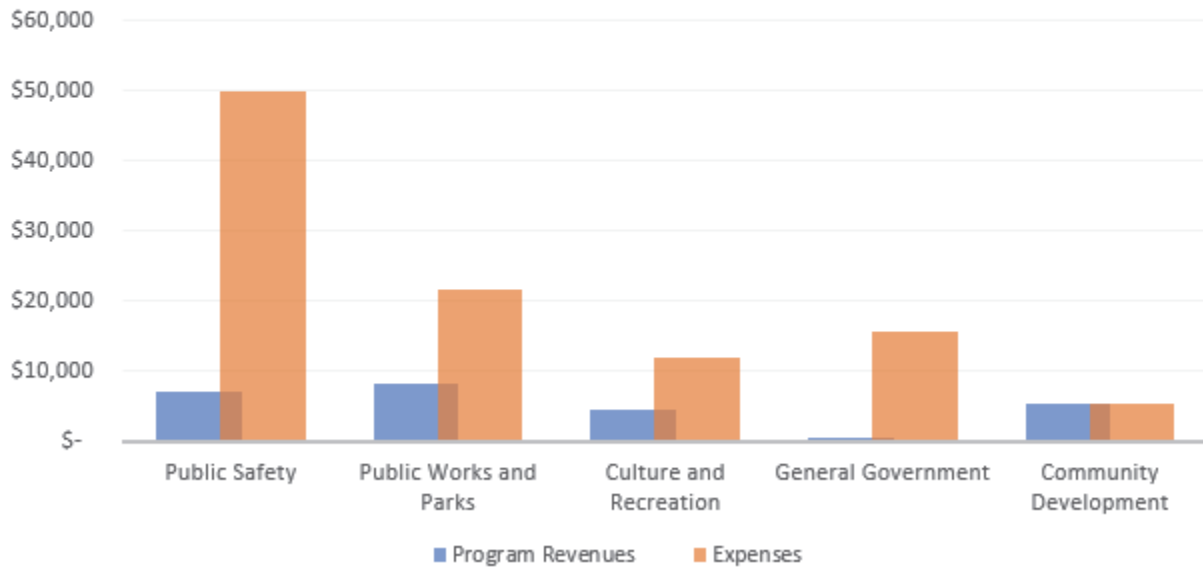
The following graph shows governmental revenues by source:

**Revenues by Source
Governmental Activities**


CITY OF SAN RAFAEL

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020**

**Expenses and Program Revenues
Governmental Activities
(in thousands)**



Total expenses for governmental activities were \$104.4 million (excluding interest on long-term debt of \$2 million). Program revenues offset total expenses as follows:

- Those who directly benefited from programs contributed \$19.1 million in charges for services.
- A total of \$6.9 million in operating and capital projects were funded by outside agencies through operating grants, capital grants, and contributions.

As a result, total expenses that were funded by tax revenues, investment income, other general revenues and fund balance were \$78.4 million.

Functional expenses for the year ended June 30, 2020 were as follows:

Expenses by Function

(in thousands)

Function	Amount	Percent of Total
General government	\$15,630	14.7%
Public safety	50,001	47.0%
Public works and parks	21,661	20.4%
Community development	5,314	5.0%
Culture and recreation	11,828	11.1%
Interest on debt	1,975	1.9%
Total expenses	\$106,409	100%

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

Summary of Changes in Net Position
For the periods ended June 30, 2020 and 2019 (in thousands)

	Business-Type Activities		Increase
	2020	2019	(Decrease)
Revenues			
Program revenues:			
Charges for services	\$5,063	\$5,362	(\$299)
Total program revenues	<u>5,063</u>	<u>5,362</u>	<u>(299)</u>
General revenues:			
Investment Income	71	64	7
Total general revenues	<u>71</u>	<u>64</u>	<u>7</u>
TOTAL REVENUES	<u>5,134</u>	<u>5,426</u>	<u>(292)</u>
Expenses			
General government	4,491	5,039	(548)
TOTAL EXPENSES	<u>4,491</u>	<u>5,039</u>	<u>(548)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	643	387	256
OTHER FINANCING SOURCES (USES)			
Transfers out	(586)	(608)	22
Total Other Financing sources (uses)	<u>(586)</u>	<u>(608)</u>	<u>22</u>
Net Change in Net Position	57	(221)	278
Net Position, Beginning	<u>9,843</u>	<u>10,064</u>	<u>(221)</u>
Net Position, Ending	<u><u>\$9,900</u></u>	<u><u>\$9,843</u></u>	<u><u>\$57</u></u>

The net position for business-type activities increased from the prior year by \$57 thousand.

- Parking services is the City's only business-type activity with income derived from program revenues of \$5.1 million. Program revenues include parking meter coin income of \$1.5 million and parking garage hourly and monthly parking income of \$1 million. Revenues also include parking and non-vehicle code fines totaling \$2.5 million. Total expenses for parking services were \$4.5 million and transfers out to general fund and non-major governmental fund for support totaled \$586 thousand during the fiscal year 2019-2020. The year-over-year decreases in revenues and expenses were directly attributable to the coronavirus pandemic and shelter-in-place orders.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

Governmental Funds

Fund Balance Classifications

Fund balances are classified in five categories: nonspendable, restricted, committed, assigned, and unassigned based on a 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, 2020, the City reported a combined ending fund balance of \$46.1 million for all governmental funds (a decrease of \$21.7 million from the prior year): \$15 thousand is non-spendable, \$34.3 million is restricted, \$1.9 million is committed, \$9.9 million is assigned, and (\$11) thousand is unassigned.

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, 2020 was \$9.8 million (a decrease of \$2.7 million from the prior year balance): \$8 thousand is non-spendable and \$9.8 million is assigned. The assigned portion of the balance includes \$7.8 million for emergency and cash flow needs.

General Fund Budgetary Highlights:

The original adopted General Fund budget projected total revenue of \$80.7 million and transfers-in of \$4.7 million for total resources of \$85.4 million. This budget appropriated expenditures of \$80.3 million and transfers-out of \$6.1 million for total appropriations of \$86.4 million. Expenditures were later increased to \$81.3 million to accommodate increased public safety overtime expenditures as well as increased liability claims. Transfers-out were increased by \$546 thousand based on increased support of recreation fund expenditures as a result of the pandemic and project support.

Actual revenues, at \$80.3 million, were lower than the original budgeted revenues by \$0.4 million. The was due to a decrease in tax revenues as a result of the coronavirus pandemic that were partially offset by larger than expected tax receipts earlier in the year as well as large one-time collections for fees related to large development projects. Expenditures of \$81.2 million were greater than the original budgeted expenditures by \$0.8 million, primarily due to increased liability claims.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

Fiscal year 2019-2020 General Fund expenditures, operating and capital transfers out of \$87.7 exceeded revenues and transfers of \$85 million by \$2.7 million. Prior year assigned and unassigned fund balances including the General Fund Emergency and Cash Flow Reserve were utilized to absorb the loss.

Summary of General Fund Budget and Actual
For the fiscal year ended June 30, 2020 (in thousands)

	Adopted Budget	Revised Budget	Actual
Revenues	\$80,676	\$80,876	\$80,287
Transfers in	4,701	4,737	4,737
Note Proceeds			24
Total resources	<u>85,377</u>	<u>85,613</u>	<u>85,048</u>
Expenditures	80,286	\$81,308	81,151
Operating transfers out	2,000	2,440	2,440
Capital Transfers out	4,077	4,183	4,183
Total uses	<u>86,363</u>	<u>87,931</u>	<u>87,774</u>
Net Results	<u>(\$986)</u>	<u>(\$2,318)</u>	<u>(\$2,726)</u>

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 \$5.2 million to \$4.2 million. Revenues totaled \$1 million, while \$2 million was charged against this fund to support the maintenance of the City-wide traffic model. Installation of a multi-use pathway along Francisco Boulevard accounted for charges of \$763 thousand, the Innovative Deployment of Enhanced Arterial project designed to proactively identify and correct traffic signal performance accounted for \$467 thousand, and a project to install new queue cutter signals on 2nd and 3rd streets next to the rail crossing accounted for \$365 thousand. The balance in the fund is being held in anticipation of major street projects identified in the General Plan 2040 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 exceeded expenditures and net transfers by \$1.8 million in fiscal year 2019-2020 resulting in an increase in fund balance from \$4.7 million to \$6.5 million. The activities for the year were all planned and approved project work.

Expenditures during fiscal year 2019-2020 totaled \$5.8 million. In addition to routine street-related maintenance of \$1.8 million, major expenditures included \$3.1 million for street resurfacing and restriping, \$570 thousand for a multi-use path along Francisco Boulevard, \$398 thousand for emergency slide repair at 70 Irwin, \$155 thousand for sidewalk improvements along Francisco Boulevard, \$113 thousand to for the Grand Avenue pathway connector project, and \$258 thousand related to studies and improvements to Third Street.

The largest sources of revenues were \$1.7 million in development impact fees, \$1.4 million from State gasoline taxes, \$1.2 million in local Measure A funding, and \$1.1 million in State RMRA (Road Maintenance and Rehabilitation Account) funding.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

Essential Facilities Capital Projects Fund – The City uses this fund to account for major capital improvements to public safety facilities. During the year, construction of Fire Station 57 was completed and the Public Safety Center was substantially complete. Expenditures during fiscal year 2019-2020 totaled \$23.6 million, of which \$4.2 million was transferred from the General Fund from an allocation of Measure E Transaction and Use Tax and \$950 thousand was allocated from paramedic tax funds.

Non-major Governmental Funds – The City's non-major funds are presented in the basic financial statements in the aggregate. At June 30, 2020, non-major funds had a total fund balance of \$13.1 million, a \$100 thousand increase over that of the previous year. The largest fund balance decrease, \$473 thousand, was recorded in the Childcare Fund as result of reduced charges for services from closure during shelter-in-place orders. The largest fund balance increase, \$487 thousand, was recorded in the Stormwater Fund as budgeted activity was hindered by the pandemic.

Of the ending total non-major fund balances of \$13.0 million: \$11.1 million (85%) is legally restricted for specific purposes by external funding source providers, \$1.9 million (14%) is committed for special purposes by the City Council, \$121 thousand (1%) is assigned, \$8 thousand (less than 1%) is nonspendable, and a negative balance of \$11 thousand is unassigned. The negative balance resulted from wildfire prevention activities performed in advance of Measure C – Wildfire Prevention Fund revenue collection in order to prepare for the upcoming fire season. 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 Summary of Changes in Net Position – Business-type Activities at page 26, the City's enterprise fund net position increased by \$72 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 \$299 thousand in fiscal year 2019-2020 to \$5.1 million. The enterprise fund operating expenses were \$4.3 million in fiscal year 2019-2020, a decrease of \$0.6 million over the prior fiscal year. The change in operating revenues and expenses was primarily driven by the State shelter-in-place orders.

The City's Internal Service Funds are also reported in this Proprietary Fund classification. In fiscal year 2019-2020, 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 increased by \$3.3 million. Net investment in capital assets decreased by \$196 thousand, while unrestricted fund balance increased by \$3.5 million. The decrease in capital assets resulted primarily from depreciation of existing capital assets. The increase in unrestricted fund balance reflected increased allocations to the Liability Fund and Employee Retirement Fund to support increased claims and funding two years of pension obligation bond debt service, respectively. The other Internal Service Funds reported small-to-moderate changes to their respective net positions.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

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, 2020 amounts to \$289.2 million, net of accumulated depreciation of \$189.1 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 \$19.1 million, offset by accumulated depreciation of \$6.6 million.

Additions to capital assets during fiscal year 2019-2020 included:

- Building and structure projects: \$29.3 million
 - Fire Station 52 - \$13.3 million
 - Fire Station 57 - \$13.5 million
 - Energy Efficiency Upgrades - \$1.1 million
 - City Hall Switchgear Replacement - \$642 thousand
 - Boyd House Renovations - \$390 thousand
 - Bret Hart Restroom - \$305 thousand
- Infrastructure: \$3.5 million
 - Grand Avenue Pathway - \$2.9 million
 - Grand Avenue Pathway Connector - \$612k

The City's Capital Assets for the fiscal years ending June 30, 2020 and 2019 were as follows:

Summary of Capital Assets
(in thousands)

	2020	2019
Governmental Activities		
Land	\$83,662	\$83,662
Construction in progress	62,961	69,822
Land improvements	9,763	9,763
Buildings and structures	73,514	44,247
Machinery and equipment	20,842	20,948
Infrastructure	207,290	203,818
Less accumulated depreciation	(184,519)	(178,097)
Subtotal Governmental Activities	<u>273,513</u>	<u>254,163</u>
Business-type Activities		
Land	8,621	8,621
Buildings and structures	10,714	10,714
Machinery and equipment	1,009	1,042
Less accumulated depreciation	(4,613)	(4,436)
Subtotal Business-type Activities	<u>15,731</u>	<u>15,941</u>
Total Capital Assets	<u>\$289,244</u>	<u>\$270,104</u>

Additional information on the City's capital assets can be found in Note 5 on pages 61 through 63 of this report.

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

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, 2020 and 2019 were as follows:

Summary of Long-Term Debt
(in thousands)

	<u>2020</u>	<u>2019</u>
Governmental Activity Debt:		
2018 Authority Lease Revenue Bond	\$52,596	\$53,104
2010 Taxable Pension Obligation Bonds	3,320	3,765
PG & E City Hall HVAC Retrofit Note Payable	113	146
PG & E Street Light Retrofit Note Payable		7
PG & E Efficiency Note Payable	972	1,081
Subtotal Governmental Activity Debt	<u>57,001</u>	<u>58,103</u>
Business-Type Activity Debt:		
PG & E Parking Lot Lighting Retrofit Note Payable	21	28
2012 Authority Lease Revenue Refunding Bonds, as adjusted	4,606	4,890
Subtotal Business-Type Activity Debt	<u>4,627</u>	<u>4,918</u>
Total Long-Term Obligations	<u><u>\$61,628</u></u>	<u><u>\$63,021</u></u>

CITY OF SAN RAFAEL
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

ECONOMIC CLIMATE AND NEXT YEAR'S BUDGET

In early 2020 the globe was sent into an economic and social crisis from the rapid outbreak of COVID-19. Economies went into freefall as efforts to combat the virus disrupted the global supply chain. The United States saw its gross domestic product fall 9.5 percent in the second quarter and unemployment jump to 14.7 percent in April. Stimulus measures such as cutting interest rates and direct payments have helped to mitigate the toll on the American economy. The road to recovery is beginning to appear lengthier than some may have predicted, and the country is likely to continue to face ongoing challenges in the years ahead.

California faces the new year with a \$54.3 billion budget deficit and an unemployment rate of 11% as of September, a stark contrast from the record low unemployment rates and record expansion reported just a year ago. The State has been slow to reopen as new cases hold near levels seen in the spring and conditions will remain restrictive for businesses in the near term. It remains to be seen how the reopening will impact case numbers, but all indications are that a prolonged recovery should be expected.

Locally, Marin County's unemployment rate fares better than all but one California county at 6.5% as of September as its workforce is more concentrated in the finance, science and information sectors sheltering the County from larger adverse effects of the pandemic. The real estate market in Marin has seen a recent boom with home sales up 37% and median home sales prices increasing 21% year over year which should translate to increased gains in property taxes.

In San Rafael, economic impacts remain mixed. Property taxes are continuing to grow and the recent housing boom in Marin is expected to bolster that trend going forward whereas sales and use tax revenue, transient occupancy tax, and business licenses will continue to see adverse impacts of the pandemic as the reopening and recovery appears likely to take a prolonged approach.

The City's general fund, after years of solid operating results, is seeing a reversal that is expected to continue through the next few fiscal years. Staffing levels have decreased and the City has tapped into the emergency reserve to maintain vital services and, 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 methods of coping with the economic downturn means additional revenue sources will be required to get back to service and maintenance levels that were the norm prior to the pandemic.

Sales tax and transactions and use tax (Measure E) combined, represent the City's largest tax revenue generators. The City's second largest tax generator is property tax. The City is expecting the fiscal year 2020-2021 tax roll to increase by approximately five percent over the previous year. Other tax and non-tax revenues are expected to decline as we enter a fiscal year that is expected to be entirely affected by the economic toll of the pandemic.

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 two-year contract expiring on October 31, 2021, the City's labor units are all operating under extensions of two-year contracts that expire on June 30, 2021.

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.

CITY OF SAN RAFAEL

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

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.



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 deferred outflows of resources and the City's total liabilities and deferred inflows of resources, 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 and deferred inflows of resources from total assets and deferred outflows of resources.

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, deferred outflows/inflows of resources, 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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	San Rafael Sanitation District
ASSETS				
Cash and investments available for operations (Note 2)	\$57,442,045	\$2,675,950	\$60,117,995	\$38,895,857
Restricted cash and investments (Note 2)	12,187,976		12,187,976	
Receivables:				
Accounts, net	2,418,709	695,398	3,114,107	1,498,788
Intergovernmental	6,711,914		6,711,914	
Grants	825,201		825,201	
Interest	208,479		208,479	
Loans (Note 4)	302,894		302,894	
Long-term receivable from the Successor Agency (Note 15D)	190,444		190,444	
Long-term receivable from San Rafael Sanitation District (Note 4F)	4,937,049		4,937,049	
Prepaid expenses and others	15,353		15,353	62,461
Capital assets (Note 5):				
Nondepreciable	146,623,585	8,620,853	155,244,438	1,492,971
Depreciable, net	126,889,000	7,110,590	133,999,590	51,985,289
Total Assets	<u>358,752,649</u>	<u>19,102,791</u>	<u>377,855,440</u>	<u>93,935,366</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension (Note 9)	40,529,874	1,357,747	41,887,621	
Deferred outflows related to OPEB (Note 11)	5,967,993	148,007	6,116,000	
Total Deferred Outflows of Resources	<u>46,497,867</u>	<u>1,505,754</u>	<u>48,003,621</u>	
LIABILITIES				
Accounts payable	7,785,711	60,621	7,846,332	521,435
Deposits payable	274,326		274,326	
Interest payable		40,322	40,322	
Developer deposits payable	692,819		692,819	
Unearned revenue	172,395	19,116	191,511	
Claims payable (Note 13):				
Due in one year	3,338,607		3,338,607	
Due in more than one year	9,081,670		9,081,670	
Compensated absences (Note 11):				
Due in one year	595,494	14,841	610,335	
Due in more than one year	4,168,460	103,886	4,272,346	
Long-term debt (Note 6):				
Due in one year	2,563,711	296,816	2,860,527	
Due in more than one year	54,436,960	4,329,876	58,766,836	
Long-term payable to the City of San Rafael, due in more than one year (Note 4F)				4,937,049
Net OPEB liability, due in more than one year (Note 11)	25,963,111	643,889	26,607,000	
Net pension liability, due in more than one year (Note 9)	129,569,578	4,307,953	133,877,531	
Total Liabilities	<u>238,642,842</u>	<u>9,817,320</u>	<u>248,460,162</u>	<u>5,458,484</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension (Note 9)	21,832,237	725,882	22,558,119	
Deferred inflows related to OPEB (Note 11)	6,649,101	164,899	6,814,000	
Total Deferred Inflows of Resources	<u>28,481,338</u>	<u>890,781</u>	<u>29,372,119</u>	
NET POSITION (Note 8):				
Net investment in capital assets	230,737,025	11,104,751	241,841,776	53,478,260
Restricted for:				
Special revenue projects:				
Housing and street improvements	11,633,043		11,633,043	
Stormwater	889,468		889,468	
Emergency medical services	726,002		726,002	
Other	8,002,418		8,002,418	
Capital projects	2,100,674		2,100,674	
Debt service	171,143		171,143	
Total Restricted Net Position	<u>23,522,748</u>		<u>23,522,748</u>	
Unrestricted	(116,133,437)	(1,204,307)	(117,337,744)	34,998,622
Total Net Position	<u>\$138,126,336</u>	<u>\$9,900,444</u>	<u>\$148,026,780</u>	<u>\$88,476,882</u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$15,629,601	\$394,882	\$142,780	
Public safety	50,000,809	5,824,555	1,254,541	
Public works and parks	21,661,442	3,082,495	3,946,827	\$1,348,640
Community development	5,314,692	5,470,010		
Culture and recreation	11,828,353	4,370,442	201,583	
Interest on long-term debt and fiscal charges	1,974,834			
Total Governmental Activities	106,409,731	19,142,384	5,545,731	1,348,640
Business-type Activities:				
Parking services	4,491,375	5,063,318		
Total Business-type Activities	4,491,375	5,063,318		
Total Primary Government	<u>\$110,901,106</u>	<u>\$24,205,702</u>	<u>\$5,545,731</u>	<u>\$1,348,640</u>
Component Unit				
San Rafael Sanitation District	<u>\$13,853,263</u>	<u>\$16,874,361</u>	<u>\$5,719</u>	<u>\$175,217</u>

General revenues:

Taxes:

Property

Sales:

Sales and Use

Measure E half-cent sales

Measure E quarter-cent sales

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
(\$15,091,939)		(\$15,091,939)	
(42,921,713)		(42,921,713)	
(13,283,480)		(13,283,480)	
155,318		155,318	
(7,256,328)		(7,256,328)	
(1,974,834)		(1,974,834)	
<u>(80,372,976)</u>		<u>(80,372,976)</u>	
	\$571,943	571,943	
	571,943	571,943	
<u>(80,372,976)</u>	<u>571,943</u>	<u>(79,801,033)</u>	
			<u>\$3,202,034</u>
26,491,505		26,491,505	1,833,137
21,602,988		21,602,988	
8,121,188		8,121,188	
4,060,594		4,060,594	
4,923,092		4,923,092	
2,410,745		2,410,745	
4,029,050		4,029,050	
2,824,722		2,824,722	
2,152,617		2,152,617	
1,907,591	71,583	1,979,174	876,369
2,470,926		2,470,926	489
586,387	(586,387)		
<u>81,581,405</u>	<u>(514,804)</u>	<u>81,066,601</u>	<u>2,709,995</u>
1,208,429	57,139	1,265,568	5,912,029
<u>136,917,907</u>	<u>9,843,305</u>	<u>146,761,212</u>	<u>82,564,853</u>
<u>\$138,126,336</u>	<u>\$9,900,444</u>	<u>\$148,026,780</u>	<u>\$88,476,882</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 2019-2020:

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, 2020

	Special Revenue Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Traffic and Housing Mitigation	Gas Tax	Essential Facilities Capital Projects Fund		
ASSETS						
Cash and investments available for operations (Note 2)	\$7,491,237	\$4,223,837	\$5,976,389	\$3,217,016	\$12,073,469	\$32,981,948
Restricted cash and investments (Note 2)	578,156			10,905,111	704,709	12,187,976
Receivables:						
Accounts	1,483,130	23,951			834,452	2,341,533
Intergovernmental	6,083,065		235,017		393,832	6,711,914
Grants			774,216		47,313	821,529
Interest	173,480			31,655	3,344	208,479
Loans (Note 4)	2,873	37,145			262,876	302,894
Long-term receivable from the Successor Agency (Note 15D)	190,444					190,444
Due from other funds (Note 3B)	131,504					131,504
Prepays	7,540				7,813	15,353
Total Assets	\$16,141,429	\$4,284,933	\$6,985,622	\$14,153,782	\$14,327,808	\$55,893,574
LIABILITIES						
Accounts payable	\$4,441,030	\$63,151	\$468,015	\$1,678,854	\$600,813	\$7,251,863
Deposits payable	179,190				95,136	274,326
Developer deposits payable	440,612				252,207	692,819
Due to other funds (Note 3B)					131,504	131,504
Unearned revenue					172,395	172,395
Total Liabilities	5,060,832	63,151	468,015	1,678,854	1,252,055	8,522,907
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue:						
SB90 reimbursement receivable	1,083,473					1,083,473
Long-term receivable from Successor Agency	190,444					190,444
Total Deferred Inflows of Resources	1,273,917					1,273,917
Fund Balances (Note 8):						
Nonspendable	7,540				7,813	15,353
Restricted		4,221,782	6,517,607	12,474,928	11,073,985	34,288,302
Committed					1,884,153	1,884,153
Assigned	9,799,140				120,920	9,920,060
Unassigned					(11,118)	(11,118)
Total Fund Balances	9,806,680	4,221,782	6,517,607	12,474,928	13,075,753	46,096,750
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$16,141,429	\$4,284,933	\$6,985,622	\$14,153,782	\$14,327,808	\$55,893,574

See accompanying notes to basic financial statements

CITY OF SAN RAFAEL
GOVERNMENTAL FUNDS
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2020

Total fund balances reported on the governmental funds balance sheet	\$46,096,750
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:	
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds.	260,321,608
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.	24,777,797
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	(57,000,671)
Compensated absences	(4,763,954)
Unavailable revenue	1,273,917
Long-term receivables from San Rafael Sanitation District	4,937,049
Deferred outflows related to pension	40,529,874
Net pension liability	(129,569,578)
Deferred inflows related to pension	(21,832,237)
Deferred outflows related to OPEB	5,967,993
Deferred inflows related to OPEB	(6,649,101)
Net OPEB liability	<u>(25,963,111)</u>
Net Position of governmental activities	<u><u>\$138,126,336</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, 2020

	<u>Special Revenue Funds</u>					Total Governmental Funds
	General	Traffic and Housing Mitigation	Gas Tax	Essential Facilities Capital Projects Fund	Other Governmental Funds	
REVENUES						
Taxes and special assessments	\$69,242,196				\$7,168,501	\$76,410,697
Licenses and permits	3,047,144					3,047,144
Fines and forfeitures	349,563				825	350,388
Use of money and properties	371,231	\$116,876	\$106,175	\$599,667	343,920	1,537,869
Intergovernmental	3,229,127		4,887,201		1,170,853	9,287,181
Charges for services	3,105,656	612,867	2,132,590		7,983,730	13,834,843
Other revenue	942,435	286,551	199,893	189,864	690,483	2,309,226
Total Revenues	80,287,352	1,016,294	7,325,859	789,531	17,358,312	106,777,348
EXPENDITURES						
Current:						
General government	16,119,613				569,913	16,689,526
Public safety	41,615,327				8,456,204	50,071,531
Public works and parks	12,349,130	99,232	4,273,277		732,184	17,453,823
Community development	5,276,887					5,276,887
Culture and recreation	2,689,531				8,489,879	11,179,410
Capital outlay		505,588	1,531,254	23,593,767	354,139	25,984,748
Debt service:						
Principal	618,316					618,316
Interest and fiscal charges	2,482,778					2,482,778
Total Expenditures	81,151,582	604,820	5,804,531	23,593,767	18,602,319	129,757,019
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(864,230)	411,474	1,521,328	(22,804,236)	(1,244,007)	(22,979,671)
OTHER FINANCING SOURCES (USES)						
Note issued (Note 6)	23,999					23,999
Transfers in (Note 3A)	4,737,499		1,168,168	5,123,865	2,767,994	13,797,526
Transfers out (Note 3A)	(6,623,159)	(1,387,068)	(900,000)	(2,235,200)	(1,439,789)	(12,585,216)
Total Other Financing Sources (Uses)	(1,861,661)	(1,387,068)	268,168	2,888,665	1,328,205	1,236,309
Net Change in Fund Balances	(2,725,891)	(975,594)	1,789,496	(19,915,571)	84,198	(21,743,362)
FUND BALANCES, BEGINNING OF YEAR	12,532,571	5,197,376	4,728,111	32,390,499	12,991,555	67,840,112
FUND BALANCES, END OF YEAR	\$9,806,680	\$4,221,782	\$6,517,607	\$12,474,928	\$13,075,753	\$46,096,750

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, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	(\$21,743,362)
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	26,072,936
Loss on disposal of capital assets is deducted from fund balance	(23,413)
Depreciation expense is deducted from fund balance (Depreciation expense is net of internal service fund depreciation of \$1,309,673, which has already been allocated to serviced funds.)	(6,504,027)
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.	
Repayments on long-term debt principal	618,316
Amortized bond premium expense is added back to fund balance	507,944
Issuance of debt is deducted from fund balance	(23,999)
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	(439,110)
Unavailable revenue	(200,602)
Long-term receivable from San Rafael Sanitary District	323,086
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.	
	(2,317,973)
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.	
	1,586,196
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.	
	3,352,437
Change in Net Position of Governmental Activities	\$1,208,429

See accompanying notes to financial statements



PROPRIETARY FUND FINANCIAL STATEMENTS
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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.

CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2020

	Business-type Activities - Enterprise Fund	Governmental Activities
	Parking Services	Internal Service Funds
ASSETS		
Current Assets:		
Cash and investments available for operations (Note 2)	\$2,675,950	\$24,460,097
Receivable:		
Accounts, net	695,398	77,176
Grants		3,672
Total Current Assets	<u>3,371,348</u>	<u>24,540,945</u>
Noncurrent Assets:		
Capital assets (Note 5):		
Nondepreciable	8,620,853	555,908
Depreciable, net	7,110,590	12,635,069
Total Noncurrent Assets	<u>15,731,443</u>	<u>13,190,977</u>
Total Assets	<u>19,102,791</u>	<u>37,731,922</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension (Note 9)	1,357,747	
Deferred outflows related to OPEB (Note 11)	148,007	
Total Deferred Outflows of Resources	<u>1,505,754</u>	
LIABILITIES		
Current Liabilities:		
Accounts payable	60,621	533,848
Interest payable	40,322	
Unearned revenue	19,116	
Compensated absences, due in one year (Note 1L)	14,841	
Claims payable, due in one year (Note 13)		3,338,607
Long-term debt, due in one year (Note 6)	296,816	
Total Current Liabilities	<u>431,716</u>	<u>3,872,455</u>
Noncurrent Liabilities:		
Compensated absences (Note 1L)	103,886	
Claims payable (Note 13)		9,081,670
Long-term debt (Note 6)	4,329,876	
Net OPEB liability (Note 11)	643,889	
Net pension liability (Note 9)	4,307,953	
Total Noncurrent Liabilities	<u>9,385,604</u>	<u>9,081,670</u>
Total Liabilities	<u>9,817,320</u>	<u>12,954,125</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension (Note 9)	725,882	
Deferred inflows related to OPEB (Note 11)	164,899	
Total Deferred Inflows of Resources	<u>890,781</u>	
NET POSITION (Note 8):		
Net investment in capital assets	11,104,751	13,190,977
Unrestricted	(1,204,307)	11,586,820
Total Net Position	<u>\$9,900,444</u>	<u>\$24,777,797</u>

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, 2020

	Business-type Activities - Enterprise Fund	Governmental Activities
	Parking Services	Internal Service Funds
OPERATING REVENUES		
Charges for current services	\$2,515,793	\$21,143,188
Other operating revenues	2,547,525	911,696
Intergovernmental		29,476
Total Operating Revenues	<u>5,063,318</u>	<u>22,084,360</u>
OPERATING EXPENSES		
Personnel	2,586,635	3,895,342
Insurance premiums and claims		9,423,296
Maintenance and repairs	100,723	286,579
Depreciation (Note 5)	235,885	1,309,673
General and administrative	1,385,075	3,381,025
Total Operating Expenses	<u>4,308,318</u>	<u>18,295,915</u>
Operating Income	<u>755,000</u>	<u>3,788,445</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	71,583	454,833
Interest expense	(167,700)	
Miscellaneous income		194
Gain from sale of capital assets		58,459
Loss on retirement of capital assets		(463,928)
Total Nonoperating Revenues (Expenses)	<u>(96,117)</u>	<u>49,558</u>
Income Before Contributions and Transfers	<u>658,883</u>	<u>3,838,003</u>
CAPITAL CONTRIBUTIONS		
TRANSFERS IN (Note 3A)		125,000
TRANSFERS OUT (Note 3A)	(586,387)	52,840
Change in Net Position	72,496	3,337,080
NET POSITION, BEGINNING OF YEAR	<u>9,827,948</u>	<u>21,440,717</u>
NET POSITION, END OF YEAR	<u>\$9,900,444</u>	<u>\$24,777,797</u>
*Reconciliation of the Change in Net Position with the Statement of Activities		
Change in Net Position	\$72,496	
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.	<u>(15,357)</u>	
Change in Net Position of Business-type Activities	<u>\$57,139</u>	

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Fund	Governmental Activities
	Parking Services	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers/other funds	\$2,515,793	\$21,233,692
Cash payments to suppliers for goods and services	(1,547,567)	(13,241,534)
Cash payments to employees for salaries and benefits	(2,426,694)	(1,302,099)
Other revenues	1,902,644	911,890
Cash Flows from Operating Activities	444,176	7,601,949
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund receipts		52,840
Interfund payments	(586,387)	(678,763)
Cash Flows from Noncapital Financing Activities	(586,387)	(625,923)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on revenue bonds and note payable	(291,815)	
Interest expenses and fiscal charges	(169,113)	
Acquisition of capital assets	(26,120)	(982,738)
Proceeds from sale of property		110,768
Cash Flows from Capital and Related Financing Activities	(487,048)	(871,970)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	71,583	454,832
Cash Flows from Investing Activities	71,583	454,832
NET CHANGE IN CASH AND CASH EQUIVALENTS	(557,676)	6,558,888
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,233,626	17,901,209
CASH AND CASH EQUIVALENTS, END OF YEAR	\$2,675,950	\$24,460,097
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$755,000	\$3,788,445
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation	235,885	1,309,673
Miscellaneous income		194
Net change in assets and liabilities:		
Accounts receivable	(663,997)	61,028
Prepays	3,400	
OPEB system	(3,804)	
Accounts payable	(65,169)	(256,120)
Unearned revenue	19,116	
Compensated absence obligations	(19,734)	
Retirement system	183,479	
Claims payable		2,698,729
Net Cash Provided by Operating Activities	\$444,176	\$7,601,949
NON-CASH TRANSACTIONS:		
Capital contributions		\$125,000
Retirement of capital assets	(\$4,702)	(\$516,237)
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.

CITY OF SAN RAFAEL
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund	Pt. San Pedro Road Assessment District Agency Fund
ASSETS		
Cash and investments (Note 2)	\$40,058	\$238,892
Receivable:		
Taxes	3,451,205	690
Total Assets	3,491,263	\$239,582
LIABILITIES		
Interest payable	21,643	\$23,014
Other long-term obligations (Note 15D)	190,444	
Due to bondholders		216,568
Long-term debt (Note 15C):		
Due within one year	3,350,000	
Due more than one year	6,793,892	
Total Liabilities	10,355,979	\$239,582
NET POSITION (DEFICIT)		
Held in trust for private purpose	(\$6,864,716)	

See accompanying notes to financial statements

CITY OF SAN RAFAEL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund <hr/>
ADDITIONS	
Property taxes	\$3,908,118
Use of money and property	1,714
Return of disallowed administrative costs	<hr/> 103,243
Total Additions	<hr/> 4,013,075
DEDUCTIONS	
General government	150,069
Interest expense	<hr/> 493,403
Total Deductions	<hr/> 643,472
Change in Net Position	3,369,603
NET POSITION HELD IN TRUST FUND FOR OTHER PURPOSES	
Beginning of year	<hr/> (10,234,319)
End of year	<hr/> <hr/> (\$6,864,716)

See accompanying notes to financial statements



CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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.

Activities of the Authority related to the 2012 Authority Lease Revenue Refunding Bonds are reported in the Parking Services Enterprise Fund. 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, 2020

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 and deferred outflows of resources, liabilities and deferred inflows of resources, 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, 2020**

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 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; retiree medical (OPEB); and sewer maintenance.

Fiduciary Funds – 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; and *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, 2020

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 or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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 and Mariposa Assessment District Debt Service Funds. 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, Special Revenue Funds and the 1997 Financing Authority Revenue Bonds Debt Service Fund.

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 maturities 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.

J. *Prepays*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets

City

Contributed capital assets are valued at their estimated acquisition 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.

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.

City policy has set the capitalization thresholds for reporting capital assets at the following:

General capital assets	ranging from \$5,000 to \$50,000
Infrastructure capital assets	ranging from \$25,000 to \$250,000

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 are recorded at the estimated acquisition 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
Sewage collection facilities	5 – 50 years
General plant and administrative facilities	3 – 15 years

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. *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	\$4,324,844	\$138,461	\$4,463,305
Additions	3,147,672	74,942	3,222,614
Payments	(2,708,562)	(94,676)	(2,803,238)
Ending Balance	<u>\$4,763,954</u>	<u>\$118,727</u>	<u>\$4,882,681</u>
Current Portion	<u>\$595,494</u>	<u>\$14,841</u>	<u>\$610,335</u>

M. *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, 2020

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

N. Sewer Charges – District

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 and become delinquent December 10 and April 10, for the first and second installments, respectively. 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.

O. Connection Fees – District

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, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. 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.

Q. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

R. New Fund

In fiscal year 2019-2020, the City established a Special Revenue Fund, Measure C – Wildfire Prevention, for the purpose of reporting tax revenue and expenditures related to coordinated wildfire prevention activities authorized by Measure C, a parcel tax measure approved on March 3, 2020 by a two-thirds supermajority vote. This is a ten-year parcel tax levying up to 10 cents per building square foot tax and \$75 per multifamily unit.

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, 2020

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, 2020, 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	\$60,117,995
Restricted cash and investments	<u>12,187,976</u>
Total Primary Government Cash and Investments	<u>72,305,971</u>

San Rafael Sanitation District (Component Unit):

Cash and investments available for operations	<u>38,895,857</u>
Total San Rafael Sanitation District Cash and Investments	<u>38,895,857</u>

Statement of Fiduciary Net Position (separate statement):

Successor Agency to the Redevelopment Agency:

Cash available for operations	<u>40,058</u>
Total Successor Agency Cash	<u>40,058</u>

Pt. San Pedro Road Assessment District Agency Fund:

Restricted cash	<u>238,892</u>
Total Fiduciary Cash	<u>278,950</u>
Total Cash and Investments	<u>\$111,480,778</u>

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, 2020

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 (A)	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	\$75m Per Account
Money Market Funds	N/A	AAA	10%	N/A
Mortgage and Asset-Backed Obligations	5 years	AA	20%	N/A
Supranational Securities	5 years	AA	15%	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, 2020

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 Mutual 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	No Limit
California Asset Management Program	N/A	N/A	No Limit
Deposit Accounts	N/A	A	No Limit
State or Local Bonds	N/A	A	No Limit
Defeasance Securities	N/A	N/A	No Limit

(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, 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

E. 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, 2020:

	(a) Level 1	(b) Level 2	(c) Level 3	Total
City:				
Money Market Funds		\$2,386,866		\$2,386,866
U.S. Treasury Notes	\$2,476,875			2,476,875
U.S. Agency Securities and Instruments		12,218,670		12,218,670
Medium-Term Corporate Notes		6,749,717		6,749,717
Investment in Pt. San Pedro Bonds			\$1,141,739 (d)	1,141,739
	\$2,476,875	\$21,355,253	\$1,141,739	24,973,867
<i>Investments Exempt from Fair Value Hierarchy:</i>				
California Asset Management Program				10,904,216
Local Agency Investment Fund				33,279,296
Marin County Investment Pool				80,464
Total Investments				69,237,843
<i>Cash in banks and on hand</i>				3,068,128
Total City Cash and Investments				72,305,971
Fiduciary:				
<i>Cash in banks and on hand</i>				278,950
Total Fiduciary Cash				278,950
Total City and Fiduciary Cash				72,584,921
San Rafael Sanitary District:				
<i>Marin County Investment Pool</i>				38,895,857
District's Total Cash and Investments				38,895,857
Total Cash and Investments				\$111,480,778

Source: The above fair value classifications into the different Input Levels are provided by 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, 2020

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 Funds	\$2,386,866		\$2,386,866
California Asset Management Program	10,904,216		10,904,216
Local Agency Investment Fund	33,279,296		33,279,296
Marin County Investment Pool	80,464		80,464
U.S. Treasury Notes	1,001,200	\$1,475,675	2,476,875
U.S. Agency Securities and Instruments	3,545,460	8,673,210	12,218,670
Medium-Term Corporate Notes	4,117,787	2,631,930	6,749,717
Investment in Pt. San Pedro Bonds		1,141,739	1,141,739
	<u>\$55,315,289</u>	<u>\$13,922,554</u>	69,237,843
<i>Cash in banks and on hand</i>			<u>3,068,128</u>
Total City Cash and Investments			<u>72,305,971</u>
Fiduciary:			
<i>Cash in banks and on hand</i>			<u>278,950</u>
Total Fiduciary Cash			<u>278,950</u>
Total City and Fiduciary Cash			<u>72,584,921</u>
San Rafael Sanitary District:			
<i>Marin County Investment Pool</i>			<u>38,895,857</u>
Total District's Cash and Investments			<u>38,895,857</u>
Total Cash and Investments			<u>\$111,480,778</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, a maximum transaction amount of \$75 million and at least 24 hours advance notice for withdrawals of \$10 million or more. Bond proceeds accounts are subject to a one-time deposit with no cap and are set up with a monthly draw down schedule.

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, 2020, these investments matured in an average of 191 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 46 to 48 days at June 30, 2020.

The City invests 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, 2020, the fair value was approximate to the City's cost. At June 30, these investments had an average maturity of 53 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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

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.

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, 2020, for each of the City's or District'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:			
Money Market Funds	\$2,386,866	3%	Aaa/AAA
California Asset Management Program	10,904,216	16%	AAAm
Marin County Investment Pool	80,464	< 1%	Aaa/AAA
U.S. Treasury Notes	2,476,875	4%	AA+
U.S. Agency Securities and Instruments	12,218,670	18%	AA+
Medium-Term Corporate Notes	6,749,717	10%	AA+, AA, AA-, A+, A, A-
Local Agency Investment Fund	33,279,296	48%	Not Rated
Investment in Pt. San Pedro Bonds	1,141,739	2%	Not Rated
Total City Investments	<u>69,237,843</u>		
San Rafael Sanitary District:			
Marin County Investment Pool	<u>38,895,857</u>		AAA/V1
Total Investments	<u>\$108,133,700</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 National Mortgage Association	U.S. Agency Securities	\$5,266,939
Entity-wide	Federal Home Loan Bank	U.S. Agency Securities	3,738,250

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020, were as follows:

From Fund	To Fund	Amount
General Fund	Essential Facilities Capital Projects Fund	\$4,174,065 (A)
	Non-Major Governmental Funds	2,449,094 (B)
Traffic and Housing Mitigation Special Revenue Fund	Gas Tax Special Revenue Fund	1,168,168 (C)
	Non-Major Governmental Funds	218,900 (B)
Gas Tax Special Revenue Fund	General Fund	900,000 (C)
Essential Facilities Capital Projects Fund	General Fund	2,235,200 (D)
Parking Services Enterprise Fund	General Fund	486,387 (D)
	Non-Major Governmental Funds	100,000 (B)
Employee Retirement Internal Service Fund	General Fund	678,763 (D)
Non-Major Governmental Funds	General Fund	437,149 (C)
	Essential Facilities Capital Projects Fund	949,800 (A)
	Building Maintenance Internal Service Fund	52,840 (B)
		<u>\$13,850,366</u>

(A) Transfers for Public Safety Center Projects.

(B) Transfers for administrative costs, grant matching, recreation, and other program support.

(C) Transfers for street maintenance support and administrative costs.

(D) Transfers for debt service.

B. Current Interfund Balances

Current interfund balances arise in the normal course of business and represent short-term borrowings occurring as a result of expenditures which are paid prior to the receipt of revenues. These balances are expected to be repaid shortly after the end of the fiscal year when revenues are received. At June 30, 2020, the General Fund is due \$131,504 from Non-Major Governmental Funds for negative cash positions.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020, these loans totaled:

Employee Loans	\$2,873
Centertown Associates	262,876
One "H" Street Associates	<u>37,145</u>
Total	<u><u>\$302,894</u></u>

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, 2020, the balance of the employee loans receivable was \$2,873.

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, 2020, the balance of the loan including principal and accrued interest was \$262,876.

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 the final payment is due January 18, 2034. As of June 30, 2020, the balance of this loan was \$37,145.

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. The loan was repaid during the fiscal year ended June 30, 2020.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 4 - LOANS RECEIVABLE (Continued)

F. Other Receivables – Long-Term Receivable from San Rafael Sanitation District

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, 2020 is \$4,937,049, and is composed of the following:

Defined benefit pension liability allocation	\$3,721,988
Other post-employment benefit liability allocation	<u>1,215,061</u>
Total long-term receivable from San Rafael Sanitation District	<u><u>\$4,937,049</u></u>

NOTE 5 - CAPITAL ASSETS

Changes in capital assets during the fiscal year consisted of:

	Balance June 30, 2019	Additions/ Adjustments	Retirements	Transfers	Balance June 30, 2020
Governmental Activities					
Capital assets not being depreciated:					
Land	\$83,662,359				\$83,662,359
Construction in progress	<u>69,822,414</u>	<u>\$26,331,046</u>	<u>(\$453,747)</u>	<u>(\$32,738,487)</u>	<u>62,961,226</u>
Total capital assets not being depreciated	<u>153,484,773</u>	<u>26,331,046</u>	<u>(453,747)</u>	<u>(32,738,487)</u>	<u>146,623,585</u>
Capital assets being depreciated:					
Land improvements	9,762,567				9,762,567
Buildings and structures	44,247,122			29,266,611	73,513,733
Machinery and equipment	20,948,495	1,371,414	(1,477,514)		20,842,395
Infrastructure	<u>203,818,320</u>			<u>3,471,876</u>	<u>207,290,196</u>
Total capital assets being depreciated	<u>278,776,504</u>	<u>1,371,414</u>	<u>(1,477,514)</u>	<u>32,738,487</u>	<u>311,408,891</u>
Less accumulated depreciation for:					
Land improvements	(6,607,750)	(265,055)			(6,872,805)
Buildings and structures	(20,847,593)	(1,328,763)			(22,176,356)
Machinery and equipment	(14,014,768)	(1,221,265)	1,391,611		(13,844,422)
Infrastructure	<u>(136,627,691)</u>	<u>(4,998,617)</u>			<u>(141,626,308)</u>
Total accumulated depreciation	<u>(178,097,802)</u>	<u>(7,813,700)</u>	<u>1,391,611</u>		<u>(184,519,891)</u>
Total net capital assets being depreciated	<u>100,678,702</u>	<u>(6,442,286)</u>	<u>(85,903)</u>	<u>32,738,487</u>	<u>126,889,000</u>
Total governmental activity capital assets	<u><u>\$254,163,475</u></u>	<u><u>\$19,888,760</u></u>	<u><u>(\$539,650)</u></u>		<u><u>\$273,512,585</u></u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 5 - CAPITAL ASSETS (Continued)

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
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	1,042,697	\$30,822	(\$64,389)	1,009,130
Total capital assets being depreciated	11,756,511	30,822	(64,389)	11,722,944
Less accumulated depreciation for:				
Buildings and structures	(3,510,684)	(205,363)		(3,716,047)
Machinery and equipment	(925,472)	(30,522)	59,687	(896,307)
Total accumulated depreciation	(4,436,156)	(235,885)	59,687	(4,612,354)
Total net capital assets being depreciated	7,320,355	(205,063)	(4,702)	7,110,590
Total business-type activity capital assets	\$15,941,208	(\$205,063)	(\$4,702)	\$15,731,443

	Balance June 30, 2019	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2020
San Rafael Sanitation District					
Capital assets not being depreciated:					
Land and easements	\$115,329				\$115,329
Construction in progress	1,534,375	\$2,597,207		(\$2,753,940)	1,377,642
Total capital assets not being depreciated	1,649,704	2,597,207		(2,753,940)	1,492,971
Capital assets being depreciated:					
Subsurface lines	38,750,212	180,840		2,522,078	41,453,130
Sewage collection facilities	44,700,569	80,484		231,862	45,012,915
General plant and administration	1,749,793	480,893			2,230,686
Total capital assets being depreciated	85,200,574	742,217		2,753,940	88,696,731
Less accumulated depreciation for:					
Subsurface lines	(12,442,764)	(571,301)			(13,014,065)
Sewage collection facilities	(20,863,276)	(1,404,852)			(22,268,128)
General plant and administration	(1,251,346)	(177,903)			(1,429,249)
Total accumulated depreciation	(34,557,386)	(2,154,056)			(36,711,442)
Total net capital assets being depreciated	50,643,188	(1,411,839)		2,753,940	51,985,289
Total District's capital assets	\$52,292,892	\$1,185,368			\$53,478,260

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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 5 - CAPITAL ASSETS (Continued)

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	\$112,721
Public safety	709,207
Public works and parks	4,914,244
Community development	38,733
Culture and recreation	729,122
Internal service funds	<u>1,309,673</u>
Total Governmental Activities	<u><u>\$7,813,700</u></u>
Business-type Activities	
Parking services	<u>\$235,885</u>
Total Business-type Activities	<u><u>\$235,885</u></u>

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, 2020, are as follows:

	<u>Authorized and Issued</u>	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>	<u>Current Portion</u>
Governmental Activities Bonds:						
2018 Authority Lease Revenue Bonds 4.00%-5.00%, due 6/1/2034	\$45,485,000	\$45,485,000			\$45,485,000	\$1,910,000
Add: unamortized bond premium		7,619,153		\$507,944	7,111,209	
2010 Taxable Pension Obligation Bonds 6.00%-6.25%, due 7/1/2025	4,490,000	<u>3,765,000</u>		<u>445,000</u>	<u>3,320,000</u>	<u>475,000</u>
Total Governmental Activities Bonds		<u>56,869,153</u>		<u>952,944</u>	<u>55,916,209</u>	<u>2,385,000</u>
Governmental Activities - Direct Borrowing:						
PG & E City Hall HVAC Retrofit Note Payable 0.00%, due 11/30/2023	334,585	145,998		33,280	112,718	33,280
PG & E Street Light Retrofit Note Payable 0.00%, due 8/31/2019	233,896	6,981		6,981		
PG & E CEC Efficiency Note Payable 1.00%, due 12/22/2026	1,104,799	<u>1,080,800</u>	<u>\$23,999</u>	<u>133,055</u>	<u>971,744</u>	<u>145,431</u>
Total Governmental Activities - Direct Borrowing		<u>1,233,779</u>	<u>23,999</u>	<u>173,316</u>	<u>1,084,462</u>	<u>178,711</u>
Total Governmental Activities Debt		<u><u>\$58,102,932</u></u>	<u><u>\$23,999</u></u>	<u><u>\$1,126,260</u></u>	<u><u>\$57,000,671</u></u>	<u><u>\$2,563,711</u></u>
Business-type Activities:						
Direct Borrowing:						
PG & E Parking Lot Lighting Retrofit Note Payable 0.00%, due 11/30/2023	\$66,380	<u>\$27,755</u>		<u>\$6,816</u>	<u>\$20,939</u>	<u>\$6,816</u>
2012 Authority Lease Revenue Refunding Bonds 2.00-4.00%, due 4/1/2033	6,750,000	4,899,999		284,999	4,615,000	290,000
Less: unamortized bond discount		<u>(9,972)</u>		<u>(725)</u>	<u>(9,247)</u>	
Total Business-type Activities Bonds		<u>4,890,027</u>		<u>284,274</u>	<u>4,605,753</u>	<u>290,000</u>
Total Business-type Activities		<u><u>\$4,917,782</u></u>		<u><u>\$291,090</u></u>	<u><u>\$4,626,692</u></u>	<u><u>\$296,816</u></u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 6 - LONG-TERM DEBT (Continued)

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. The Authority has pledged revenue pursuant to a site and facility lease between the City and the Authority for the public safety center. The lease rental payments are due semi-annually and are in an amount sufficient to make payments on the Bonds. 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.

The Bonds are payable from any source of available funds of the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

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. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

C. *Pacific Gas and Electric Notes Payable*

PG&E HVAC and 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, which does not bear interest. The debt was assumed as a means to finance energy-efficient retrofit projects which include updating the existing heating, ventilation and air conditioning (HVAC) unit in City Hall and converting the street and parking lot lights 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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 6 - LONG-TERM DEBT (Continued)

PG&E CEC Efficiency

On September 5, 2017, City Council approved the execution of a note payable agreement with PG&E in an amount up to \$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 exterior lighting upgrades and energy management control systems. The City made the final draw on the loan and the final loan obligation was \$1,104,799. Payments commenced in December 2019, and are due semi-annually until paid in full in December 2026.

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.

The Bonds are payable from any source of available funds of the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 6 - LONG-TERM DEBT (Continued)

E. Future Debt Service

Future debt service requirements, including interest, at June 30, 2020, are as follows:

For the Year Ended June 30	Governmental Activities			
	Bonds		Direct Borrowing	
	Principal	Interest	Principal	Interest
2021	\$2,385,000	\$2,426,512	\$178,711	\$9,356
2022	2,575,000	2,320,081	180,169	7,898
2023	2,775,000	2,204,781	181,642	6,425
2024	3,000,000	2,058,406	162,714	4,951
2025	3,245,000	1,900,250	151,351	3,436
2026 - 2030	17,480,000	7,010,256	229,875	2,305
2031 - 2034	17,345,000	2,149,250		
Totals	48,805,000	\$20,069,536	1,084,462	\$34,371
Reconciliation of Long-term debt:				
Add: unamortized premium	7,111,209			
	\$55,916,209		\$1,084,462	
For the Year Ended June 30	Business-type Activities			
	Bonds		Direct Borrowing	
	Principal	Interest	Principal	
2021	\$290,000	\$161,288	\$6,816	
2022	300,000	152,588	6,816	
2023	310,000	143,588	6,816	
2024	320,000	134,288	491	
2025	330,000	124,288		
2026 - 2030	1,810,000	447,042		
2031 - 2034	1,255,000	100,588		
Totals	4,615,000	\$1,263,670	20,939	
Reconciliation of Long-term debt:				
Less: unamortized discount	(9,247)			
	\$4,605,753		\$20,939	

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 7 - DEBT WITHOUT CITY COMMITMENT

A. Special Assessment Debt Without City Commitment

Special assessment districts have been established in various parts of the City to provide improvements to properties located in those districts. Properties in these districts are assessed for the cost of improvements; these assessments are payable solely by property owners over the term of the debt issued to finance these improvements. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties in these special assessment districts, nor is it obligated to advance City funds to repay these debts in the event of default by any of these districts. The City does act as an agent for the property owners and bondholders and at June 30, 2020, the balances of these Districts' outstanding debt were as follows:

	Project Description	Original Amount	Outstanding June 30, 2020
Pt. San Pedro Road Median Landscaping Assessment District Limited Obligation Bonds-2012	Pt. San Pedro Road Median Landscaping	\$1,750,000	\$1,315,100

B. Conduit Debt

The City has assisted private-sector entities by sponsoring their issuance of debt for purposes the City deems to be in the public interest. These debt issues are secured solely by the property financed by the debt. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties secured by these debts, nor is it obligated to advance City funds to repay these debts in the event of default by any of these issuers. At June 30, 2020, the balance of this issuers' outstanding debt was as follows:

	Project Description	Original Amount	Outstanding June 30, 2020
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2000A	162-175 Belvedere Apartments	\$3,590,529	\$949,900
California Statewide Communities Development Authority Revenue Bonds-2001	St. Marks School	5,605,000	2,935,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2002	San Rafael Commons Apartments	6,100,000	4,530,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2007 Series A	Martinelli House Project	6,000,000	1,792,612
Multifamily Housing Revenue Bonds-2007 Series B	Martinelli House	1,000,000	158,641
	Total	<u>\$22,295,529</u>	<u>\$10,366,153</u>

NOTE 8 - NET POSITION AND FUND BALANCE

A. Net Position

Net Position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, 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:

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 - NET POSITION AND FUND BALANCE (Continued)

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.

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 generally accepted accounting principles, which require 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, loans 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 adopted 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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 - NET POSITION AND FUND BALANCE (Continued)

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.

Detailed classifications of the City's fund balances, as of June 30, 2020, are below:

	General Fund	Special Revenue Funds		Capital Project Funds	Other Governmental Funds	Total
		Traffic and Housing Mitigation	Gas Tax	Essential Facilities Capital Projects Fund		
Fund balances:						
Nonspendable:						
Prepays	\$7,540				\$7,813	\$15,353
Total Nonspendable	7,540				7,813	15,353
Restricted for:						
Assessment District capital projects					304,206	304,206
Baypoint Lagoons Assessment District					209,692	209,692
Bedroom tax capital projects					94,907	94,907
Childcare					1,274,086	1,274,086
Development services					264,039	264,039
Emergency medical services					718,189	718,189
1997 financing authority revenue bonds debt service					151,695	151,695
Street improvements and Maintenance (Gas Tax)			\$6,517,607			6,517,607
Grant funded programs					744,405	744,405
Household hazmat facility					411,456	411,456
Library					2,455,840	2,455,840
Library assessment					732,221	732,221
Loch Lomond Assessment District					755,032	755,032
Loch Lomond Assessment District #2					364,900	364,900
Low and Moderate Income Housing					893,654	893,654
Mariposa Assessment District debt service					16,573	16,573
Measure A - Open space					169,700	169,700
Measure E - Public Safety Facility				\$12,474,928		12,474,928
Measure G - Cannabis					75,973	75,973
Parkland dedication					289,985	289,985
Peacock Gap Assessment District debt service					2,875	2,875
Public safety					121,144	121,144
Pt. San Pedro- Maintenance Portion					87,501	87,501
Recreation revolving					46,444	46,444
Storm water					889,468	889,468
Traffic and housing mitigation		\$4,221,782				4,221,782
Total Restricted		4,221,782	6,517,607	12,474,928	11,073,985	34,288,302
Committed to:						
Capital improvement capital projects					1,873,329	1,873,329
Park capital projects					10,824	10,824
Total Committed					1,884,153	1,884,153
Assigned to:						
Contractual commitments	83,455					83,455
Emergency and cash flow	7,800,643					7,800,643
Infrastructure Reserve	600,000					600,000
General plan / long range planning	1,315,042					1,315,042
Open space capital projects					120,920	120,920
Total Assigned	9,799,140				120,920	9,920,060
Unassigned					(11,118)	(11,118)
Total Fund Balances	\$9,806,680	\$4,221,782	\$6,517,607	\$12,474,928	\$13,075,753	\$46,096,750

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 - NET POSITION AND FUND BALANCE (Continued)

C. *Minimum Fund Balance Policy*

The City Council adopted a General Fund Reserve Policy in November 2014 to establish target reserve levels and the methodology for calculating reserve levels. The Policy also establishes criteria for the use of reserves and a process to replenish reserves.

The Policy requires the City to strive to maintain the following fund balances:

1) Emergency and Cash Flow Reserve (10% minimum)

An emergency and cash flow reserve will be maintained for the purposes of (1) sustaining General Fund operations in the case of a public emergency, such as a natural disaster or other unforeseen catastrophic event; and (2) to cover sudden operating shortfalls caused by (a) a severe drop in revenues that cannot be sufficiently offset by a corresponding reduction in expenditures and/or other available resources, or (b) an unforeseen, unavoidable expenditure that must be paid from the General Fund.

This reserve level is measured as a percentage of annual operating expenditures. Budgeted operating expenditures are to be used for the purposes of budget allocations and projections, and actual operating expenditures are to be used for the purpose of measuring this reserve at fiscal year-end. This reserve may be expended only when the City Council determines by resolution that such action is consistent with the purpose and intent of this policy.

In the event the balance in the Emergency and Cashflow Reserve falls below the minimum level, the City Manager, shall recommend a plan to replenish the fund within a timeframe not to exceed three years. This recommendation shall be approved by the City Council no later than the time at which the next annual budget is adopted. Any variance from the stipulations established within this policy shall require approval by the City Council along with a statement of findings supporting the temporary or ongoing modification to this policy.

The required reserve was \$8,042,891 at June 30, 2020 and the balance of the reserve, included in the General Fund's assigned fund balance was \$7,800,643 at that date. The balance of the reserve was less than the requirement because City Council approved the one-time use of up to \$721,542 of the reserve to offset the revenue strain caused by COVID-19 of which \$242,248 of the reserve was used during the year ended June 30, 2020. As noted above, under the General Fund Reserve Policy, the balance of the reserve must be replenished by June 30, 2023.

2) Measure E - Public Safety Facilities Reserve

In November 2013, the San Rafael voters passed Measure E, a three-quarter percent transactions and use tax (TUT), effective April 1, 2014. On May 5, 2014, the City Council directed staff to set aside one-quarter percent (or one-third of these tax proceeds) for the purpose of public safety facility planning, construction and major improvements. This portion of Measure E revenues are assigned to this reserve, so that they can be used later to directly fund facility-related costs, or to cover debt service costs and payments associated with the financing of these improvements.

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

NOTE 8 - NET POSITION AND FUND BALANCE (Continued)

The City Manager is directed to assign these funds (i.e., the one-quarter percent TUT) to this reserve as they are received, and is authorized to expend these funds for qualified public safety facility costs as described above. The City Manager shall report periodically to the City Council on the status of these funds.

Since fiscal year 2017-2018, funds received each year continue to be fully expended for qualified Public Safety facility costs and as of June 30, 2020 the reserve balance in the General Fund was \$0.

3) Other Facilities and Infrastructure

The purpose of the infrastructure assigned reserve is to accumulate funds to be used for the purpose of non-public safety facility construction and major improvements (e.g., library, administrative and non-safety buildings, streets and the stormwater system). This was \$600,000 at June 30, 2020.

The General Plan/Long Range Planning reserve included in the General Fund's assigned fund balance was \$1,315,042 at June 30, 2020 which is specifically assigned to the City's General Plan, a state required plan that must address eight topic areas – Neighborhoods, Community Design, Economic Vitality, Infrastructure, Governance, Culture and Arts, Parks and Recreation and Air and Water Quality.

NOTE 9 - PENSION PLAN

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 the 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, 2020

NOTE 9 - PENSION PLAN (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, 2020

NOTE 9 - PENSION PLAN (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, 2020 were as follows:

	Employer Contribution Rate	Employee Contribution Rate	Benefit	Basis
City of San Rafael Misc Tier 1	50.93%	0.00% - 16.13%	2.7% @ 55	Highest year
City of San Rafael Misc Tier 2	49.89%	7.34% - 11.76%	2.0% @ 55	Average three highest years
City of San Rafael Fire Tier 1	70.33%	0.00% - 19.59%	3.0% @ 55	Highest year
City of San Rafael Fire Tier 2	68.40%	11.40% - 17.36%	3.0% @ 55	Average three highest years
City of San Rafael Safety Police Tier 1	69.61%	0.00% - 19.59%	3.0% @ 55	Highest year
City of San Rafael Safety Police Tier 2	69.28%	11.40% - 17.36%	3.0% @ 55	Average three highest years
PEPRA Misc	42.84%	9.22%	2.0% @ 62	Average three highest years
PEPRA Safety	59.13%	14.43%	2.7% @ 57	Average three highest years

These rates were determined by MCERA, based on the actuarial valuation dated June 30, 2018. The actual rate of return on investments during that year was 9.65% on a market value basis net of investment expenses, as compared to the prior year's 7.00% 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 \$20,031,614 for the year ended June 30, 2020, based on a total payroll of \$43,506,444, of which \$32,887,922 represented the basis for the plan contributions. Of the total payroll subject to plan contributions, \$1,377,621 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 (12 years remaining as of June 30, 2018), except for the additional UAL attributable to the outstanding unfunded actuarial loss from 2009, which is being amortized over a separate closed period (currently 20 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 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, 2020

NOTE 9 - PENSION PLAN (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, 2020 based on the following methodology: The City's NPL as of June 30, 2018 was updated to the measurement date of June 30, 2019 using the actual City's plan assets as of June 30, 2019 and estimating the change in the City's liabilities between July 1, 2018 and June 30, 2019. 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 \$133,877,531, or 36.6081% of the total MCERA NPL of \$365,704,670 (reference MCERA's GASB 67/68 report as of June 30, 2019). This compares to the previous year's NPL of \$110,567,858, or 34.4752% of the total MCERA NPL of \$330,297,827 (reference MCERA's GASB 67/68 report as of June 30, 2018).

In addition to the reporting of the NPL as of June 30, 2020, the City reported deferred inflows of \$22,558,119 and deferred outflows of \$21,856,007 as of the measurement date June 30, 2019. The City reported post-measurement date outflows of \$20,031,614 from actual fiscal year 2019-2020 pension contributions. Deferred outflows include deferred investment gains and adjustments to assumptions based on actual positive results. Deferred outflows have a positive impact on net assets (offsetting the NPL) and will be recognized in future reporting periods. Deferred inflows include deferred investment losses, adjustments to assumptions based on actual negative results, and contributions made after the measurement date. Deferred inflows 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 was \$114,548,029. After allocations to the San Rafael Sanitation District, the net impact on the City's Statement of Net Position was \$110,826,041.

Under generally accepted accounting principles, 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 \$20,031,614. 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, 2020

NOTE 9 - PENSION PLAN (Continued)

The table below provides a summary of the key results during the reporting period:

Summary of Results		
Description	Measurement Date 6/30/2019	Measurement Date 6/30/2018
Net Pension Liability	\$133,877,531	\$110,567,858
Deferred Inflows	22,558,119	34,181,686
Deferred Outflows	(21,856,007)	(12,350,764)
Impact on Net Position before Deferred Outflows from Contributions	134,579,643	132,398,780
Additional Deferred Outflows - Contributions Subsequent to Measurement Date	(20,031,614)	(20,352,203)
Impact on Statement of Net Position before Allocations	114,548,029	112,046,577
Allocation of NPL to SRSD	4,354,685	3,487,083
Allocation of Deferred Inflows (measurement date) to SRSD	733,756	1,078,020
Allocation of Deferred Outflows (measurement date) to SRSD	(710,919)	(389,518)
Impact on Net Position before Allocation of Deferred Outflows from Contributions to SRSD	4,377,522	4,175,585
Allocation of Additional Deferred Outflows (Contributions) to SRSD	(655,534)	(655,399)
Long-Term Receivable from SRSD, due to pension obligations (see Note 4F)	3,721,988	3,520,186
Impact on Statement of Net Position, net of receivable from SRSD	\$110,826,041	\$108,526,391
Pension Expense	\$22,533,040	\$18,704,394

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. MCERA and the City have adopted a measurement date of June 30, 2019. The beginning of year measurement of TPL is based on the actuarial valuation as of June 30, 2018. The TPL at the end of the measurement year, June 30, 2019, is also measured as of the valuation date of June 30, 2018 and projected to June 30, 2019.

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, 2018. The FNP at the end of the measurement year, June 30, 2019, is also measured as of the valuation date of June 30, 2018 and projected to June 30, 2019.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 9 - PENSION PLAN (Continued)
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The Net Pension Liability (NPL) is the City's 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.

Actuarial assumptions:

The total pension liability as of June 30, 2019 (measurement date) was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions applied to all prior periods included in the measurement. The key assumptions in the valuation were:

Expected Return on Assets	7.00 percent per year, net of investment expenses
Discount Rate	7.00 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 \$5.065 million for FY 2018-19, 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 2018-19 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 2017 Pre-Retirement Non-Industrial Death Rates (plus Duty-Related Death rates for Safety members), with the 15-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017.
Mortality Rates for Retired Disabled Members	Rates of mortality among disabled members are given by CalPERS 2017 Disability Mortality rates (Non-Industrial rates for Miscellaneous members and Industrial Disability rates for Safety members), adjusted by 90% for Males (Miscellaneous and Safety) and 90% for Miscellaneous Females, with the 15-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 9 - PENSION PLAN (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, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Rate of Return (with the effect of inflation)</u>
Domestic Equity	32%	4.90%	7.65%
International Equity	22%	5.00%	7.75%
Fixed Income	23%	1.50%	4.25%
Public Real Assets	7%	3.65%	6.40%
Real Estate	8%	4.00%	6.75%
Private Equity	8%	6.25%	9.00%
Total	<u>100%</u>		

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 7.00%. 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 (20 years remaining as of the June 30, 2018 actuarial valuation), and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (12 years remaining as of the June 30, 2018 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 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 106%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the NPL by approximately 87%.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 9 - PENSION PLAN (Continued)

The table below shows the sensitivity of the NPL to a one percent decrease and a one percent increase in the discount rate:

Description	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Total Pension Liability	\$1,224,363,380	\$1,082,900,638	\$966,384,252
Fiduciary Net Position	949,023,107	949,023,107	949,023,107
Net Pension Liability	<u>\$275,340,273</u>	<u>\$133,877,531</u>	<u>\$17,361,145</u>
Fiduciary Net Position as a Percentage of the Total Pension Liability	77.5%	87.6%	98.2%

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	\$4,591,103	\$707,470
Changes in assumptions	7,468,359	
Change in proportion	9,796,545	2,113,429
Difference between City contributions and proportionate share of contributions		10,791,098
Actual FY 19-20 contributions (post measurement date)	20,031,614	
Net difference between projected and actual earnings on pension plan investments		<u>8,946,122</u>
Deferred Inflows and Outflows Before Allocations	<u>\$41,887,621</u>	<u>\$22,558,119</u>
Allocation of Deferred Inflows and Outflows to SRSD		
As of measurement date	\$710,919	\$733,756
Post-measurement date	655,534	
Net Deferred Inflows and Outflows	<u>\$40,521,168</u>	<u>\$21,824,363</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 9 - PENSION PLAN (Continued)

The \$20,031,614 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, 2021. 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
2021	\$215,815
2022	(4,089,261)
2023	458,691
2024	2,712,643
Total	(\$702,112)

NOTE 10 - PUBLIC AGENCY RETIREMENT SYSTEM (DEFINED CONTRIBUTION RETIREMENT PLAN)

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 \$105,676. The total covered payroll of employees participating in the plan for the year ended June 30, 2020, was \$2,818,030.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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 Multiple-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, 2020, are summarized as follows:

	Elected Officials, Mid-Management, & Unrepresented Management	All other Bargaining Units
Eligibility	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	
Benefit	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
Surviving Spouse Benefit	Continuation to surviving spouse	
Medicare Part B	Hired < 4/1/07 Full reimbursement Hired ≥ 4/1/07 None	None
Other	No Dental, Vision, or Life Benefits	

Membership in the plan consisted of the following at June 30, 2019, the measurement date:

Active plan members	328
Inactive employees or beneficiaries currently receiving benefit payments	359
Inactive employees entitled to but not yet receiving benefit payments	75
Total	762

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, 2019, using an actuarial valuation as of June 30, 2019. The following actuarial assumptions were used in the valuation: (a) 6.75% 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 2020 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, 2020

NOTE 11 - POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2019.

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)
Global Equity	59%	4.82%	7.57%
Fixed Income	25%	1.47%	4.22%
TIPS	5%	1.29%	4.04%
Commodities	3%	0.84%	3.59%
REITs	8%	3.76%	6.51%
Total	<u>100%</u>		
Assumed Long-Term Rate of Inflation		2.75%	
Assumed Long-Term Investment Expenses		n/a	
Expected Long-Term Net Rate of Return		6.75%	
Discount Rate		6.75%	

The Expected Long-Term Rate of Return is provided by CalPERS' Strategic Asset Allocation Overview in August 2014 – Strategy 1.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on 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.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 11 - POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

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, 2019 (6/30/18 measurement date)	\$52,810,000	\$19,811,000	\$32,999,000
Changes Recognized for the Measurement Period:			
Service Cost	805,000		805,000
Interest on the total OPEB liability	3,515,000		3,515,000
Changes in benefit terms			
Difference between expected and actual experience	(3,040,000)		(3,040,000)
Changes of assumptions	(2,735,000)		(2,735,000)
Contributions from the employer		3,725,000	(3,725,000)
Net investment income		1,224,000	(1,224,000)
Administrative expenses		(12,000)	12,000
Benefit payments and refunds	(3,072,000)	(3,072,000)	
Net Changes during July 1, 2019 to June 30, 2020	(4,527,000)	1,865,000	(6,392,000)
Balance at June 30, 2020 (6/30/19 measurement date)	\$48,283,000	\$21,676,000	\$26,607,000

The benefit payments and refunds include implied subsidy benefit payments in the amount of \$663,000.

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%)
\$31,956,000	\$26,607,000	\$22,098,000

Sensitivity of the net OPEB liability to changes in the health care cost trend rates

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

Plan's Net OPEB Liability/(Asset)		
Trend Rate -1%	Healthcare Cost Trend Rates	Trend Rate +1%
\$23,640,000	\$26,607,000	\$30,212,000

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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 2019-2020 were as follows:

Service Cost	\$805,000
Interest on Total OPEB Liability	3,515,000
Projected earning on investments	(1,338,000)
Administrative expense	12,000
Recognition of deferred outflows/inflows:	
Experience	(1,232,000)
Assumptions	361,000
Asset Returns	71,000
OPEB Expense	<u><u>\$2,194,000</u></u>

Components of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2020 were as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Deferred outflows of resources:			
Changes of assumptions	\$2,275,566	\$56,434	\$2,332,000
Employer contributions made subsequent to the measurement date	3,692,427	91,573	3,784,000
Total deferred outflows of resources	<u><u>\$5,967,993</u></u>	<u><u>\$148,007</u></u>	<u><u>\$6,116,000</u></u>
Deferred inflows of resources:			
Differences between expected and actual experience	\$4,390,124	\$108,876	\$4,499,000
Changes of assumptions	2,208,235	54,765	2,263,000
Net difference between projected and actual earnings on plan investments	50,742	1,258	52,000
Total deferred inflows of resources	<u><u>\$6,649,101</u></u>	<u><u>\$164,899</u></u>	<u><u>\$6,814,000</u></u>

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, 2020

NOTE 11 - POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

\$3,784,000 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, 2021. Other 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
2021	(\$800,000)
2022	(996,000)
2023	(917,000)
2024	(974,000)
2025	(795,000)
Thereafter	-
	(\$4,482,000)

The table below provides a summary of the key results during this reporting period.

Summary of Results		
Description	Measurement Date June 30, 2019	Measurement Date June 30, 2018
Net OPEB Liability	\$26,607,000	\$32,999,000
Deferred Inflows	6,814,000	2,786,000
Deferred Outflows	(2,332,000)	(3,165,000)
Impact on Net Position before deferred contributions	31,089,000	32,620,000
Additional Deferred Outflows - Contributions subsequent to measurement date	(3,784,000)	(3,725,000)
Impact on Statement of Net Position before Allocations	27,305,000	28,895,000
Allocation of NOL to SRSD	1,184,000	1,249,127
Allocation of Deferred Inflows (measurement date) to SRSD	303,220	105,460
Allocation of Deferred Outflows (measurement date) to SRSD	(103,773)	(119,806)
Impact on Net Position before deferred contributions to SRSD	1,383,447	1,234,781
Allocation of Additional Deferred Outflows (contributions) to SRSD	(168,386)	(141,004)
Long-Term Receivable from SRSD, due to OPEB obligations (see Note 4F)	1,215,061	1,093,777
Impact on Statement of Net Positions, net of receivable from SRSD	\$26,089,939	\$27,801,223
OPEB Expense	\$2,194,000	\$3,267,000
Covered Employee Payroll	\$40,496,000	\$36,350,000

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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 consortial 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 was \$271,360 for the year ended June 30, 2020. 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 Marin Streetlight Acquisition Joint Powers Authority. MGSA services now include street light maintenance, abandoned vehicle abatement, taxicab regulation and administrative responsibility for MarinMap. The City's contribution to MGSA was \$689,013 for the year ended June 30, 2020. 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, 2020

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 \$688,083 of the Authority's operation and debt service for the fiscal year ended June 30, 2020. 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 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 ten participating agencies. As of June 30, 2020, the member agencies have adopted an ordinance to terminate the Agency and a resolution to authorize the MGSA to collect franchise and Public, Education, and Government access fees previously collected by the Agency. On May 14, 2020, the MGSA adopted a resolution accepting the assignment of agreements from the Agency to affect the transfer of program responsibilities to MGSA July 1, 2020. The City's contribution to the Agency was \$65,164 for the year ended June 30, 2020. Financial statements of the Agency can be obtained at 555 Northgate Drive, Suite 230, San Rafael, California 94903.

E. *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, 2020. Financial statements of the Authority can be obtained at 3501 Civic Center Drive, San Rafael, California 94903.

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

F. *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 five-member Board of Commissioners, two appointed by the Board of Directors of the District, two appointed by the governing board of the Ross Valley Sanitary District, and one appointed by the governing board of Sanitary District No. (SD 2).

Total project costs for the joint venture were funded from federal (75%) and state (12.5%) clean water grants and from local shares (12.5% 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. 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 CMSA are available at the CMSA office at 1301 Anderson Drive, San Rafael, CA 94901 and online at www.cmsa.us.

NOTE 13 - RISK MANAGEMENT

A. *City*

The City 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 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 \$114,220,740. 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 \$441,334 in liability coverage premiums during the fiscal year ended June 30, 2020. Five years after settlement of all general liability 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 pool may be obtained from CJPRMA at 3201 Doolan Road, Suite 285, Livermore, California 94551.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 13 - RISK MANAGEMENT (Continued)

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.

Generally accepted accounting principles require municipalities to record the liability for uninsured claims and to reflect the current portion of this liability as an expenditure in the 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.

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. The City's present value liability for uninsured claims below include a provision for claims incurred but not reported using a discount rate of 2%.

	General Liability *	Workers' Compensation *	Totals, as of June 30	
			2020	2019
Balance, beginning of year	\$3,616,065	\$6,105,483	\$9,721,548	\$9,543,675
Current year claims and changes in estimates	1,395,645	3,049,980	4,445,625	2,007,097
Claims paid	(657,802)	(1,089,094)	(1,746,896)	(1,829,224)
Balance, end of year	<u>\$4,353,908</u>	<u>\$8,066,369</u>	<u>\$12,420,277</u>	<u>\$9,721,548</u>
Due in one year	\$1,794,573	\$1,544,034	\$3,338,607	\$2,353,275
Due in more than one year	<u>2,559,335</u>	<u>6,522,335</u>	<u>9,081,670</u>	<u>7,368,273</u>
Total claim liabilities	<u>\$4,353,908</u>	<u>\$8,066,369</u>	<u>\$12,420,277</u>	<u>\$9,721,548</u>

* Liability based on an actuarial valuation as of December 31, 2019, extrapolated to June 30, 2020

The claims settlements have not exceeded insurance coverage for the past three years.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 13 - RISK MANAGEMENT (Continued)

C. 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.

CSRMA'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 the District have not exceeded coverage provided by CSRMA in any of the past three fiscal years.

The following summarizes active insurance policies as of June 30, 2020 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.)	\$13,126,769	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
CSRMA - Lloyds of London	\$2,500,000	Deadly weapons - aggregate

The financial statements of CSRMA are available at their office: 100 Pine Street, 11th Floor, San Francisco, CA 94111.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 14 - COMMITMENTS AND CONTINGENCIES

A. *City Litigation*

The City is a defendant in several lawsuits arising from its normal operations. City management is of the opinion that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the basic financial statements of the City.

B. *District*

As of June 30, 2020, SRSD had several contracts for sewer improvement projects with remaining obligations of approximately \$2,830,000, the majority of which are expected to be completed within the 2020-2021 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. On July 1, 2018, the County of Marin formed a county-wide Oversight Board to oversee the activities of all Successor Agencies within the County, including San Rafael. 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.

**CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

NOTE 15 - SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)
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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.

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 to make payments for 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, 2020

NOTE 15 - SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)
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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 and 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 \$10.1 million in remaining debt service on the Bonds, which is scheduled to occur in 2023. For fiscal year June 30, 2020, tax increment revenue amounted to \$3.9 million which was used to make the debt service payment of \$3.8 million. The bond covenants contain events of default that require the revenue of the Agency to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the Agency to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the Agency; or if any court or competent jurisdiction shall assume custody or control of the Agency. The Agency's bonds also contain a subjective acceleration clause that allows the trustees or holders, who hold the majority of the aggregate principal amount of the notes, to accelerate payment of the entire principal amount outstanding and interest accrued to become immediately due if they determine that a material adverse change occurs.

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020:

	Authorized and Issued	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
San Rafael Redevelopment Agency						
1999 Tax Allocation Bonds						
Capital Appreciation Bonds						
5.58%-5.6%, due 12/1/2022	\$2,389,004	\$5,686,850	\$282,463	\$1,440,000	\$4,529,313	\$1,440,000
2002 Tax Allocation Refunding Bonds						
2.00%-5.25%, due 12/1/2021	25,020,000	1,770,000		565,000	1,205,000	590,000
2009 Tax Allocation Refunding Bonds						
3.00%-5.00%, due 12/1/2022	14,660,000	5,435,000		1,265,000	4,170,000	1,320,000
Add: deferred bond premium costs		319,440		79,861	239,579	
Total Successor Agency Long-term Debt		<u>\$13,211,290</u>	<u>\$282,463</u>	<u>\$3,349,861</u>	<u>\$10,143,892</u>	<u>\$3,350,000</u>

Debt Service Requirements

Annual debt service requirements are shown below:

For the Year Ended June 30	Principal	Interest
2021	\$3,350,000	\$214,175
2022	3,445,000	120,819
2023	3,530,000	36,500
Totals	10,325,000	<u>\$371,494</u>
Reconciliation of long-term debt:		
Less: unaccreted discount	(420,687)	
Less: deferred bond premium costs	239,579	
	<u>\$10,143,892</u>	

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.

The following table summarizes the activity for the fiscal year ended June 30, 2020:

	Approved Amount	Balance June 30, 2019	Retirements	Balance June 30, 2020
Unfunded Pension Liability	\$1,904,431	\$380,887	\$190,443	\$190,444

Annual repayment requirements are shown below:

For the Year Ended June 30	Principal
2021	<u>\$190,444</u>

CITY OF SAN RAFAEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 15 - SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE-PURPOSE TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES (Continued)
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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, 2020, the Successor Agency had prepared thirteen 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.

CITY OF SAN RAFAEL REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2020

Cost-Sharing Multiple Employer Plan
Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 years*

Measurement date	<u>6/30/2014</u>	<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%	33.4752%
Proportionate share of total pension liability	\$677,753,565	\$907,195,058	\$900,629,287	\$878,483,703	\$947,923,920
Proportionate share of fiduciary net position	<u>603,499,779</u>	<u>764,871,931</u>	<u>733,574,437</u>	<u>757,834,016</u>	<u>837,356,062</u>
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>	<u>\$110,567,858</u>
Plan fiduciary net position as a percentage of the total pension liability	89.04%	84.31%	84.31%	86.27%	88.34%
Covered payroll (report date)	\$31,073,560	\$32,126,272	\$32,885,135	\$36,349,651	\$33,106,430
Net pension liability as a percentage of covered payroll	238.96%	443.01%	508.00%	331.91%	333.98%
Measurement date	<u>6/30/2019</u>				
City's proportionate share	36.6081%				
Proportionate share of total pension liability	\$1,082,900,638				
Proportionate share of fiduciary net position	<u>949,023,107</u>				
Proportionate share of the net pension liability	<u>\$133,877,531</u>				
Plan fiduciary net position as a percentage of the total pension liability	87.64%				
Covered payroll (report date)	\$32,887,922				
Net pension liability as a percentage of covered payroll	407.07%				

* - The fiscal year ended June 30, 2015 was the first year of implementation, therefore only six years are shown.

**CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020**

**Schedule of Contributions
Cost-Sharing Multiple Employer
Defined Benefit Pension Plan**

**Last 10 years (subject to available information: first year of implementation was Fiscal Year ended June 30, 2015)
(Continued)**

Fiscal year ended, June 30	<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, 2020

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

Measurement period	2015-16	2016-17	2017-18	2018-19
Agent Multiple Employer Defined Benefit Plan				
Last Ten Fiscal Years				
Other Post-Employment Benefits (OPEB)				
Total OPEB liability				
Service cost	\$766,000	\$789,000	\$822,000	\$805,000
Interest	3,447,000	3,540,000	3,435,000	3,515,000
Differences between expected and actual experience		(4,107,000)		(3,040,000)
Assumption changes		4,831,000		(2,735,000)
Benefit payments, including refunds of employee contributions	(2,896,000)	(3,015,000)	(3,028,000)	(3,072,000)
Net change in total OPEB liability	1,317,000	2,038,000	1,229,000	(4,527,000)
Total OPEB liability - beginning	48,226,000	49,543,000	51,581,000	52,810,000
Total OPEB liability - ending (a)	<u>\$49,543,000</u>	<u>\$51,581,000</u>	<u>\$52,810,000</u>	<u>\$48,283,000</u>
OPEB fiduciary net position				
Contributions - employer	\$2,896,000	\$3,475,000	\$3,573,000	\$3,725,000
Net investment income	157,000	1,675,000	1,425,000	1,224,000
Benefit payments, including refunds of employee contributions	(2,896,000)	(3,015,000)	(3,028,000)	(3,072,000)
Administrative expense	(7,000)	(8,000)	(44,000)	(12,000)
Net change in plan fiduciary net position	150,000	2,127,000	1,926,000	1,865,000
Plan fiduciary net position - beginning	15,608,000	15,758,000	17,885,000	19,811,000
Plan fiduciary net position - ending (b)	<u>\$15,758,000</u>	<u>\$17,885,000</u>	<u>\$19,811,000</u>	<u>\$21,676,000</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$33,785,000</u>	<u>\$33,696,000</u>	<u>\$32,999,000</u>	<u>\$26,607,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>31.81%</u>	<u>34.67%</u>	<u>37.51%</u>	<u>44.89%</u>
Covered employee payroll (Report Date)	<u>\$32,885,000</u>	<u>\$36,350,000</u>	<u>\$40,496,000</u>	<u>\$39,920,000</u>
Plan net OPEB liability as a percentage of covered employee payroll	<u>102.74%</u>	<u>92.70%</u>	<u>81.49%</u>	<u>66.65%</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, 2020

SCHEDULE OF CONTRIBUTIONS

Agent Multiple Employer Defined Benefit Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)

Fiscal year	<u>2016-17</u>
Actuarially determined contribution	\$3,450,000
Contributions in relation to the actuarially determined contribution	<u>(3,475,000)</u>
Contribution deficiency (excess)	<u><u>(\$25,000)</u></u>
Covered employee payroll	\$32,885,000
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 an 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, 2020**

SCHEDULE OF CONTRIBUTIONS

**Agent Multiple Employer Defined Benefit Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)
(Continued)**

Fiscal year	<u>2017-18</u>
Actuarially determined contribution	\$3,530,000
Contributions in relation to the actuarially determined contribution	<u>(3,563,000)</u>
Contribution deficiency (excess)	<u>(\$33,000)</u>
Covered employee payroll	\$36,350,000
Contributions as a percentage of covered employee payroll	9.80%

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 6/30/18 and 6/30/19.

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-
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

**CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020**

SCHEDULE OF CONTRIBUTIONS

**Agent Multiple Employer Defined Benefit Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)
(Continued)**

Fiscal year	<u>2018-19</u>
Actuarially determined contribution	\$3,612,000
Contributions in relation to the actuarially determined contribution	<u>(3,725,000)</u>
Contribution deficiency (excess)	<u>(\$113,000)</u>
Covered employee payroll	\$40,496,000
Contributions as a percentage of covered employee payroll	9.20%

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 6/30/18 and 6/30/19.

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

**CITY OF SAN RAFAEL
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020**

SCHEDULE OF CONTRIBUTIONS

**Agent Multiple Employer Defined Benefit Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)
(Continued)**

Fiscal year	2019-20
Actuarially determined contribution	\$3,677,000
Contributions in relation to the actuarially determined contribution	(3,784,000)
Contribution deficiency (excess)	(\$107,000)
Covered employee payroll	\$39,920,000
Contributions as a percentage of covered employee payroll	9.48%

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, 2019 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 6/30/20 and 6/30/21.

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, 2019
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount, over approximate 10-year period
Remaining Amortization	16 years remaining as of June 30, 2019
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.75% at June 30, 2019 and June 30, 2018, respectively
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	Mortality projected fully generational with Scale MP-2019
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 - 6/30/19 MCERA assumptions
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.00% in 2076
Healthcare participation for future retirees	Capped benefit: 90% currently covered, 70% currently waived PEMHCA minimum - 60%
Cap Increases	None

<p style="text-align: center;">GENERAL FUND AND MAJOR SPECIAL REVENUE FUND BUDGET-TO-ACTUAL STATEMENTS</p>

Generally accepted accounting principles dictate 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.

CITY OF SAN RAFAEL
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and special assessments	\$70,938,000	\$71,138,000	\$69,242,196	(\$1,895,804)
Licenses and permits	2,629,170	2,629,170	3,047,144	417,974
Fines and forfeitures	383,000	383,000	349,563	(33,437)
Use of money and properties	195,527	195,527	371,231	175,704
Intergovernmental	3,391,000	3,391,000	3,229,127	(161,873)
Charges for services	2,524,325	2,524,325	3,105,656	581,331
Other revenue	615,000	615,000	942,435	327,435
Total Revenues	<u>80,676,022</u>	<u>80,876,022</u>	<u>80,287,352</u>	<u>(588,670)</u>
EXPENDITURES				
Current:				
General government	13,221,991	14,022,796	16,119,613	(2,096,817)
Public safety	43,119,639	43,252,779	41,615,327	1,637,452
Public works and parks	12,014,274	12,102,400	12,349,130	(246,730)
Community development	5,549,524	5,549,526	5,276,887	272,639
Culture and recreation	3,334,072	3,334,071	2,689,531	644,540
Capital outlay	92,776	92,776	92,776	92,776
Debt service:				
Principal	485,261	485,261	618,316	(133,055)
Interest and fiscal charges	2,468,963	2,468,963	2,482,778	(13,815)
Total Expenditures	<u>80,286,500</u>	<u>81,308,572</u>	<u>81,151,582</u>	<u>156,990</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>389,522</u>	<u>(432,550)</u>	<u>(864,230)</u>	<u>(431,680)</u>
OTHER FINANCING SOURCES (USES)				
Note proceeds			23,999	23,999
Transfers in	4,701,350	4,737,499	4,737,499	
Transfers out	(6,077,000)	(6,623,159)	(6,623,159)	
Total Other Financing Sources (Uses)	<u>(1,375,650)</u>	<u>(1,885,660)</u>	<u>(1,861,661)</u>	<u>23,999</u>
Net Change in Fund Balance	<u>(\$986,128)</u>	<u>(\$2,318,210)</u>	(2,725,891)	<u>(\$407,681)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>12,532,571</u>	
FUND BALANCE, END OF YEAR			<u>\$9,806,680</u>	

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and special assessments				
Use of money and properties	\$59,661	\$59,661	\$116,876	\$57,215
Charges for services	100,000	100,000	612,867	512,867
Other revenue			286,551	286,551
Total Revenues	<u>159,661</u>	<u>159,661</u>	<u>1,016,294</u>	<u>856,633</u>
EXPENDITURES				
Current:				
General government	25,000	25,000		25,000
Public works and parks	100,000	335,559	99,232	236,327
Capital outlay		776,826	505,588	271,238
Total Expenditures	<u>125,000</u>	<u>1,137,385</u>	<u>604,820</u>	<u>532,565</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>34,661</u>	<u>(977,724)</u>	<u>411,474</u>	<u>1,389,198</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out		(1,387,068)	(1,387,068)	
Total Other Financing Sources (Uses)		<u>(1,387,068)</u>	<u>(1,387,068)</u>	
Net Change in Fund Balance	<u>\$34,661</u>	<u>(\$2,364,792)</u>	<u>(975,594)</u>	<u>\$1,389,198</u>
FUND BALANCE, BEGINNING OF YEAR			<u>5,197,376</u>	
FUND BALANCE, END OF YEAR			<u>\$4,221,782</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and properties	\$45,770	\$45,770	\$106,175	\$60,405
Intergovernmental	3,826,537	9,660,041	4,887,201	(4,772,840)
Charges for services	1,043,600	1,043,600	2,132,590	1,088,990
Other revenue			199,893	199,893
	<u>4,915,907</u>	<u>10,749,411</u>	<u>7,325,859</u>	<u>(3,423,552)</u>
EXPENDITURES				
Current:				
General government				
Public works and parks	1,335,000	7,300,949	4,273,277	3,027,672
Capital outlay	50,000	5,215,121	1,531,254	3,683,867
	<u>1,385,000</u>	<u>12,516,070</u>	<u>5,804,531</u>	<u>6,711,539</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>3,530,907</u>	<u>(1,766,659)</u>	<u>1,521,328</u>	<u>3,287,987</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out	(900,000)	(900,000)	(900,000)	
	<u>(900,000)</u>	<u>268,168</u>	<u>268,168</u>	
Net Change in Fund Balance				
	<u>\$2,630,907</u>	<u>(\$1,498,491)</u>	1,789,496	<u>\$3,287,987</u>
FUND BALANCE, BEGINNING OF YEAR			<u>4,728,111</u>	
FUND BALANCE, END OF YEAR			<u>\$6,517,607</u>	

SUPPLEMENTARY INFORMATION

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property			\$599,667	\$599,667
Other revenue			189,864	189,864
Total Revenues			789,531	789,531
EXPENDITURES				
Capital outlay	\$25,000,000	\$25,795,248	23,593,767	2,201,481
Total Expenditures	25,000,000	25,795,248	23,593,767	2,201,481
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(25,000,000)	(25,795,248)	(22,804,236)	2,991,012
OTHER FINANCING SOURCES (USES)				
Transfers in	4,148,000	5,123,865	5,123,865	
Transfers out	(2,235,200)	(2,235,200)	(2,235,200)	
Total Other Financing Sources (Uses)	1,912,800	2,888,665	2,888,665	
Net Change in Fund Balance	(23,087,200)	(22,906,583)	(19,915,571)	\$2,991,012
FUND BALANCE, BEGINNING OF YEAR			32,390,499	
FUND BALANCE, END OF YEAR			\$12,474,928	

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 eight 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.

Measure G – Cannabis Special Revenue Fund – Established for the purpose of reporting tax revenue and expenditures related to Cannabis activities authorized by Measure G.

Measure C – Wildfire Prevention Special Revenue Fund – Established for the purpose of reporting tax revenue and expenditures related to coordinated wildfire prevention activities authorized by Measure C, a parcel tax measure approved on March 3, 2020 by a two-thirds supermajority vote. This is a ten-year parcel tax levying up to 10 cents per building square foot tax and \$75 per multifamily unit.

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.



CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2020

	SPECIAL REVENUE FUNDS				
	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Loch Lomond #10 Community Facilities Dist.
ASSETS					
Cash and investments	\$225,194	\$209,565	\$472,848	\$1,270,651	\$754,925
Restricted cash and investments					
Receivables:					
Accounts	71,753		452,261	17,400	
Taxes		127			107
Grants				36,910	
Interest					
Loans					
Prepays					
Total Assets	\$296,947	\$209,692	\$925,109	\$1,324,961	\$755,032
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$78,108		\$265,081	\$50,875	
Deposits payable					
Developer deposits payable			248,572		
Due to other funds					
Unearned revenue	172,395				
Total Liabilities	250,503		513,653	50,875	
Fund Balances:					
Nonspendable					
Restricted	46,444	\$209,692	411,456	1,274,086	\$755,032
Committed					
Assigned					
Unassigned					
Total Fund Balances	46,444	209,692	411,456	1,274,086	755,032
Total Liabilities and Fund Balances	\$296,947	\$209,692	\$925,109	\$1,324,961	\$755,032

SPECIAL REVENUE FUNDS

Loch Lomond Marina #2 Community Facilities Dist.	Library	Library Assessment	Public Safety	Stormwater	Development Services	Grants
\$364,502	\$2,456,131	\$739,500	\$121,144	\$911,328	\$347,232	\$753,106
398				4,014		
<u>\$364,900</u>	<u>\$2,456,131</u>	<u>\$739,500</u>	<u>\$121,144</u>	<u>\$915,342</u>	<u>\$347,232</u>	<u>\$753,106</u>
	\$291	\$7,279		\$25,874	\$79,558 3,635	\$8,701
	<u>291</u>	<u>7,279</u>		<u>25,874</u>	<u>83,193</u>	<u>8,701</u>
\$364,900	2,455,840	732,221	\$121,144	889,468	264,039	744,405
<u>364,900</u>	<u>2,455,840</u>	<u>732,221</u>	<u>121,144</u>	<u>889,468</u>	<u>264,039</u>	<u>744,405</u>
<u>\$364,900</u>	<u>\$2,456,131</u>	<u>\$739,500</u>	<u>\$121,144</u>	<u>\$915,342</u>	<u>\$347,232</u>	<u>\$753,106</u>

(Continued)

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2020

	SPECIAL REVENUE FUNDS				
	Parkland Dedication	Emergency Medical Services	Business Improvement	Pt. San Pedro Maintenance Portion	Low and Moderate Income Housing
ASSETS					
Cash and investments	\$290,302	\$466,514	\$8,141	\$99,968	\$615,662
Restricted cash and investments					
Receivables:					
Accounts		278,483			14,555
Taxes		21,679		652	
Grants					
Interest					561
Loans					262,876
Prepays		7,813			
Total Assets	<u>\$290,302</u>	<u>\$774,489</u>	<u>\$8,141</u>	<u>\$100,620</u>	<u>\$893,654</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$317	\$48,487	\$8,141	\$13,119	
Deposits payable					
Developer deposits payable					
Due to other funds					
Unearned revenue					
Total Liabilities	<u>317</u>	<u>48,487</u>	<u>8,141</u>	<u>13,119</u>	
Fund Balances:					
Nonspendable		7,813			
Restricted	289,985	718,189		87,501	\$893,654
Committed					
Assigned					
Unassigned					
Total Fund Balances	<u>289,985</u>	<u>726,002</u>		<u>87,501</u>	<u>893,654</u>
Total Liabilities and Fund Balances	<u>\$290,302</u>	<u>\$774,489</u>	<u>\$8,141</u>	<u>\$100,620</u>	<u>\$893,654</u>

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS			CAPITAL PROJECTS FUND
Measure A Open Space	Measure G - Cannabis	Measure C - Wildfire Prevention	Peacock Gap Assessment District	Mariposa Assessment District	1997 Financing Authority Revenue Bonds	Capital Improvement
			\$2,875	\$16,573	\$151,695	\$1,345,220 624,245
\$220,704	\$146,151					10,403 2,783
<u>\$220,704</u>	<u>\$146,151</u>		<u>\$2,875</u>	<u>\$16,573</u>	<u>\$151,695</u>	<u>\$1,982,651</u>
\$295		\$501				\$102,445 6,877
50,709	\$70,178	10,617				
<u>51,004</u>	<u>70,178</u>	<u>11,118</u>				<u>109,322</u>
169,700	75,973		\$2,875	\$16,573	\$151,695	1,873,329
		(11,118)				
<u>169,700</u>	<u>75,973</u>	<u>(11,118)</u>	<u>2,875</u>	<u>16,573</u>	<u>151,695</u>	<u>1,873,329</u>
<u>\$220,704</u>	<u>\$146,151</u>		<u>\$2,875</u>	<u>\$16,573</u>	<u>\$151,695</u>	<u>\$1,982,651</u>

(Continued)

CITY OF SAN RAFAEL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>CAPITAL PROJECTS FUNDS</u>				Total Non-Major Governmental Funds
	<u>Bedroom Tax</u>	<u>Assessment Districts</u>	<u>Park Capital Projects</u>	<u>Open Space</u>	
ASSETS					
Cash and investments	\$94,907	\$223,742	\$10,824	\$120,920	\$12,073,469
Restricted cash and investments		80,464			704,709
Receivables:					
Accounts					834,452
Taxes					393,832
Grants					47,313
Interest					3,344
Loans					262,876
Prepays					7,813
					<u>7,813</u>
Total Assets	<u>\$94,907</u>	<u>\$304,206</u>	<u>\$10,824</u>	<u>\$120,920</u>	<u>\$14,327,808</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable					\$600,813
Deposits payable					95,136
Developer deposits payable					252,207
Due to other funds					131,504
Unearned revenue					172,395
					<u>172,395</u>
Total Liabilities					<u>1,252,055</u>
Fund Balances:					
Nonspendable					7,813
Restricted	\$94,907	\$304,206			11,073,985
Committed			\$10,824		1,884,153
Assigned				\$120,920	120,920
Unassigned					(11,118)
					<u>(11,118)</u>
Total Fund Balances	<u>94,907</u>	<u>304,206</u>	<u>10,824</u>	<u>120,920</u>	<u>13,075,753</u>
Total Liabilities and Fund Balances	<u>\$94,907</u>	<u>\$304,206</u>	<u>\$10,824</u>	<u>\$120,920</u>	<u>\$14,327,808</u>



CITY OF SAN RAFAEL
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	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			\$21,399
Fines and forfeitures					
Use of money and properties	\$44,276	5,610	\$6,099	\$38,734	\$16,777
Intergovernmental	43,074			433,552	
Charges for services	1,517,329		173,940	2,751,787	
Other revenue	13,893		600	23,870	
Total Revenues	<u>1,618,572</u>	<u>30,978</u>	<u>180,639</u>	<u>3,247,943</u>	<u>38,176</u>
EXPENDITURES					
Current:					
General government					
Public safety			135,601		
Public works and parks		73,700			15,943
Culture and recreation	3,824,456			3,667,862	
Capital outlay					
Total Expenditures	<u>3,824,456</u>	<u>73,700</u>	<u>135,601</u>	<u>3,667,862</u>	<u>15,943</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,205,884)</u>	<u>(42,722)</u>	<u>45,038</u>	<u>(419,919)</u>	<u>22,233</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,250,000				59,439
Transfers out				(52,840)	(848)
Total Other Financing Sources (Uses)	<u>2,250,000</u>			<u>(52,840)</u>	<u>58,591</u>
Net Change in Fund Balances	44,116	(42,722)	45,038	(472,759)	80,824
Fund Balance, Beginning	<u>2,328</u>	<u>252,414</u>	<u>366,418</u>	<u>1,746,845</u>	<u>674,208</u>
Fund Balance, Ending	<u>\$46,444</u>	<u>\$209,692</u>	<u>\$411,456</u>	<u>\$1,274,086</u>	<u>\$755,032</u>

SPECIAL REVENUE FUNDS

Loch Lomond Marina #2 Community Facilities Dist.	Library	Library Assessment	Public Safety	Stormwater	Development Services	Grants
\$79,695		\$1,067,786				
7,566	\$56,867	11,832		\$825		
	23,681		\$63,694	8,368	\$46,705	\$4,691
	5,911			836,240		416,556
	7,017		73,868	4,735		
<u>87,261</u>	<u>93,476</u>	<u>1,079,618</u>	<u>137,562</u>	<u>850,168</u>	<u>46,705</u>	<u>421,247</u>
5,079			206,065			71,818
				316,859		518,443
	87,171	903,867		46,385		
<u>5,079</u>	<u>87,171</u>	<u>903,867</u>	<u>206,065</u>	<u>363,244</u>		<u>590,261</u>
<u>82,182</u>	<u>6,305</u>	<u>175,751</u>	<u>(68,503)</u>	<u>486,924</u>	<u>46,705</u>	<u>(169,014)</u>
			100,000			139,655
					(414,041)	(22,260)
			100,000		(414,041)	117,395
82,182	6,305	175,751	31,497	486,924	(367,336)	(51,619)
<u>282,718</u>	<u>2,449,535</u>	<u>556,470</u>	<u>89,647</u>	<u>402,544</u>	<u>631,375</u>	<u>796,024</u>
<u>\$364,900</u>	<u>\$2,455,840</u>	<u>\$732,221</u>	<u>\$121,144</u>	<u>\$889,468</u>	<u>\$264,039</u>	<u>\$744,405</u>

(Continued)

CITY OF SAN RAFAEL
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	SPECIAL REVENUE FUNDS				
	Parkland Dedication	Emergency Medical Services	Business Improvement	Pt. San Pedro - Maintenance Portion	Low and Moderate Income Housing
REVENUES					
Taxes and special assessments	\$26,271	\$4,922,517		\$136,339	
Fines and forfeitures					
Use of money and properties	6,489	20,491		854	\$23,964
Intergovernmental		158,434			
Charges for services		2,698,523			
Other revenue		504,324			61,925
Total Revenues	<u>32,760</u>	<u>8,304,289</u>		<u>137,193</u>	<u>85,889</u>
EXPENDITURES					
Current:					
General government					87,962
Public safety		7,441,833			
Public works and parks	317			170,365	
Culture and recreation					
Capital outlay					
Total Expenditures	<u>317</u>	<u>7,441,833</u>		<u>170,365</u>	<u>87,962</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>32,443</u>	<u>862,456</u>		<u>(33,172)</u>	<u>(2,073)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out		(949,800)			
Total Other Financing Sources (Uses)		<u>(949,800)</u>			
Net Change in Fund Balances	32,443	(87,344)		(33,172)	(2,073)
Fund Balance, Beginning	<u>257,542</u>	<u>813,346</u>		<u>120,673</u>	<u>895,727</u>
Fund Balance, Ending	<u><u>\$289,985</u></u>	<u><u>\$726,002</u></u>		<u><u>\$87,501</u></u>	<u><u>\$893,654</u></u>

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS			CAPITAL PROJECTS FUND
Measure A Open Space	Measure G - Cannabis	Measure C - Wildfire Prevention	Peacock Gap Assessment District	Mariposa Assessment District	1997 Financing Authority Revenue Bonds	Capital Improvement
\$468,662	\$409,882					
626						\$39,639
	251					31,862
<u>469,288</u>	<u>410,133</u>					<u>71,501</u>
138,065	410,133	\$11,118				
155,000						
6,523						
						307,519
<u>299,588</u>	<u>410,133</u>	<u>11,118</u>				<u>307,519</u>
<u>169,700</u>		<u>(11,118)</u>				<u>(236,018)</u>
						218,900
						218,900
169,700		(11,118)				(17,118)
	75,973		\$2,875	\$16,573	151,695	1,890,447
<u>\$169,700</u>	<u>\$75,973</u>	<u>(\$11,118)</u>	<u>\$2,875</u>	<u>\$16,573</u>	<u>\$151,695</u>	<u>\$1,873,329</u>

(Continued)

CITY OF SAN RAFAEL
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>CAPITAL PROJECTS FUNDS</u>				Total Non-Major Governmental Funds
	Bedroom Tax	Assessment Districts	Park Capital Projects	Open Space	
REVENUES					
Taxes and special assessments	\$10,582				\$7,168,501
Fines and forfeitures					825
Use of money and properties		\$1,551		\$2,781	343,920
Intergovernmental					1,170,853
Charges for services					7,983,730
Other revenue					690,483
					<u>690,483</u>
Total Revenues	<u>10,582</u>	<u>1,551</u>		<u>2,781</u>	<u>17,358,312</u>
EXPENDITURES					
Current:					
General government					569,913
Public safety					8,456,204
Public works and parks					732,184
Culture and recreation					8,489,879
Capital outlay		235			354,139
					<u>354,139</u>
Total Expenditures		<u>235</u>			<u>18,602,319</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,582</u>	<u>1,316</u>		<u>2,781</u>	<u>(1,244,007)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					2,767,994
Transfers out					(1,439,789)
					<u>(1,439,789)</u>
Total Other Financing Sources (Uses)					<u>1,328,205</u>
Net Change in Fund Balances	10,582	1,316		2,781	84,198
Fund Balance, Beginning	<u>84,325</u>	<u>302,890</u>	<u>\$10,824</u>	<u>118,139</u>	<u>12,991,555</u>
Fund Balance, Ending	<u>\$94,907</u>	<u>\$304,206</u>	<u>\$10,824</u>	<u>\$120,920</u>	<u>\$13,075,753</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, 2020

	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)
Fines and forfeitures						
Use of money and properties	\$43,781	\$44,276	\$495	2,396	5,610	3,214
Intergovernmental	64,945	43,074	(21,871)			
Charges for services	2,203,862	1,517,329	(686,533)			
Other revenue	470	13,893	13,423			
Total Revenues	<u>2,313,058</u>	<u>1,618,572</u>	<u>(694,486)</u>	<u>27,896</u>	<u>30,978</u>	<u>3,082</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks				146,400	73,700	72,700
Culture and recreation	4,454,440	3,824,456	629,984			
Capital outlay						
Total Expenditures	<u>4,454,440</u>	<u>3,824,456</u>	<u>629,984</u>	<u>146,400</u>	<u>73,700</u>	<u>72,700</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,141,382)</u>	<u>(2,205,884)</u>	<u>(64,502)</u>	<u>(118,504)</u>	<u>(42,722)</u>	<u>75,782</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	2,250,000	2,250,000				
Transfers out						
Total Other Financing Sources (Uses)	<u>2,250,000</u>	<u>2,250,000</u>				
NET CHANGE IN FUND BALANCE	<u>\$108,618</u>	44,116	<u>(\$64,502)</u>	<u>(\$118,504)</u>	(42,722)	<u>\$75,782</u>
FUND BALANCES, BEGINNING OF YEAR		<u>2,328</u>			<u>252,414</u>	
FUND BALANCES, END OF YEAR		<u>\$46,444</u>			<u>\$209,692</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)
						\$21,399	\$21,399	
\$2,460	\$6,099	\$3,639	\$15,341	\$38,734	\$23,393	6,055	16,777	\$10,722
			355,784	433,552	77,768			
174,117	173,940	(177)	3,825,000	2,751,787	(1,073,213)			
	600	600		23,870	23,870			
<u>176,577</u>	<u>180,639</u>	<u>4,062</u>	<u>4,196,125</u>	<u>3,247,943</u>	<u>(948,182)</u>	<u>27,454</u>	<u>38,176</u>	<u>10,722</u>
182,491	135,601	46,890				15,943	15,943	
			4,413,331	3,667,862	745,469			
<u>182,491</u>	<u>135,601</u>	<u>46,890</u>	<u>4,413,331</u>	<u>3,667,862</u>	<u>745,469</u>	<u>15,943</u>	<u>15,943</u>	
<u>(5,914)</u>	<u>45,038</u>	<u>50,952</u>	<u>(217,206)</u>	<u>(419,919)</u>	<u>(202,713)</u>	<u>11,511</u>	<u>22,233</u>	<u>10,722</u>
			(52,840)	(52,840)		59,439	59,439	
						(848)	(848)	
			(52,840)	(52,840)		58,591	58,591	
<u>(\$5,914)</u>	<u>45,038</u>	<u>\$50,952</u>	<u>(\$270,046)</u>	<u>(472,759)</u>	<u>(\$202,713)</u>	<u>\$70,102</u>	<u>80,824</u>	<u>\$10,722</u>
	<u>366,418</u>			<u>1,746,845</u>			<u>674,208</u>	
	<u>\$411,456</u>			<u>\$1,274,086</u>			<u>\$755,032</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, 2020

	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	\$80,000	\$79,695	(\$305)			
Fines and forfeitures						
Use of money and properties	1,967	7,566	5,599	\$21,472	\$56,867	\$35,395
Intergovernmental				1,000	23,681	22,681
Charges for services				7,500	5,911	(1,589)
Other revenue				7,000	7,017	17
Total Revenues	<u>81,967</u>	<u>87,261</u>	<u>5,294</u>	<u>36,972</u>	<u>93,476</u>	<u>56,504</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks	137,200	5,079	132,121			
Culture and recreation				100,000	87,171	12,829
Capital outlay						
Total Expenditures	<u>137,200</u>	<u>5,079</u>	<u>132,121</u>	<u>100,000</u>	<u>87,171</u>	<u>12,829</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(\$55,233)</u>	<u>82,182</u>	<u>137,415</u>	<u>(\$63,028)</u>	<u>6,305</u>	<u>69,333</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCE	<u>(\$55,233)</u>	<u>82,182</u>	<u>\$137,415</u>	<u>(\$63,028)</u>	<u>6,305</u>	<u>\$69,333</u>
FUND BALANCES, BEGINNING OF YEAR		<u>282,718</u>			<u>2,449,535</u>	
FUND BALANCES, END OF YEAR		<u>\$364,900</u>			<u>\$2,455,840</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)
\$1,078,803	\$1,067,786	(\$11,017)				\$5,000	\$825	(\$4,175)
3,845	11,832	7,987	\$356		(\$356)	4,715	8,368	3,653
			90,000	\$63,694	(26,306)			
			75,000	73,868	(1,132)	827,900	836,240	8,340
						5,000	4,735	(265)
<u>1,082,648</u>	<u>1,079,618</u>	<u>(3,030)</u>	<u>165,356</u>	<u>137,562</u>	<u>(27,794)</u>	<u>842,615</u>	<u>850,168</u>	<u>7,553</u>
			282,388	206,065	76,323	942,020	316,859	625,161
1,123,924	903,867	220,057				163,526	46,385	117,141
<u>1,123,924</u>	<u>903,867</u>	<u>220,057</u>	<u>282,388</u>	<u>206,065</u>	<u>76,323</u>	<u>1,105,546</u>	<u>363,244</u>	<u>742,302</u>
<u>(41,276)</u>	<u>175,751</u>	<u>217,027</u>	<u>(117,032)</u>	<u>(68,503)</u>	<u>48,529</u>	<u>(262,931)</u>	<u>486,924</u>	<u>749,855</u>
			100,000	100,000				
			100,000	100,000				
<u>(\$41,276)</u>	<u>175,751</u>	<u>\$217,027</u>	<u>(\$17,032)</u>	<u>31,497</u>	<u>\$48,529</u>	<u>(\$262,931)</u>	<u>486,924</u>	<u>\$749,855</u>
	<u>556,470</u>			<u>89,647</u>			<u>402,544</u>	
	<u>\$732,221</u>			<u>\$121,144</u>			<u>\$889,468</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, 2020

	SPECIAL REVENUE FUNDS					
	Development Services			Grants		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments						
Fines and forfeitures						
Use of money and properties	\$44,323	\$46,705	\$2,382	\$6,041	\$4,691	(\$1,350)
Intergovernmental				547,750	416,556	(131,194)
Charges for services						
Other revenue						
Total Revenues	<u>44,323</u>	<u>46,705</u>	<u>2,382</u>	<u>553,791</u>	<u>421,247</u>	<u>(132,544)</u>
EXPENDITURES						
Current:						
General government	1,000		1,000	131,005	71,818	59,187
Public safety				761,569	518,443	243,126
Public works and parks						
Culture and recreation						
Capital outlay						
Total Expenditures	<u>1,000</u>		<u>1,000</u>	<u>892,574</u>	<u>590,261</u>	<u>302,313</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>43,323</u>	<u>46,705</u>	<u>3,382</u>	<u>(338,783)</u>	<u>(169,014)</u>	<u>169,769</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				139,655	139,655	
Transfers out	(414,041)	(414,041)		(22,260)	(22,260)	
Total Other Financing Sources (Uses)	<u>(414,041)</u>	<u>(414,041)</u>		<u>117,395</u>	<u>117,395</u>	
NET CHANGE IN FUND BALANCE	<u>(\$370,718)</u>	<u>(367,336)</u>	<u>\$3,382</u>	<u>(\$221,388)</u>	<u>(51,619)</u>	<u>\$169,769</u>
FUND BALANCES, BEGINNING OF YEAR		<u>631,375</u>			<u>796,024</u>	
FUND BALANCES, END OF YEAR		<u>\$264,039</u>			<u>\$744,405</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)
	\$26,271	\$26,271	\$4,953,000	\$4,922,517	(\$30,483)			
\$5,416	6,489	1,073	1,354	20,491	19,137			
			202,803	158,434	(44,369)			
			2,550,000	2,698,523	148,523			
			220,000	504,324	284,324			
<u>5,416</u>	<u>32,760</u>	<u>27,344</u>	<u>7,927,157</u>	<u>8,304,289</u>	<u>377,132</u>			
100,000	317	99,683	7,878,441	7,441,833	436,608			
<u>100,000</u>	<u>317</u>	<u>99,683</u>	<u>7,878,441</u>	<u>7,441,833</u>	<u>436,608</u>			
<u>(94,584)</u>	<u>32,443</u>	<u>127,027</u>	<u>48,716</u>	<u>862,456</u>	<u>813,740</u>			
			(949,800)	(949,800)				
			(949,800)	(949,800)				
<u>(\$94,584)</u>	<u>32,443</u>	<u>\$127,027</u>	<u>(\$901,084)</u>	<u>(87,344)</u>	<u>\$813,740</u>			
	<u>257,542</u>			<u>813,346</u>				
	<u>\$289,985</u>			<u>\$726,002</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, 2020

	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	\$90,000	\$136,339	\$46,339			
Fines and forfeitures						
Use of money and properties		854	854	\$5,380	\$23,964	\$18,584
Intergovernmental						
Charges for services						
Other revenue					61,925	61,925
Total Revenues	<u>90,000</u>	<u>137,193</u>	<u>47,193</u>	<u>5,380</u>	<u>85,889</u>	<u>80,509</u>
EXPENDITURES						
Current:						
General government				95,000	87,962	7,038
Public safety						
Public works and parks	170,366	170,365	1			
Culture and recreation						
Capital outlay						
Total Expenditures	<u>170,366</u>	<u>170,365</u>	<u>1</u>	<u>95,000</u>	<u>87,962</u>	<u>7,038</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(80,366)</u>	<u>(33,172)</u>	<u>47,194</u>	<u>(89,620)</u>	<u>(2,073)</u>	<u>87,547</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCE	<u><u>(\$80,366)</u></u>	<u><u>(33,172)</u></u>	<u><u>\$47,194</u></u>	<u><u>(\$89,620)</u></u>	<u><u>(2,073)</u></u>	<u><u>\$87,547</u></u>
FUND BALANCES, BEGINNING OF YEAR		<u>120,673</u>			<u>895,727</u>	
FUND BALANCES, END OF YEAR		<u><u>\$87,501</u></u>			<u><u>\$893,654</u></u>	

SPECIAL REVENUE FUNDS

Measure A Open Space			Measure G - Cannabis			Measure C - Wildfire Prevention		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$500,000	\$468,662	(\$31,338)	\$120,000	\$409,882	\$289,882			
1,487	626	(861)						
				251				
501,487	469,288	(32,199)	120,000	410,133	289,882			
			410,133	410,133		\$11,118	\$11,118	
190,509	138,065	52,444						
155,000	155,000							
	6,523	(6,523)						
141,671		141,671						
487,180	299,588	187,592	410,133	410,133		11,118	11,118	
14,307	169,700	155,393	(290,133)		290,133	(11,118)	(11,118)	
<u>\$14,307</u>	169,700	<u>\$155,393</u>	<u>(\$290,133)</u>		<u>\$290,133</u>	<u>(\$11,118)</u>	(11,118)	<u></u>
				75,973				
	<u>\$169,700</u>			<u>\$75,973</u>			<u>(\$11,118)</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, 2020

	<u>DEBT SERVICE FUND</u>		
	<u>1997 Financing Authority Revenue Bonds</u>		
	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes and special assessments			
Fines and forfeitures			
Use of money and properties	\$1,377		(\$1,377)
Intergovernmental			
Charges for services			
Other revenue			
Total Revenues	<u>1,377</u>		<u>(1,377)</u>
EXPENDITURES			
Current:			
General government			
Public safety			
Public works and parks			
Culture and recreation			
Capital outlay			
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,377</u>		<u>(1,377)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers out			
Total Other Financing Sources (Uses)			
NET CHANGE IN FUND BALANCE	<u>\$1,377</u>		<u>(\$1,377)</u>
FUND BALANCES, BEGINNING OF YEAR		<u>\$151,695</u>	
FUND BALANCES, END OF YEAR		<u>\$151,695</u>	

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, 2020

	<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	\$572,812	\$2,011,019	\$2,676,216	\$643,873	\$5,364,517
Accounts receivable	3,473	2,128			
Grants receivable	3,672				
Capital assets:					
Nondepreciable assets	555,908				
Depreciable assets, net	6,016,888	6,322,160	296,021		
Total Assets	<u>7,152,753</u>	<u>8,335,307</u>	<u>2,972,237</u>	<u>643,873</u>	<u>5,364,517</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	4,067	19,690	155,523	110,012	10,607
Claims payable - due in one year					1,794,573
Non-current Liabilities:					
Claims payable - due in more than one year					2,559,335
Total Liabilities	<u>4,067</u>	<u>19,690</u>	<u>155,523</u>	<u>110,012</u>	<u>4,364,515</u>
NET POSITION:					
Net investment in capital assets	6,572,796	6,322,160	296,021		
Unrestricted	575,890	1,993,457	2,520,693	533,861	1,000,002
Total Net Position	<u>\$7,148,686</u>	<u>\$8,315,617</u>	<u>\$2,816,714</u>	<u>\$533,861</u>	<u>\$1,000,002</u>

<u>Workers' Compensation</u>	<u>Dental Insurance</u>	<u>Employee Retirement</u>	<u>OPEB/ Retiree Medical</u>	<u>Radio Replacement</u>	<u>Telephone Replacement</u>	<u>Sewer Maintenance</u>	<u>Total</u>
\$8,666,513	\$287,234	\$3,361,453	\$471,274 71,575	\$59,237	\$213,222	\$132,727	\$24,460,097 77,176 3,672 555,908 12,635,069
<u>8,666,513</u>	<u>287,234</u>	<u>3,361,453</u>	<u>542,849</u>	<u>59,237</u>	<u>213,222</u>	<u>132,727</u>	<u>37,731,922</u>
144 1,544,034	7,176		38,070		55,832	132,727	533,848 3,338,607
<u>6,522,335</u>							<u>9,081,670</u>
<u>8,066,513</u>	<u>7,176</u>		<u>38,070</u>		<u>55,832</u>	<u>132,727</u>	<u>12,954,125</u>
<u>600,000</u>	<u>280,058</u>	<u>3,361,453</u>	<u>504,779</u>	<u>59,237</u>	<u>157,390</u>		13,190,977 11,586,820
<u>\$600,000</u>	<u>\$280,058</u>	<u>\$3,361,453</u>	<u>\$504,779</u>	<u>\$59,237</u>	<u>\$157,390</u>		<u>\$24,777,797</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, 2020

	<u>Building Maintenance</u>	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Employee Benefits</u>	<u>Liability Insurance</u>
OPERATING REVENUES					
Charges for current services	\$900,000	\$1,402,000	\$1,838,761	\$966,200	\$3,119,707
Intergovernmental	29,476				
Other revenues	43,868				94
Total Operating Revenues	<u>973,344</u>	<u>1,402,000</u>	<u>1,838,761</u>	<u>966,200</u>	<u>3,119,801</u>
OPERATING EXPENSES					
Personnel				853,403	266,957
Insurance premiums and claims					1,935,058
Maintenance and repairs	162,408	24,817	99,354		
General and administrative	572		1,888,603	218,528	
Depreciation expense	<u>167,605</u>	<u>1,045,129</u>	<u>96,939</u>		
Total Operating Expenses	<u>330,585</u>	<u>1,069,946</u>	<u>2,084,896</u>	<u>1,071,931</u>	<u>2,202,015</u>
Operating Income (Loss)	<u>642,759</u>	<u>332,054</u>	<u>(246,135)</u>	<u>(105,731)</u>	<u>917,786</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	8,303	34,449	61,804	50,292	81,859
Miscellaneous income		194			
Gain from sale of capital assets		58,459			
Loss on retirement of capital assets	<u>(430,334)</u>		<u>(33,594)</u>		
Total Nonoperating Revenues (Expenses)	<u>(422,031)</u>	<u>93,102</u>	<u>28,210</u>	<u>50,292</u>	<u>81,859</u>
Net income (loss) before contributions and transfers	<u>220,728</u>	<u>425,156</u>	<u>(217,925)</u>	<u>(55,439)</u>	<u>999,645</u>
CAPITAL CONTRIBUTIONS					
TRANSFERS IN	52,840	125,000			
TRANSFERS OUT					
Change in Net Position	273,568	550,156	(217,925)	(55,439)	999,645
NET POSITION, BEGINNING OF YEAR	<u>6,875,118</u>	<u>7,765,461</u>	<u>3,034,639</u>	<u>589,300</u>	<u>357</u>
NET POSITION, END OF YEAR	<u>\$7,148,686</u>	<u>\$8,315,617</u>	<u>\$2,816,714</u>	<u>\$533,861</u>	<u>\$1,000,002</u>

<u>Workers' Compensation</u>	<u>Dental Insurance</u>	<u>Employee Retirement</u>	<u>OPEB/ Retiree Medical</u>	<u>Radio Replacement</u>	<u>Telephone Replacement</u>	<u>Sewer Maintenance</u>	<u>Total</u>
\$3,213,259	\$493,269	\$2,364,125	\$3,070,000	\$648,660	\$437,363	\$2,689,844	\$21,143,188
	904		858,329			8,501	29,476
<u>3,213,259</u>	<u>494,173</u>	<u>2,364,125</u>	<u>3,928,329</u>	<u>648,660</u>	<u>437,363</u>	<u>2,698,345</u>	<u>911,696</u>
181,739						2,593,243	3,895,342
3,241,388	315,249		3,931,601				9,423,296
		2,000		688,082	478,138	105,102	286,579
							3,381,025
							<u>1,309,673</u>
<u>3,423,127</u>	<u>315,249</u>	<u>2,000</u>	<u>3,931,601</u>	<u>688,082</u>	<u>478,138</u>	<u>2,698,345</u>	<u>18,295,915</u>
<u>(209,868)</u>	<u>178,924</u>	<u>2,362,125</u>	<u>(3,272)</u>	<u>(39,422)</u>	<u>(40,775)</u>		<u>3,788,445</u>
169,511	4,220	39,323	254		4,818		454,833
							194
							58,459
							<u>(463,928)</u>
<u>169,511</u>	<u>4,220</u>	<u>39,323</u>	<u>254</u>	<u></u>	<u>4,818</u>	<u></u>	<u>49,558</u>
<u>(40,357)</u>	<u>183,144</u>	<u>2,401,448</u>	<u>(3,018)</u>	<u>(39,422)</u>	<u>(35,957)</u>	<u></u>	<u>3,838,003</u>
							125,000
							52,840
		<u>(678,763)</u>					<u>(678,763)</u>
<u>(40,357)</u>	<u>183,144</u>	<u>1,722,685</u>	<u>(3,018)</u>	<u>(39,422)</u>	<u>(35,957)</u>	<u></u>	<u>3,337,080</u>
<u>640,357</u>	<u>96,914</u>	<u>1,638,768</u>	<u>507,797</u>	<u>98,659</u>	<u>193,347</u>	<u></u>	<u>21,440,717</u>
<u>\$600,000</u>	<u>\$280,058</u>	<u>\$3,361,453</u>	<u>\$504,779</u>	<u>\$59,237</u>	<u>\$157,390</u>	<u></u>	<u>\$24,777,797</u>

CITY OF SAN RAFAEL
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Building Maintenance	Vehicle Replacement	Equipment Replacement	Employee Benefits	Liability Insurance
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers/other funds	\$991,487	\$1,399,872	\$1,838,761	\$966,200	\$3,119,707
Cash payments to suppliers for goods and services	(309,611)	(24,817)	(2,098,452)	(118,250)	(1,193,985)
Cash payments to employees for salaries and benefits				(853,403)	(266,957)
Other operating revenues	43,868	194			94
Cash Flows from Operating Activities	725,744	1,375,249	(259,691)	(5,453)	1,658,859
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts	52,840				
Interfund payments					
Cash Flows from Noncapital Financing Activities	52,840				
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(311,145)	(671,593)			
Proceeds from sale of property		110,768			
Cash Flows from Investing Activities	(311,145)	(560,825)			
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	8,303	34,449	61,803	50,292	81,859
Cash Flows from Investing Activities	8,303	34,449	61,803	50,292	81,859
Net increase (decrease) in cash and cash equivalents	475,742	848,873	(197,888)	44,839	1,740,718
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	97,070	1,162,146	2,874,104	599,034	3,623,799
CASH AND CASH EQUIVALENTS, END OF YEAR	\$572,812	\$2,011,019	\$2,676,216	\$643,873	\$5,364,517
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$642,759	\$332,054	(\$246,135)	(\$105,731)	\$917,786
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation	167,605	1,045,129	96,939		
Miscellaneous income		194			
Net change in assets and liabilities:					
Accounts receivable	62,011	(2,128)			
Accounts payable	(146,631)		(110,495)	100,278	3,230
Claims payable					737,843
Net Cash Provided by (Used in) Operating Activities	725,744	\$1,375,249	(\$259,691)	(\$5,453)	\$1,658,859
NON-CASH TRANSACTIONS:					
Contributions		\$125,000			
Retirement of capital assets	(\$430,334)	(\$52,309)	(\$33,594)		

<u>Workers' Compensation</u>	<u>Dental Insurance</u>	<u>Employee Retirement</u>	<u>OPEB/ Employee Retirement</u>	<u>Radio Replacement</u>	<u>Telephone Replacement</u>	<u>Sewer Maintenance</u>	<u>Total</u>
\$3,213,259	\$493,269	\$2,364,125	\$3,071,145	\$648,660	\$437,363	\$2,689,844	\$21,233,692
(1,297,200)	(311,707)	(2,000)	(3,915,482)	(688,082)	(453,069)	(2,828,879)	(13,241,534)
(181,739)							(1,302,099)
	904		858,329			8,501	911,890
<u>1,734,320</u>	<u>182,466</u>	<u>2,362,125</u>	<u>13,992</u>	<u>(39,422)</u>	<u>(15,706)</u>	<u>(130,534)</u>	<u>7,601,949</u>
							52,840
		(678,763)					(678,763)
		(678,763)					(625,923)
							(982,738)
							110,768
							(871,970)
<u>169,511</u>	<u>4,220</u>	<u>39,323</u>	<u>254</u>		<u>4,818</u>		<u>454,832</u>
<u>169,511</u>	<u>4,220</u>	<u>39,323</u>	<u>254</u>		<u>4,818</u>		<u>454,832</u>
1,903,831	186,686	1,722,685	14,246	(39,422)	(10,888)	(130,534)	6,558,888
<u>6,762,682</u>	<u>100,548</u>	<u>1,638,768</u>	<u>457,028</u>	<u>98,659</u>	<u>224,110</u>	<u>263,261</u>	<u>17,901,209</u>
<u>\$8,666,513</u>	<u>\$287,234</u>	<u>\$3,361,453</u>	<u>\$471,274</u>	<u>\$59,237</u>	<u>\$213,222</u>	<u>\$132,727</u>	<u>\$24,460,097</u>
(\$209,868)	\$178,924	\$2,362,125	(\$3,272)	(\$39,422)	(\$40,775)		\$3,788,445
							1,309,673
							194
			1,145				61,028
(16,698)	3,542		16,119		25,069	(130,534)	(256,120)
<u>1,960,886</u>							<u>2,698,729</u>
<u>\$1,734,320</u>	<u>\$182,466</u>	<u>\$2,362,125</u>	<u>\$13,992</u>	<u>(\$39,422)</u>	<u>(\$15,706)</u>	<u>(\$130,534)</u>	<u>\$7,601,949</u>
							\$125,000
							(\$516,237)



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.

CITY OF SAN RAFAEL
 AGENCY FUNDS
 COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<u>Pt. San Pedro Road Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$282,954	\$23,739	\$67,801	\$238,892
Taxes receivable	725	690	725	690
Total Assets	\$283,679	\$24,429	\$68,526	\$239,582
<u>Liabilities</u>				
Interest payable	\$24,276	\$23,014	\$24,276	\$23,014
Due to bondholders	259,403	1,415	44,250	216,568
Total Liabilities	\$283,679	\$24,429	\$68,526	\$239,582



Dining Under the Lights

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

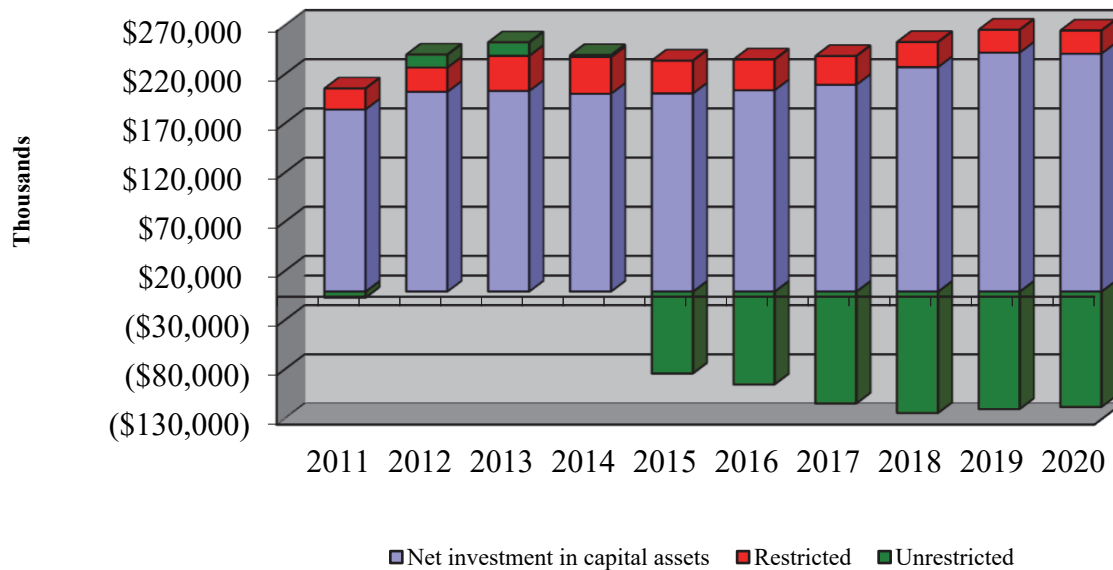
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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)**



	Fiscal Year Ended June 30,			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$174,281,922	\$192,361,245	\$193,222,791	\$190,286,275
Restricted	21,322,937	24,693,205	35,780,412	37,339,141
Unrestricted	(8,170,324)	10,652,263	11,151,318	(196,824)
Total governmental activities net position	\$187,434,535	\$227,706,713	\$240,154,521	\$227,428,592
Business-type activities				
Net investment in capital assets	\$10,793,592	\$10,650,558	\$10,670,190	\$10,786,591
Unrestricted	1,948,447	2,495,889	2,501,498	2,049,957
Total business-type activities net position	\$12,742,039	\$13,146,447	\$13,171,688	\$12,836,548
Primary government				
Net investment in capital assets	\$185,075,514	\$203,011,803	\$203,892,981	\$201,072,866
Restricted	21,322,937	24,693,205	35,780,412	37,339,141
Unrestricted	(6,221,877)	13,148,152	13,652,816	1,853,133
Total primary government net position	\$200,176,574	\$240,853,160	\$253,326,209	\$240,265,140

(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.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$190,621,085	\$193,707,175	\$199,202,842	\$217,170,376	\$231,844,210	\$230,737,025
33,389,224	31,286,725	29,225,643	25,549,583	23,288,874	23,522,748
<u>(82,336,534)</u>	<u>(93,273,480)</u>	<u>(112,913,181)</u>	<u>(122,577,233)</u>	<u>(118,215,177)</u>	<u>(116,133,437)</u>
<u>\$141,673,775</u>	<u>\$131,720,420</u>	<u>\$115,515,304</u>	<u>\$120,142,726</u>	<u>\$136,917,907</u>	<u>\$138,126,336</u>
\$10,744,952	\$10,958,058	\$10,968,642	\$10,951,518	\$11,023,426	\$11,104,751
<u>(938,519)</u>	<u>(1,136,050)</u>	<u>(871,620)</u>	<u>(886,848)</u>	<u>(1,180,121)</u>	<u>(1,204,307)</u>
<u>\$9,806,433</u>	<u>\$9,822,008</u>	<u>\$10,097,022</u>	<u>\$10,064,670</u>	<u>\$9,843,305</u>	<u>\$9,900,444</u>
\$201,366,037	\$204,665,233	\$210,171,484	\$228,121,894	\$242,867,636	\$241,841,776
33,389,224	31,286,725	29,225,643	25,549,583	23,288,874	23,522,748
<u>(83,275,053)</u>	<u>(94,409,530)</u>	<u>(113,784,801)</u>	<u>(123,464,081)</u>	<u>(119,395,298)</u>	<u>(117,337,744)</u>
<u>\$151,480,208</u>	<u>\$141,542,428</u>	<u>\$125,612,326</u>	<u>\$130,207,396</u>	<u>\$146,761,212</u>	<u>\$148,026,780</u>

**CITY OF SAN RAFAEL
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,			
	2011	2012	2013	2014
Expenses				
Governmental Activities:				
General government	\$8,269,846	\$10,171,332	\$10,202,530	\$9,085,672
Public safety	44,735,486	39,876,910	41,966,065	43,800,158
Public works and parks	17,408,038	17,423,033	17,695,164	22,125,336
Community development	7,804,650	4,587,557	3,403,158	3,451,244
Culture and recreation	11,487,999	11,020,663	11,330,058	11,846,818
Interest on long-term debt and fiscal charges	1,621,605	1,224,991	283,805	327,350
Total Governmental Activities Expenses	<u>91,327,624</u>	<u>84,304,486</u>	<u>84,880,780</u>	<u>90,636,578</u>
Business-Type Activities:				
Parking services	3,785,751	3,446,482	3,545,387	4,125,476
Total Business-Type Activities Expenses	<u>3,785,751</u>	<u>3,446,482</u>	<u>3,545,387</u>	<u>4,125,476</u>
Total Primary Government Expenses	<u>\$95,113,375</u>	<u>\$87,750,968</u>	<u>\$88,426,167</u>	<u>\$94,762,054</u>
Component Unit:				
San Rafael Sanitation District	<u>\$9,677,630</u>	<u>\$10,185,779</u>	<u>\$10,169,082</u>	<u>\$11,378,055</u>
Program Revenues				
Governmental Activities:				
Charges for services:				
General government	\$1,636,542	\$1,986,791	\$2,655,749	\$2,838,940
Public safety	6,167,925	7,122,396	6,478,321	6,014,034
Public works and parks	4,141,103	5,214,267	7,837,472	6,101,460
Community development	2,676,663	3,255,367	3,984,204	3,279,251
Culture and recreation	5,362,497	5,873,147	6,075,129	6,417,003
Operating grants and contributions	3,651,902	3,158,281	4,085,073	4,698,142
Capital grants and contributions	1,857,670	2,705,696	5,876,993	762,719
Total Government Activities Program Revenues	<u>25,494,302</u>	<u>29,315,945</u>	<u>36,992,941</u>	<u>30,111,549</u>
Business-Type Activities:				
Charges for services:				
Parking services	4,011,333	3,901,175	3,990,706	4,485,394
Total Business-Type Activities Program Revenues	<u>4,011,333</u>	<u>3,901,175</u>	<u>3,990,706</u>	<u>4,485,394</u>
Total Primary Government Program Revenues	<u>\$29,505,635</u>	<u>\$33,217,120</u>	<u>\$40,983,647</u>	<u>\$34,596,943</u>
Component Unit:				
San Rafael Sanitation District				
Charges for service	\$12,223,779	\$12,368,889	\$12,413,123	\$13,732,496
Operating grants and contributions				
Capital grants and contributions				
Total Component Unit Program Revenues	<u>\$12,223,779</u>	<u>\$12,368,889</u>	<u>\$12,413,123</u>	<u>\$13,732,496</u>
Net (Expense)/Revenue				
Governmental Activities	(\$65,833,322)	(\$54,988,541)	(\$47,887,839)	(\$60,525,029)
Business-Type Activities	<u>225,582</u>	<u>454,693</u>	<u>445,319</u>	<u>359,918</u>
Total Primary Government Net Expense	<u>(\$65,607,740)</u>	<u>(\$54,533,848)</u>	<u>(\$47,442,520)</u>	<u>(\$60,165,111)</u>
Component Unit Activities	<u>\$2,546,149</u>	<u>\$2,183,110</u>	<u>\$2,244,041</u>	<u>\$2,354,441</u>

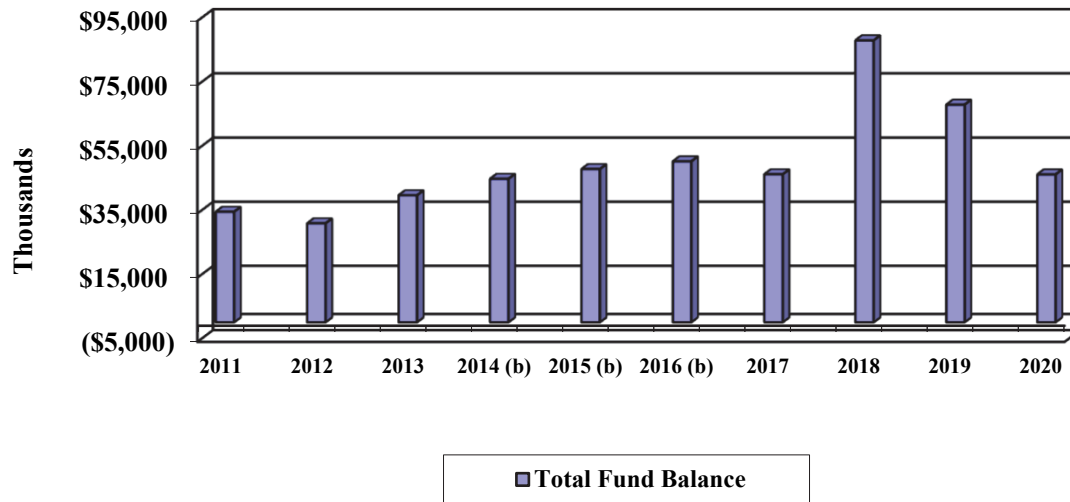
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$9,099,858	\$12,952,983	\$10,996,269	\$9,835,941	\$11,967,641	\$15,629,601
39,968,631	55,399,798	44,366,734	53,231,197	49,899,296	50,000,809
16,893,164	22,929,289	19,845,719	22,084,433	19,270,613	21,661,442
3,128,373	4,307,269	4,242,743	4,040,195	5,781,826	5,314,692
11,198,151	15,026,680	14,131,000	13,285,563	12,819,429	11,828,353
284,288	277,263	271,263	884,336	1,848,263	1,974,834
<u>80,572,465</u>	<u>110,893,282</u>	<u>93,853,728</u>	<u>103,361,665</u>	<u>101,587,068</u>	<u>106,409,731</u>
4,249,597	4,762,851	4,188,152	4,627,716	5,038,553	4,491,375
4,249,597	4,762,851	4,188,152	4,627,716	5,038,553	4,491,375
<u>\$84,822,062</u>	<u>\$115,656,133</u>	<u>\$98,041,880</u>	<u>\$107,989,381</u>	<u>\$106,625,621</u>	<u>\$110,901,106</u>
<u>\$11,375,239</u>	<u>\$11,654,767</u>	<u>\$11,255,194</u>	<u>\$12,235,868</u>	<u>\$12,601,257</u>	<u>\$13,853,263</u>
\$1,379,523	\$526,495	\$421,393	\$517,542	\$377,606	\$394,882
4,966,251	4,939,658	4,264,939	5,628,478	5,304,832	5,824,555
3,078,267	5,157,289	1,804,698	2,362,375	4,158,338	3,082,495
3,796,684	4,004,178	3,850,107	3,814,892	4,312,259	5,470,010
6,537,646	6,683,059	6,941,013	6,819,303	5,750,846	4,370,442
4,185,450	4,678,338	3,965,351	5,142,670	4,584,855	5,545,731
1,308,027	1,470,953	1,702,993	974,603	8,042,524	1,348,640
<u>25,251,848</u>	<u>27,459,970</u>	<u>22,950,494</u>	<u>25,259,863</u>	<u>32,531,260</u>	<u>26,036,755</u>
5,173,557	5,212,181	5,268,991	5,203,585	5,362,016	5,063,318
5,173,557	5,212,181	5,268,991	5,203,585	5,362,016	5,063,318
<u>\$30,425,405</u>	<u>\$32,672,151</u>	<u>\$28,219,485</u>	<u>\$30,463,448</u>	<u>\$37,893,276</u>	<u>\$31,100,073</u>
14,629,758	15,414,530	16,014,016	16,829,908	16,964,083	16,874,361
		36,945	58,440	5,907	5,719
		79,245	105,734	1,433,871	175,217
<u>14,629,758</u>	<u>15,414,530</u>	<u>16,130,206</u>	<u>16,994,082</u>	<u>18,403,861</u>	<u>17,055,297</u>
(\$55,320,617)	(\$83,433,312)	(\$70,903,234)	(\$78,101,802)	(\$69,055,808)	(\$80,372,976)
923,960	449,330	1,080,839	575,869	323,463	571,943
<u>(\$54,396,657)</u>	<u>(\$82,983,982)</u>	<u>(\$69,822,395)</u>	<u>(\$77,525,933)</u>	<u>(\$68,732,345)</u>	<u>(\$79,801,033)</u>
<u>\$3,254,519</u>	<u>\$3,862,215</u>	<u>\$4,875,012</u>	<u>\$4,758,214</u>	<u>\$5,802,604</u>	<u>\$3,202,034</u>

CITY OF SAN RAFAEL
CHANGES IN NET POSITION
(continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,			
	2011	2012	2013	2014
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property	\$21,632,733	\$20,107,637	\$17,317,772	\$18,439,619
Sales	21,623,445	22,355,749	24,262,282	27,758,971
Special assessments				
Paramedic	3,661,064	3,807,545	3,804,985	3,816,070
Motor vehicles	297,425			
Transient occupancy	1,644,262	1,866,575	2,185,287	2,332,277
Franchise	2,990,539	3,076,094	3,331,160	3,260,958
Business license	2,296,460	2,332,146	2,507,785	2,588,728
Other	1,930,531	3,574,918	2,929,915	3,452,171
Investment earnings	176,502	205,413	991,762	184,171
Gain (Loss) on disposal of assets				
Miscellaneous	1,496,174	542,816	2,580,882	1,140,743
Special item - Court fines repayment				
Transfers	463,600	57,960	423,817	449,917
Total Government Activities	58,212,735	57,926,853	60,335,647	63,423,625
Business-Type Activities:				
Investment earnings	11,878	7,675	3,739	4,375
Aid from other government agencies				
Transfers	(463,600)	(57,960)	(423,817)	(449,917)
Total Business-Type Activities	(451,722)	(50,285)	(420,078)	(445,542)
Total Primary Government	\$57,761,013	\$57,876,568	\$59,915,569	\$62,978,083
Component Unit:				
San Rafael Sanitation District				
Property Taxes	\$1,214,519	\$1,192,566	\$1,177,469	\$1,345,018
Investment earnings	59,265	38,191	25,591	151,729
Miscellaneous				
Aid from other governmental agencies	6,499	9,613	56,589	22,125
Total Component Unit	\$1,280,283	\$1,240,370	\$1,259,649	\$1,518,872
Special Item				
Governmental Activities				
Component Unit Activities				
Change in Net Position				
Governmental Activities	(\$7,620,587)	\$2,938,312	\$12,447,808	\$2,898,596
Business-Type Activities	(226,140)	404,408	25,241	(85,624)
Total Primary Government	(\$7,846,727)	\$3,342,720	\$12,473,049	\$2,812,972
Change in Net Position				
Component Unit Activities	\$3,826,432	\$3,423,480	\$3,503,690	\$3,873,313

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$19,039,443	\$19,998,567	\$23,343,140	\$24,627,373	\$25,903,240	\$26,491,505
32,269,915	34,348,089	31,819,259	34,119,502	35,626,646	33,784,770
3,820,240	4,226,020	5,485,637	4,923,148	4,934,584	4,923,092
2,661,878	3,063,263	2,984,758	3,115,151	3,203,499	2,410,745
3,272,390	3,418,277	3,610,824	3,726,841	3,627,254	4,029,050
2,670,071	2,824,664	2,774,803	2,790,212	2,788,496	2,824,722
3,295,751	3,465,193	1,824,830	2,245,882	1,783,170	2,152,617
216,066	300,091	210,628	556,745	1,450,434	1,907,591
2,254,901	1,387,315	2,448,604	5,991,713	5,904,968	2,470,926
432,630	448,478	536,000	632,657	608,698	586,387
<u>69,933,285</u>	<u>73,479,957</u>	<u>75,038,483</u>	<u>82,729,224</u>	<u>85,830,989</u>	<u>81,581,405</u>
7,008	14,723	10,810	24,436	63,870	71,583
<u>(432,630)</u>	<u>(448,478)</u>	<u>(536,000)</u>	<u>(632,657)</u>	<u>(608,698)</u>	<u>(586,387)</u>
<u>(425,622)</u>	<u>(433,755)</u>	<u>(525,190)</u>	<u>(608,221)</u>	<u>(544,828)</u>	<u>(514,804)</u>
<u>\$69,507,663</u>	<u>\$73,046,202</u>	<u>\$74,513,293</u>	<u>\$82,121,003</u>	<u>\$85,286,161</u>	<u>\$81,066,601</u>
\$1,319,852	\$1,367,172	\$1,528,047	\$1,620,584	\$1,727,221	\$1,833,137
171,804	46,225	97,090	234,379	519,793	876,369
35,090			10,690	7,768	489
<u>\$1,526,746</u>	<u>\$1,413,397</u>	<u>\$1,625,137</u>	<u>\$1,865,653</u>	<u>\$2,254,782</u>	<u>\$2,709,995</u>
<u>\$4,462,815</u>					
<u>(\$4,462,815)</u>					
\$19,075,483	(\$9,953,355)	\$4,135,249	\$4,627,422	\$16,775,181	\$1,208,429
498,338	15,575	555,649	(32,352)	(221,365)	57,139
<u>\$19,573,821</u>	<u>(\$9,937,780)</u>	<u>\$4,690,898</u>	<u>\$4,595,070</u>	<u>\$16,553,816</u>	<u>\$1,265,568</u>
<u>\$318,450</u>	<u>\$5,275,612</u>	<u>\$6,500,149</u>	<u>\$6,623,867</u>	<u>\$8,057,386</u>	<u>\$5,912,029</u>

**CITY SAN RAFAEL
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**



	Fiscal Year Ended June 30,			
	2011	2012	2013	2014 (b)
General Fund				
Nonspendable	\$589,833	\$527,509	\$527,235	\$503,338
Restricted	200,238	76,188		
Committed	555,561	651,121	800,876	
Assigned	5,439,879	1,516,644	2,476,676	6,866,149
Unassigned				
Total General Fund	<u>\$6,785,511</u>	<u>\$2,771,462</u>	<u>\$3,804,787</u>	<u>\$7,369,487</u>
All Other Governmental Funds				
Nonspendable	\$377,180	\$788,031	\$51,521	\$8,719
Restricted	19,289,367	16,856,959	20,769,546	30,185,064
Committed	3,864,322	5,135,257	8,447,495	2,185,825
Assigned	4,124,029	5,283,559	6,511,850	4,959,533
Unassigned				
Total all other governmental funds	<u>\$27,654,898</u>	<u>\$28,063,806</u>	<u>\$35,780,412</u>	<u>\$37,339,141</u>

(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.

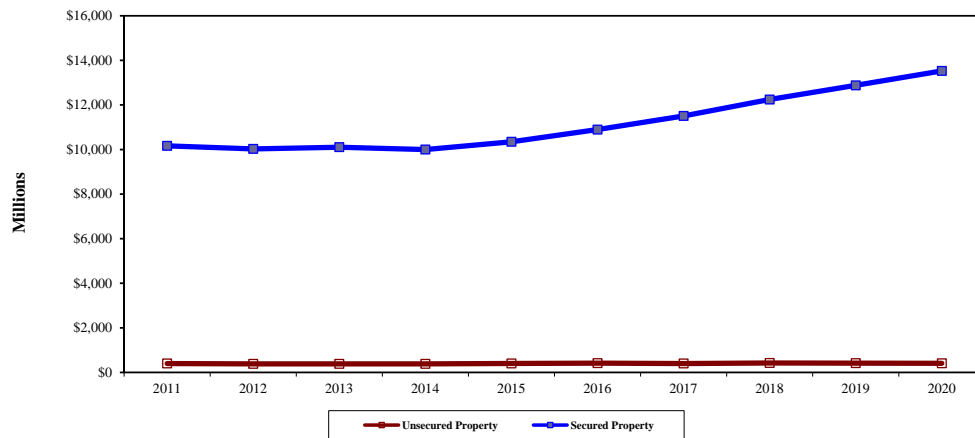
2015 (b)	2016 (b)	2017	2018	2019	2020	(a)
\$399,299	\$476,316	\$508,446	\$1,008,234	\$37,271	\$7,540	
12,374,002	16,440,910	14,900,945	11,214,720	11,391,084	9,799,140	
1,588,500	1,772,577	1,295,041		1,104,216		
<u>\$14,361,801</u>	<u>\$18,689,803</u>	<u>\$16,704,432</u>	<u>\$12,222,954</u>	<u>\$12,532,571</u>	<u>\$9,806,680</u>	
\$2,359	\$9,449		\$302,366	\$27,627	\$7,813	
31,742,184	27,552,245	\$25,812,405	73,489,688	53,260,504	34,288,302	
931,871	3,799,421	3,491,708	1,754,983	1,901,271	1,884,153	
712,810	119,183	115,103	115,942	118,139	120,920	
					(11,118)	
<u>\$33,389,224</u>	<u>\$31,480,298</u>	<u>\$29,419,216</u>	<u>\$75,662,979</u>	<u>\$55,307,541</u>	<u>\$36,290,070</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,			
	2011	2012	2013	2014
Revenues				
Taxes and special assessments	\$51,448,130	\$51,395,116	\$51,549,306	\$56,686,142
Licenses and permits	1,416,772	1,648,890	1,929,387	1,934,755
Fines and forfeitures	862,820	801,758	734,005	669,553
Use of money and properties	380,720	315,561	325,043	363,089
Intergovernmental	11,864,127	10,537,396	11,869,889	11,953,308
Charges for services	15,888,750	19,649,433	23,575,374	19,949,333
Other revenue	1,026,845	870,957	4,092,411	2,045,407
Total Revenues	<u>82,888,164</u>	<u>85,219,111</u>	<u>94,075,415</u>	<u>93,601,587</u>
Expenditures				
Current:				
General government	6,863,142	8,783,873	10,529,480	8,678,833
Public safety	40,967,352	39,311,551	41,377,062	41,900,762
Public works and parks	10,666,176	11,518,822	12,002,448	13,697,957
Community development	4,527,351	3,755,504	2,961,275	3,296,375
Culture and recreation	10,067,822	10,345,673	10,591,057	11,106,367
Capital outlay	1,745,483	1,312,383	4,009,454	2,154,900
Capital improvement/special projects	6,240,861	3,604,171	5,284,720	7,168,776
Debt service:				
Principal	2,530,338	2,518,320		208,642
Interest and fiscal charges	1,448,910	735,221	283,805	327,350
Total Expenditures	<u>85,057,435</u>	<u>81,885,518</u>	<u>87,039,301</u>	<u>88,539,962</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,169,271)</u>	<u>3,333,593</u>	<u>7,036,114</u>	<u>5,061,625</u>
Other Financing Sources (Uses)				
Issuance of debt				
Proceeds from PG&E loans				568,481
Transfers in	5,806,834	4,539,646	8,425,474	3,655,302
Transfers (out)	<u>(4,657,326)</u>	<u>(4,864,293)</u>	<u>(6,711,657)</u>	<u>(3,053,865)</u>
Total other financing sources (uses)	<u>1,149,508</u>	<u>(324,647)</u>	<u>1,713,817</u>	<u>1,169,918</u>
Extraordinary Item				
Transfer to Successor Agency			<u>(2,352,584)</u>	
Net Change in fund balances	<u>(\$1,019,763)</u>	<u>\$3,008,946</u>	<u>\$6,397,347</u>	<u>\$6,231,543</u>
Debt service as a percentage of noncapital expenditures	5.2%	4.2%	0.4%	0.7%

2015	2016	2017	2018	2019	2020
\$61,804,228	\$65,866,218	\$71,166,891	\$74,893,789	\$77,101,185	\$76,410,697
2,456,820	2,588,411	2,559,841	2,718,166	2,661,500	3,047,144
556,076	435,829	400,283	384,268	337,680	350,388
444,757	460,206	349,349	654,531	1,583,060	1,537,869
13,233,503	13,685,003	8,063,156	8,878,974	15,602,264	9,287,181
15,346,794	14,366,744	13,425,161	14,660,094	15,166,876	13,834,843
1,777,003	3,208,749	1,842,053	5,219,414	5,158,042	2,309,226
95,619,181	100,611,160	97,806,734	107,409,236	117,610,607	106,777,348
10,203,687	11,349,079	10,557,416	10,010,100	12,553,499	16,689,526
43,954,515	47,071,166	49,018,153	51,805,708	51,678,876	50,071,531
12,758,643	14,390,699	16,752,961	17,647,312	15,617,622	17,453,823
3,416,859	3,670,108	3,759,564	4,051,224	4,988,260	5,276,887
11,616,777	12,048,104	12,646,728	12,823,771	12,468,008	11,179,410
4,498,924	4,813,757	2,100,926	22,815,967	38,701,047	25,984,748
2,186,986	4,826,576	7,403,249			
75,172	75,172	175,172	280,172	495,172	618,316
284,288	277,263	271,263	1,005,636	2,356,207	2,482,778
88,995,851	98,521,924	102,685,432	120,439,890	138,858,691	129,757,019
6,623,330	2,089,236	(4,878,698)	(13,030,654)	(21,248,084)	(22,979,671)
			46,565,800		23,999
4,348,149	7,533,364	9,287,007	68,351,964	15,482,297	13,797,526
(3,051,499)	(6,582,555)	(8,454,762)	(68,373,222)	(14,280,034)	(12,585,216)
1,296,650	950,809	832,245	46,544,542	1,202,263	1,236,309
\$7,919,980	\$3,040,045	(\$4,046,453)	\$33,513,888	(\$20,045,821)	(\$21,743,362)
0.4%	0.4%	0.5%	1.3%	2.8%	3.0%

**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					
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%
2019	10,042,494,232	2,681,917,170	285,601,803	107,472,477	13,117,485,682	409,129,431	13,526,615,113	13,526,615,113	0.11742%
2020	10,545,909,554	2,850,424,603	293,144,677	127,151,762	13,816,630,596	442,888,708	14,259,519,304	14,259,519,304	0.11724%

(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 2010/11 - 2019/20 Combined Tax Rolls

**CITY OF SAN RAFAEL
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	City	County (1)	School Districts	Misc. Special Districts	Total	Total Direct Rate
2011	0.154	0.295	0.7542	0.0461	1.2489	0.17851%
2012	0.154	0.295	0.7831	0.0461	1.2779	0.17827%
2013	0.154	0.295	0.7743	0.0461	1.2691	0.17456%
2014	0.154	0.295	0.7890	0.0461	1.2838	0.11985%
2015	0.154	0.295	0.7651	0.0461	1.2599	0.11657%
2016	0.154	0.295	0.7846	0.0695	1.3028	0.11672%
2017	0.154	0.295	0.8251	0.0553	1.3291	0.11693%
2018	0.154	0.295	0.8127	0.0661	1.3275	0.11709%
2019	0.154	0.295	0.8495	0.0650	1.3635	0.11742%
2020	0.154	0.295	0.8289	0.0635	1.3414	0.11724%

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 2010/11 - 2019/20 Tax Rate Tables

**CITY OF SAN RAFAEL
PROPERTY TAX RATES
DIRECT & OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS (RATE PER \$100 OF ASSESSED VALUE)**

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Dixie School Bonds	0.01860	0.01840	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Marin Community College Bonds	0.01360	0.01750	0.01780	0.02040	0.01800	0.01650	0.01420	0.03380	0.03390	0.02690
Marin Healthcare Bond	0.00000	0.00000	0.00000	0.00000	0.00000	0.02350	0.00930	0.02010	0.01900	0.01750
Miller Creek School Bonds	0.00000	0.00000	0.01540	0.01500	0.01470	0.04170	0.03830	0.02090	0.03450	0.03280
Ross Elementary School	0.06070	0.06550	0.06640	0.06570	0.06030	0.06150	0.06030	0.06190	0.06180	0.05710
Ross Valley School Bonds	0.03250	0.06130	0.06110	0.05960	0.05700	0.05550	0.05370	0.05680	0.05390	0.05270
San Rafael Elementary Bonds	0.04740	0.04740	0.02170	0.03320	0.02620	0.02570	0.05350	0.05030	0.07290	0.07050
San Rafael High Bonds	0.02790	0.02680	0.04960	0.05130	0.04850	0.04710	0.07100	0.05680	0.06170	0.06000
Tamalpais Union High School	0.04820	0.04100	0.03710	0.03860	0.03520	0.03130	0.02880	0.02690	0.02580	0.02390
Total Direct & Overlapping Tax Rates	1.24890	1.27790	1.26910	1.28380	1.25990	1.30280	1.32910	1.32750	1.36350	1.34140
City's Share of 1% Levy Per Prop 13	0.12292	0.12311	0.12313	0.12306	0.12233	0.12233	0.12233	0.12233	0.12232	0.12232
Total Direct Rate	0.17851	0.17827	0.17456	0.11985	0.11657	0.11672	0.11693	0.11709	0.11742	0.11724

Notes:

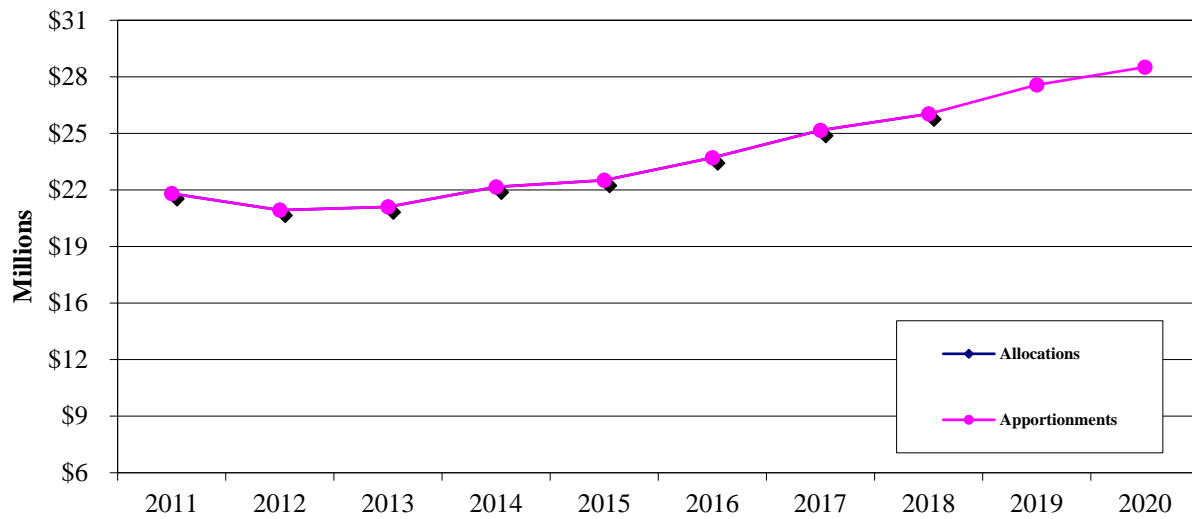
(1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Data Source: Marin County Assessors Office 2010/11 - 2019/20 Tax Rate Tables

**CITY OF SAN RAFAEL
PRINCIPAL PROPERTY TAX PAYERS
CURRENT FY 2019/20 AND FY 2010/2011**

Taxpayer	FY 2019-2020		FY 2010-2011	
	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	\$ 280,855,165	1.97%		
MGP XI Northgate LLC	226,813,293	1.59%		
Professional Financial Investors Inc	140,335,593	0.98%		
BRE Properties Inc	64,906,940	0.46%		
South Valley Apartments LLC	55,198,648	0.39%		
Kaiser	49,986,713	0.35%		
Regency Center II Associates LP	48,748,966	0.34%	\$ 41,605,911	0.41%
Northbay Properties II	47,786,871	0.34%	38,739,218	0.39%
Bay Apartment Communities Inc	45,263,334	0.32%		
Barbara Fasken 1995 Trust Etal	45,074,118	0.32%		
Northgate Mall Associates			124,804,203	1.24%
SR Corporation Center Phase 1			78,722,382	0.79%
SR Corporation Center Phase 2			71,885,994	0.72%
Corac LLC			59,878,503	0.60%
Sutter Health			48,295,644	0.48%
Robert Dickson Trust			43,972,278	0.44%
Marin Sanitary Service			38,498,898	0.38%
Kilroy Realty LP			36,499,999	0.36%
Subtotal	\$ 1,004,969,641	7.05%	\$ 582,903,030	5.81%
Total Net Assessed Valuation:				
Fiscal Year 2019-2020	\$ 14,259,519,304			
Fiscal Year 2010-2011	\$ 10,028,202,014			

**CITY OF SAN RAFAEL
PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN FISCAL YEARS**

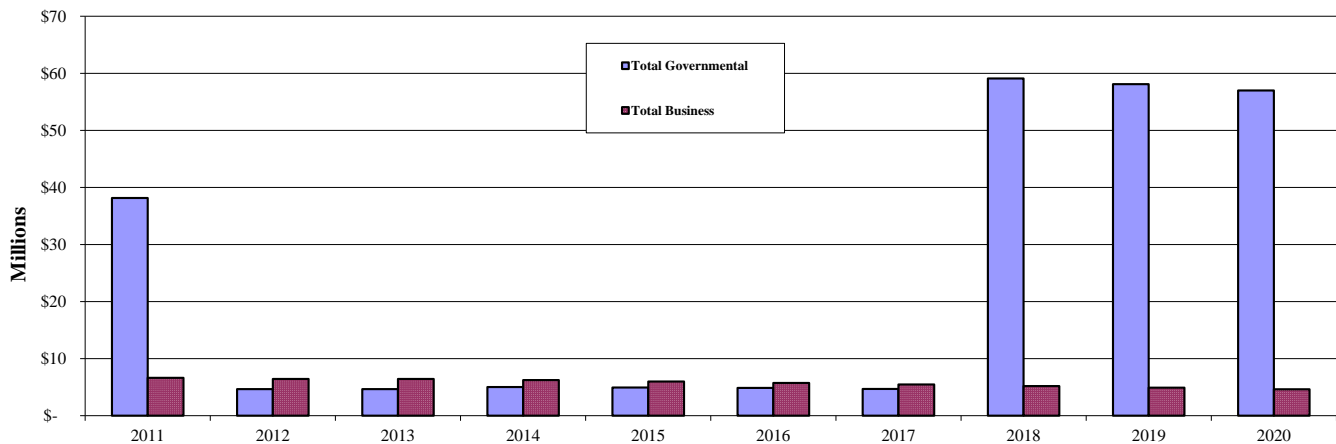


Fiscal Year	Rate	Levies	Allocations	Collections	Apportionments	Delinquencies	Delinquent taxes as a Percent of Allocations
2011	1.00	(2)	\$ 21,632,731	(2)	\$ 21,632,731	(2)	0.0%
2012	1.00	(2)	20,704,368	(2)	20,704,368	(2)	0.0%
2013	1.00	(2)	20,883,041	(2)	20,883,041	(2)	0.0%
2014	1.00	(2)	22,001,357	(2)	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)	26,088,961	(2)	26,088,961	(2)	0.0%
2019	1.00	(2)	27,718,712	(2)	27,718,712	(2)	0.0%
2020	1.00	(2)	28,709,606	(2)	28,709,606	(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
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	\$ 53,612,097	59,106,048
2019	-	-	1,233,779	-	-	3,765,000	53,104,153	58,102,932
2020	-	-	1,084,462	-	-	3,320,000	52,596,209	57,000,671

Business-Type Activities

Fiscal Year	Parking Services Bonds	Note Payable	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
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	64,304,923	2.04%	1,060.25
2019	4,890,027	27,755	4,917,782	63,020,714	2.00%	1,049.54
2020	4,605,753	20,939	4,626,692	61,627,363	n/a	

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, 2020

2019-20 Assessed Valuation: \$ 14,259,519,304

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2020	% Applicable (1)	City's Share of Debt 6/30/2020
Marin Community College District	\$ 447,905,000	17.305%	\$ 77,509,960
San Rafael High School District	176,566,390	78.305%	138,260,312
Tamalpais Union High School District	96,260,000	0.074%	71,232
Dixie School District	29,935,810	66.698%	19,966,587
Ross School District	17,094,191	1.422%	243,079
Ross Valley School District	41,046,096	0.012%	4,926
San Rafael School District	136,475,785	83.413%	113,838,547
Marin Healthcare District	366,045,000	20.746%	75,939,696
Marin Emergency Radio Authority Parcel Tax Obligations	31,375,000	17.280%	5,421,600
City of San Rafael 1915 Act Bonds	1,315,100	100.000%	1,315,100
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 432,571,039
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Marin County Certificates of Participation	\$ 82,489,789	17.280%	\$ 14,254,236
Marin County Pension Obligation Bonds	78,120,000	17.280%	13,499,136
Marin County Transit District General Fund Obligations	47,200	17.280%	8,156
Marin Municipal Water District General Fund Obligations	38,400	21.994%	8,446
Marin Community College District Certification of Participation	12,960,834	17.305%	2,242,872
San Rafael School District Certificates of Participation	3,000,000	83.413%	2,502,390
City of San Rafael General Fund Obligations	58,972,044	100.000%	58,972,044 (2)
City of San Rafael Pension Obligations	3,320,000	100.000%	3,320,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			94,807,280
Less: City of San Rafael lease revenue bonds supported by parking revenues			4,605,753
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 90,201,527
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	\$ 6,801,408	100.000%	\$ 6,801,408
TOTAL GROSS DIRECT DEBT			62,292,044
TOTAL NET DIRECT DEBT			57,686,291
TOTAL OVERLAPPING DEBT			471,887,683
GROSS COMBINED TOTAL DEBT			534,179,727 (3)
NET COMBINED TOTAL DEBT			529,573,974

(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) Includes share of Marin Emergency Radio Authority refunding revenue bonds and \$1,084,462 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 2019-20 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	3.03%
Total Gross Direct Debt (\$62,292,044)	0.44%
Total Net Direct Debt (\$57,686,291)	0.40%
Gross Combined Total Debt	3.75%
Net Combined Total Debt	3.71%

Ratios to Redevelopment Incremental Valuation (\$3,108,004,332)

Total Overlapping Tax Increment Debt	0.22%
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Data Source: MuniServices

CITY OF SAN RAFAEL
COMPUTATION OF LEGAL BONDED DEBT MARGIN
June 30, 2020

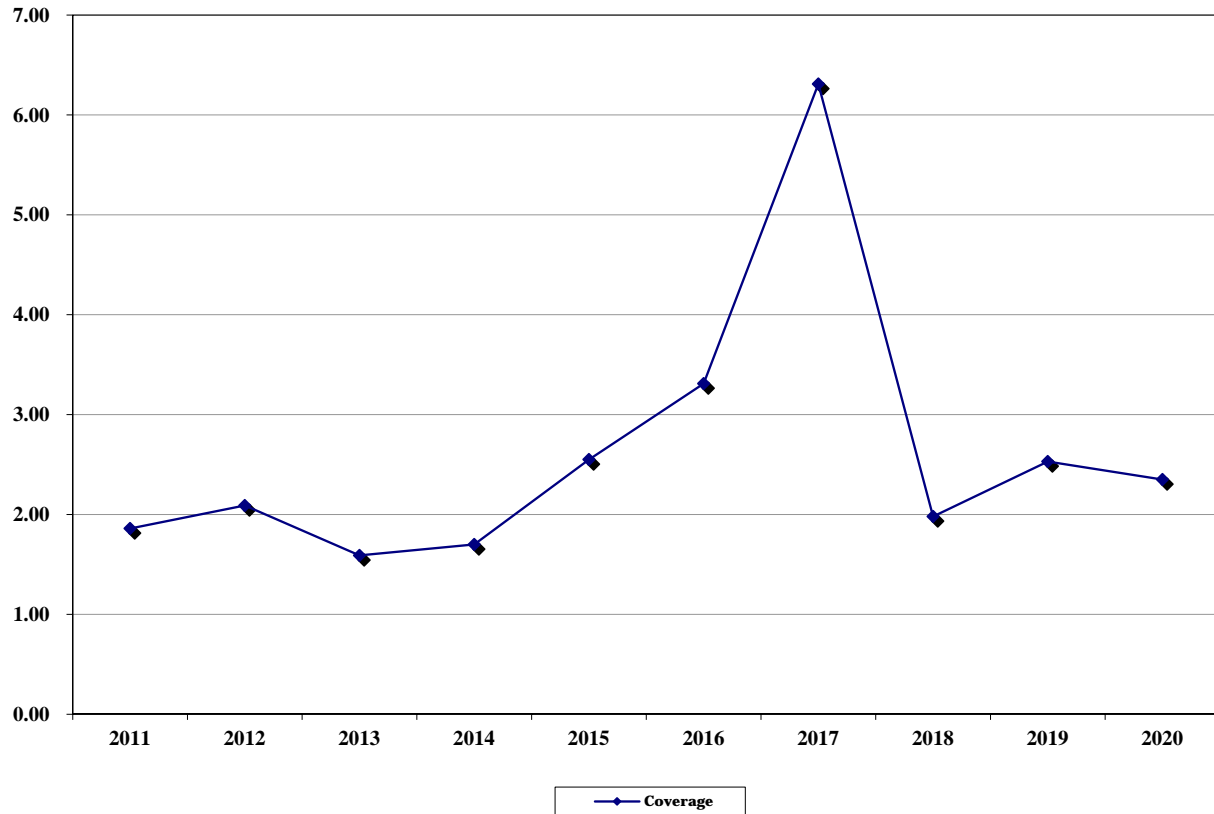
ASSESSED VALUATION:	\$ 14,259,519,304
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	534,731,974
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	0
LEGAL BONDED DEBT MARGIN	\$ 534,731,974

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
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	59,106,048	423,820,681	13.95%
2019	507,248,067	58,102,932	449,145,135	12.94%
2020	534,731,974	0	534,731,974	0.00%

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 of that value.

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	
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
2019	5,425,883	4,283,754	1,142,130	275,000	176,025	451,025	2.53
2020	5,134,901	4,072,433	1,062,468	284,999	167,700	452,699	2.35

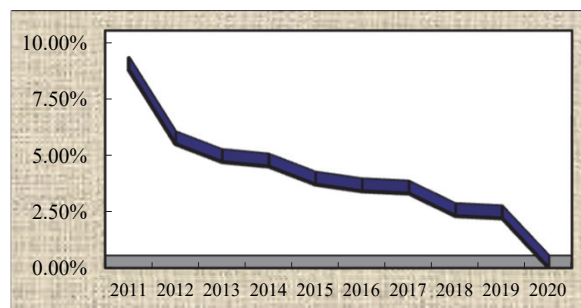
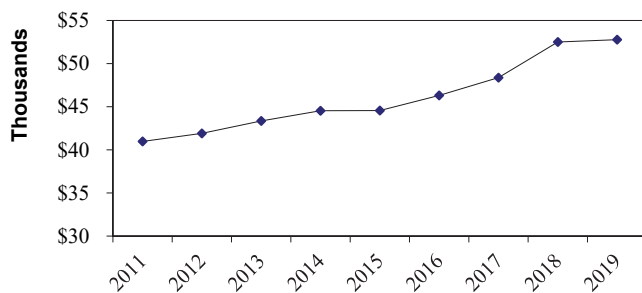
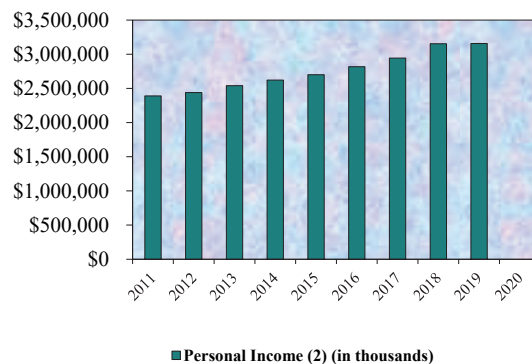
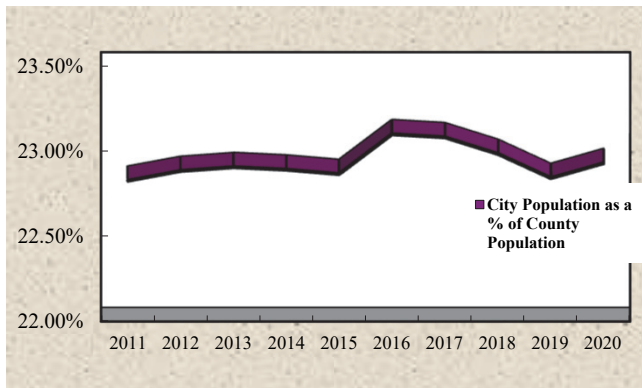
Notes: On March 26, 2003, the City Financing Authority issued lease revenue bonds for the design and construction of a new parking facility. On August 12, 2012, the City Financing Authority refunded the series 2003 lease revenue bonds with series 2012 lease revenue refunding bonds to take advantage of 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**



◆ 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
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	3,152,985	52,509	2.30%	263,886	22.98%
2019	60,046	3,156,708	52,781	2.20%	262,879	22.84%
2020	59,807	n/a	n/a	n/a	260,831	22.93%

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) US Census Bureau, most recent American Community Survey

(3) Unemployment Data: California Employment Development Department

**CITY OF SAN RAFAEL
PRINCIPAL EMPLOYERS
FISCAL YEAR 2019-2020
LAST TEN CALENDAR YEARS**

Employer	2019		2018		2017		2016	
	#	(A)	#	(A)	#	(A)	#	(A)
Kaiser Permanente	2,014	6.22%	2,092	6.62%	2,061	6.52%	662	2.02%
BioMarin Pharmaceutical Inc.	950	2.93%						
San Rafael Elementary/High Schools Dist	700	2.16%	700	2.22%	700	2.22%	650	1.98%
City of San Rafael	410	1.27%	410	1.30%	454	1.44%	577	1.76%
Dominican University of California	421	1.30%	319	1.01%	456	1.44%	485	1.48%
Guide Dogs for the Blind	227	0.70%	200	0.63%	203	0.64%	225	0.69%
Buckelew Programs	103	0.32%	106	0.34%	240	0.76%	186	0.57%
Lifehouse	100	0.31%						
EO Products	150	0.46%						
Toyota Marin	141	0.44%						
Totals	5,216	16.10%	4,708	14.90%	5,853	18.52%	5,314	16.20%

Number of FTE employees in Marin locations
(A) Percentage of total employment

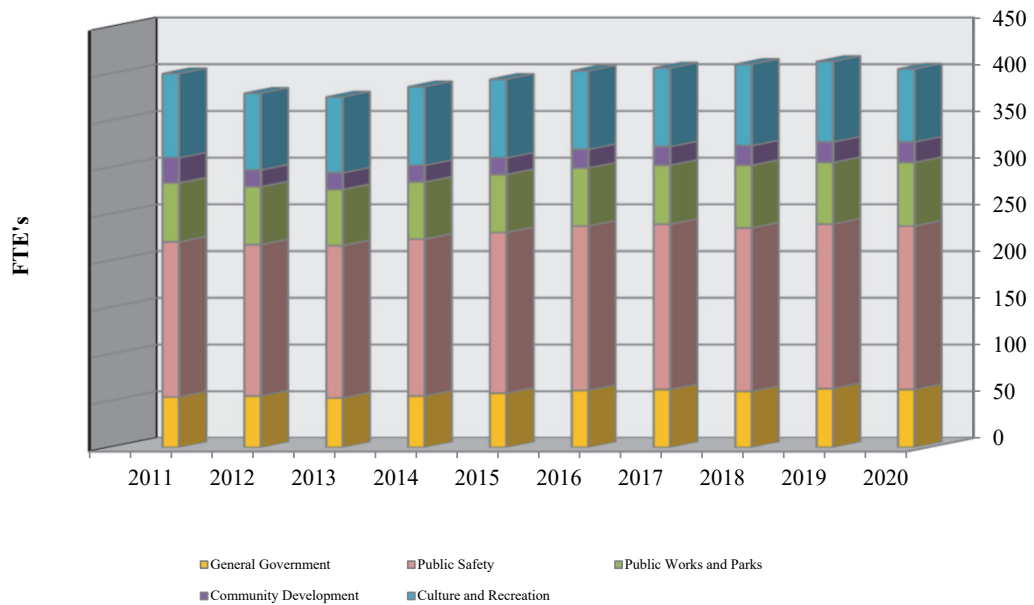
Note: From the EDD website, it shows that the Total 2019 Employment in the City of San Rafael was 32,400 of which it is used as the denominator for the 2019 percentages are calculated.

Data Sources: State of California, Employment Development Department, Labor Market Information Division & North Bay Business Journal (Annual Book of Lists)

2015		2014		2013		2012		2011		2010	
#	(A)	#	(A)	#	(A)	#	(A)	#	(A)	#	(A)
1,575	4.82%	1,637	5.26%	1,756	5.74%	1,803	6.68%	1,330	4.93%	1,311	4.88%
650	1.99%	600	1.93%	600	1.96%	600	2.22%	600	2.22%	600	2.23%
581	1.78%	666	2.14%	643	2.10%	521	1.93%	592	2.19%	630	2.34%
422	1.29%	354	1.14%	347	1.13%	346	1.28%	336	1.24%	370	1.38%
										287	1.07%
5,620	17.19%	6,025	19.37%	6,079	19.87%	6,715	24.87%	6,007	22.25%	6,092	22.67%



**CITY OF SAN RAFAEL
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**



Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	54.35	55.23	53.23	55.11	58.11	60.61	62.11	60.11	63.11	62.11
Public Safety	166.00	162.00	163.00	168.00	171.75	175.75	176.55	175.35	175.65	175.30
Public Works and Parks	62.80	62.00	60.00	61.00	62.00	62.00	63.00	66.67	66.00	68.00
Community Development	26.75	18.25	18.25	17.80	17.80	19.80	20.00	21.00	22.00	21.75
Culture and Recreation	89.82	81.56	80.76	83.66	84.23	84.25	84.35	87.35	85.82	78.07
Total	399.72	379.04	375.24	385.57	393.89	402.41	406.01	410.48	412.58	405.23

Data Source: City of San Rafael's Finance Department

**CITY OF SAN RAFAEL
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	2011	2012	2013	2014
Function/Program				
Public safety:				
Fire:				
Inspection permit issued	294	282	307	261
Police:				
Police calls for service	39,512	39,537	42,707	51,261
Law violations:				
Part I crimes	2,180	2,101	2,523	2,289
Physical arrests (adult and juvenile)	3,102	2,981	2,951	3,227
Traffic violations	8,190	4,048	3,448	4,498
Parking violations	34,590	32,492	30,881	38,814
Public works				
Street resurfacing (miles) (Eng Div)	7.40	N/A	2.70	9.00
Potholes repaired (square miles)	N/A	N/A	N/A	N/A
Asphalt used for street repairs (tons)	10,809	178.9	7,500	10,700
Culture and recreation:				
Recreation class participants	9,000	12,075	7,082	9,857
Recreation Facility Rentals				
Childcare School-Age program participants				
Library:				
Items in collection	158,296	159,180	125,920	168,620
Total items borrowed	435,661	366,460	392,230	478,960

Note: N/A denotes information not available.

2015	2016	2017	2018	2019	2020
282	198	233	186	123	167
55,805	57,026	53,567	51,013	47,919	47,968
2,533	2,523	2,392	2,326	1,893	2,988
3,450	3,453	2,526	2,019	1,923	2,527
4,168	3,252	3,341	2,758	2,944	2,342
36,398	34,803	36,169	36,208	40,407	28,029
6.40	6.76	2.32	2.50	4.30	14.30
N/A	N/A	N/A	N/A	N/A	967
11,000	7,195	5,800	4,730	7,200	5,885
10,023	12,725	13,493	12,842	N/A	N/A
				5,146	3,875
				7,592	6,270
127,763	227,890	117,354	115,812	123,432	140,610
443,639	469,790	327,297	324,452	356,301	199,903

**CITY OF SAN RAFAEL
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	2011	2012	2013	2014
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
Cultural Art Centers				
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	145

Data Source: City of San Rafael's Finance Department

2015	2016	2017	2018	2019	2020
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	90
20	20	20	20	20	28
42	42	42	42	42	113
14	14	14	14	14	14
20	20	20	20	20	20
1	1	1	1	1	2
					1
4	4	4	4	4	3
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	6
5	5	5	5	5	5
2	2	2	2	2	2
2	2	2	2	2	2
145	145	145	145	145	145





**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES FOR
COMPLIANCE WITH THE PROPOSITION 111
2020-2021 APPROPRIATIONS LIMIT INCREMENT**

Honorable Mayor and Members of the City Council
City of 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, 2021. 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 (Exhibit A to the Resolution) and determined that the 2020-2021 Appropriations Limit of \$143,208,909 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. However, the Resolution indicated that the change in the population of San Rafael was selected, but the Worksheet shows that the larger change in the population of Marin County was used for the calculation of the 2020-2021 Appropriation Limit.
- B. We recomputed the 2020-2021 Appropriations Limit by multiplying the 2019-2020 Prior Year Appropriations Limit by the Total Growth Factor. We recomputed the Total Growth Factor by multiplying the population option by the inflation option.
- C. For the Worksheet, we agreed the Per Capita Income Factor, Change in Assessment Roll for Nonresidential Construction 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
November 9, 2020

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523
REVIEW DRAFT 11-9-20

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DRAFT

**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL
FOR THE YEAR ENDED JUNE 30, 2020**

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**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL**

For the Year Ended June 30, 2020

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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, 2020 and have issued our report thereon dated November 9, 2020. 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, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control included on the Schedule of Significant Deficiencies to be significant deficiencies.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

Management's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, City Council, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Pleasant Hill, California
November 9, 2020

CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF SIGNIFICANT DEFICIENCIES

2020-01 Documentation of Review of Changes to the Vendor Database

Accounts payable staff should not normally have access to make changes to the Vendor Database. In the event the system does not allow such a segregation of duties, changes to the Vendor Database should be reviewed and approved by a person who is not making changes to the database, so that two employees are involved in the process of adding, removing, or modifying vendor information.

We noted that more than one staff charged with processing accounts payable has access to the vendor database. We also understand that the City has a process for reviewing the changes made to the vendor database on a quarterly basis, however, the review process is not documented.

We understand City staff did not realize that the review process should be documented.

Without an independent review, the City is exposed to the risk of phantom vendors and unauthorized changes to vendor accounts.

The City should develop procedures to document the quarterly review and approval of change to the vendor database in some formal manner.

Management's Response:

Finance Management reviews changes made to the Vendor Database on a quarterly basis in order to detect phantom vendors and unauthorized changes to vendor accounts. Management reviews a report in Eden, the City's Financial System. Going forward, to formalize the review process, the report will be printed to PDF and signed by the reviewer.

2020-02 Documentation of Review of Eden Employee Audit Reports

Payroll staff should not normally have access to make any changes to the Payroll Database. In the event the system does not allow such a segregation of duties, changes to the Payroll Database should be reviewed and approved by a person who is not making the changes to the database, so that two employees are involved in the process of adding, removing, or modifying employee information.

We noted that although the Human Resources Department is tasked with making changes to the Payroll Database, more than one staff charged with processing payroll in the Finance Department has access to edit base pay, incentives, and benefits in the payroll database.

To mitigate the control risk, we understand that the City has a process to review the employee audit reports each pay period for accuracy and to ensure no unauthorized changes were made to the employee database. However, we selected three pay periods (November 15, 2019, January 31, 2020 and May 15, 2020) for testing of review of the employee audit report and noted that there was no documentation of the review.

**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF SIGNIFICANT DEFICIENCIES**

2020-02 Documentation of Review of Eden Employee Audit Reports (Continued)

We understand City staff did not realize that the review process should be documented. However, without proper documentation of the review process, we cannot determine if the above internal control procedure is in place.

The City should develop procedures to document the review of employee audit reports in some formal manner.

Management's Response:

The Finance Director reviews an employee audit report in Eden each pay period to ensure no unauthorized changes are made to the employee database. Going forward, to formalize the review process, the report will be printed to PDF and signed by the reviewer.

2020-03 Cash Collection Procedures – Parking Department

Parking Department employees that are tasked with collecting cash receipts should use individually assigned login credentials when performing any receipting transactions so that collection activity can be identified by employee.

During our review of the cash collection procedures at the Parking Department, we noted that employees who collect cash receipts do not log out of their assigned login credentials when they take breaks throughout the day. We also noted that the other employees who collect cash receipts may use other employees' unique assigned login while covering for the employee during their break, without logging out and using their own assigned login credentials.

We understand Parking Department staff did not realize that they should log out of the system when leaving for breaks.

The Parking Department should develop procedures to ensure that employees tasked with collecting cash receipts use their own assigned login credentials when performing any receipting transactions at all times so inconsistencies can be identified by employee, if necessary.

Management's Response:

Finance Management agrees and will work with the Parking Department to develop guidance and explanation on the importance of this control. Finance Management will also recommend disciplinary action to the Parking Department should staff not follow this control.

**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

2020-04 Health and Safety Code Expenditure Limitations and Reporting Requirements for the Housing Successor

Senate Bill No. 341 was approved on October 13, 2013 and amended and added to the Health and Safety Code (HSC) effective January 1, 2014 to change provisions relating to the functions performed by a Housing Successor. The amendments to HSC Section 34176 were minor and primarily included defining the “entity that assumed the housing functions of a former redevelopment agency” as the Housing Successor.

HSC Section 34176.1 imposes spending limitations and reporting requirements related to the housing assets of the former Redevelopment Agency held by the Housing Successor. HSC Section 34176.1 states that the Housing Successor must submit an annual progress report for the prior fiscal year to the Department of Housing and Community Development by April 1 each year and that report must also be posted to the City’s website.

The City serves as Housing Successor for the housing activities of the former San Rafael Redevelopment Agency and the activities of the Housing Successor are reported in the City’s Low and Moderate Income Housing Special Revenue Fund.

We noted that the City did not file the annual progress report to the Department of Housing and Community Development for fiscal year 2019 that was due by April 1, 2020 and the report has not been posted to the City’s website.

The City, as Housing Successor, should file the delinquent report and develop procedures to ensure ongoing compliance with the provisions of HSC Section 34176.1, including the annual reporting requirements.

Management’s Response:

The City understands the filing requirement and will file the delinquent report. The City was relying on its outside consultant to file this on their behalf and going forward, will add this annual filing to its calendar of due dates so it is not missed.

2020-05 Treasurer’s Report Frequency of Reporting

The Reporting section of the City’s Investment Policy requires quarterly reporting to City Council. However, the Delegation of Authority section of the Policy delegates the authority to invest the funds of the City under California Government Code Section 53607, which requires monthly reporting of transactions to the legislative body.

The City should determine whether the quarterly reporting requirement is sufficient under the Government Code, or if the Investment Policy and reporting frequency should be revised to conform with the Code requirements.

Management’s Response:

The Finance Director believes that the GC 53607 requirement was included because in many cities, the City’s Treasurer is elected and may not be a financial professional. However, the City of San Rafael delegated the responsibility of investment decisions to the Finance Director who also acts as the City Treasurer. Therefore, the oversight GC 53607 attempts to provide is unnecessary at this time and the existing City Investment Policy requiring quarterly reports is sufficient.

**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 affect in the next few years. We have cited them here to keep you informed of developments:

EFFECTIVE FISCAL YEAR 2020/21:

GASB 84 – *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement 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.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 90 - Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2021/22:

GASB 87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

GASB 92 – Omnibus 2020

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

GASB 93 – Replacement of Interbank Offered Rates

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 93 – Replacement of Interbank Offered Rates (Continued)

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

GASB 97 – Certain Component Unit Criteria, and Accounting for and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 97 – Certain Component Unit Criteria, and Accounting for and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans (Continued)

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, Financial Reporting for Pension Plans, or paragraph 3 of Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all 457 plans.

**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2022/23:

GASB 91 – Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved:
 - (1) an issuer
 - (2) a third-party obligor, and
 - (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

GASB 91 – Conduit Debt Obligations (Continued)

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

PPPs - This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancellable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term.

This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
(Continued)

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

APAs - An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 96 – Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.

**CITY OF SAN RAFAEL
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

GASB 96 – Subscription-Based Information Technology Arrangements (Continued)

- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

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**CITY OF SAN RAFAEL
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2020**

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**CITY OF SAN RAFAEL
REQUIRED COMMUNICATIONS**

For the Year Ended June 30, 2020

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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 (City) for the year ended June 30, 2020. We did not audit the financial statements of the San Rafael Sanitation District, as of and for the year ended June 30, 2020, which represents 25%, 60%, and 18% of the assets, net position, and revenues, respectively, of the primary government. 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, *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 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 follows:

Parking Citation Accounts Receivable and Allowance for Doubtful Accounts

During the year ended June 30, 2020, the City changed its policy related to parking citations and began recording both the balance for parking citations receivable and an estimate for an allowance for doubtful accounts related to those citations that may not be collectible.

Allocation of Internal Service Fund Elimination to Business-Type Activities

The City determined that the elimination of Internal Service Fund activities in the entity-wide financial statements would no longer include an allocation to Business-type Activities, as the net effect of that elimination was deemed immaterial. Therefore, beginning in fiscal year 2020, the elimination is only allocated to Governmental Activities.

The following Governmental Accounting Standards Board (GASB) pronouncement became effective:

GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance (Continued)

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

The City implemented the provisions of Statement No. 95 in fiscal year 2020.

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. However, events that occurred during fiscal year June 30, 2020 discussed below could have an impact on the financial statements:

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and whether shelter in place orders will be reinstated. Although many of the City's services are considered essential, City Hall was closed to the public, certain other services transitioned to online-only and because the City's major revenue sources, including businesses that collect sales and transient occupancy taxes, are directly impacted by these events, it is probable that this matter will negatively impact the City. However, the ultimate financial impact and duration cannot be reasonably estimated at this time.

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 Liability and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimates of the net pension liability and related deferred outflows/inflows of resources are disclosed in Note 9 to the financial statements and are based on an actuarial study and accounting valuation determined by the Marin County Employees' Retirement Association which are based on the experience of the City. We evaluated the key factors and assumptions used to develop the estimates and determined they are reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Liability and OPEB-Related Deferred Outflows and Inflows of Resources: Management's estimates of the net OPEB liability and related deferred outflows/inflows of resources are disclosed in Note 11 to the financial statements and are based on an 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 estimates and determined they are 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 1K 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, 2020, cash and investments were measured by fair value, as disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2020. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2020.

Estimated long-term receivable from San Rafael Sanitation District: Management's estimate of the long-term receivable from the District is disclosed in Note 4F to the financial statements and is based on the District's estimated liability for pension and post-employment health care benefits incurred by the City for the District staff, but not yet funded. We evaluated the key factors and assumptions used to develop the long-term receivable from the District in determining that it is reasonable in relation to the financial statements taken as a whole.

Estimated Claims Liabilities: Management's estimate of the claims liabilities payable is disclosed in Note 13 to the financial statements and is based on actuarial studies determined by a consultant, which are based on the claims 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.

Estimate of Compensated Absences: Accrued compensated absences which are comprised of accrued vacation, holiday, and certain other compensating time is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 1L to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

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 November 9, 2020.

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
November 9, 2020

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**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
FOR THE YEAR ENDED JUNE 30, 2020**

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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, 2020, 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, 2020, 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 **DATE** 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

DATE

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CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
BALANCE SHEET
JUNE 30, 2020

ASSETS

Cash (Note 3)	\$1,270,651
Accounts Receivable	17,400
Grants receivable (Note 4)	<u>36,910</u>
Total Assets	<u><u>\$1,324,961</u></u>

LIABILITIES AND FUND BALANCE

Accounts payable	<u>\$50,875</u>
Total Liabilities	50,875
Fund balance, restricted (Note 5)	<u>1,274,086</u>
Total Liabilities and Fund Balance	<u><u>\$1,324,961</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, 2020

REVENUES

State grants:		
Current year grants		\$238,821
CDBG preschool grant		30,000
First five school readiness grants		91,459
Local grant		73,272
Interest		38,734
Parent fees		2,751,787
Other		<u>23,870</u>
Total Revenues		<u>3,247,943</u>

EXPENDITURES

Certified salaries		1,783,324
Classified Salaries		65,684
Employee benefits		1,189,381
Training and instruction		7,671
Office supplies		5,511
Books and supplies		131,311
Utilities and housekeeping services		27,610
Travel and conference		198
Rentals		60,251
Services and other operating expenditures		276,490
Equipment		38,118
Insurance		31,220
Renovation and repair		<u>51,093</u>
Total Expenditures		3,667,862

OTHER FINANCING SOURCES (USES)

Transfers out		<u>(52,840)</u>
Total Transfers		(52,840)

CHANGE IN FUND BALANCE (472,759)

FUND BALANCE,

Beginning of year		<u>1,746,845</u>
End of year		<u><u>\$1,274,086</u></u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 1 - ORGANIZATION

The City of San Rafael operates the Child Development Program encompassing eight 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 Financial Statements
For the Year Ended June 30, 2020**

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, 2020**

NOTE 4 – GRANTS RECEIVABLE

The Program has the following grants receivable at June 30, 2020:

Agency	Grant	Amount
Marin County	First 5 Grant	\$36,910
	Total	\$36,910

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 Financial Statements
For the Year Ended June 30, 2020

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, 2020, 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.

SUPPLEMENTARY INFORMATION

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
SCHEDULE OF AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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	40CDBG20CD4527	\$30,000	\$30,000	\$30,000
Total Federal Awards			<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>
State Awards					
State of California Department of Education Child Development Division State Preschool Program FY2018		CSPP-9283	\$238,821	\$238,821	\$228,125
Total State Awards			<u>\$238,821</u>	<u>\$238,821</u>	<u>\$228,125</u>
County Award					
County of Marin First Five - Preschool		CSRI-21-009-11	\$91,459	\$91,459	\$91,459
Local Awards					
Marin Child Care Council		N/A	\$73,272	\$73,272	\$73,272
Total Local Awards			<u>\$73,272</u>	<u>\$73,272</u>	<u>\$73,272</u>
Total State, Federal Awards, and Local			<u>\$433,552</u>	<u>\$433,552</u>	<u>\$422,856</u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2020

	State Preschool Program (CSPP 9283)	Total CDE CD Contracts	Non-CDE Programs	Total
REVENUES				
State grants:				
Current year grants	\$238,821	\$238,821		\$238,821
CDBG preschool grant			\$30,000	30,000
First Five school readiness grants			91,459	91,459
Local grants			73,272	73,272
Interest			38,734	38,734
Parent fees - noncertified children			2,751,787	2,751,787
Other			23,870	23,870
	<u>238,821</u>	<u>238,821</u>	<u>3,009,122</u>	<u>3,247,943</u>
Total Revenues				
EXPENDITURES				
Certified salaries	48,144	48,144	1,735,180	1,783,324
Classified salaries	65,684	65,684		65,684
Employee benefits	91,166	91,166	1,098,215	1,189,381
Training and instruction			7,671	7,671
Office supplies			5,511	5,511
Books and supplies	8,770	8,770	122,541	131,311
Utilities and housekeeping services			27,610	27,610
Travel and conference			198	198
Rentals			60,251	60,251
Services and other operating expenditures	14,361	14,361	262,129	276,490
Equipment			38,118	38,118
Insurance			31,220	31,220
Renovation and repair			51,093	51,093
	<u>228,125</u>	<u>228,125</u>	<u>3,439,737</u>	<u>3,667,862</u>
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,696	10,696	(430,615)	(419,919)
OTHER FINANCING SOURCE (USES)				
Transfers out			(52,840)	(52,840)
	<u> </u>	<u> </u>	<u>(52,840)</u>	<u>(52,840)</u>
Total Transfers				
CHANGE IN FUND BALANCE	<u>\$10,696</u>	<u>\$10,696</u>	<u>(\$483,455)</u>	<u>(\$472,759)</u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2020

		CSPP-9283 State Preschool Program	Totals
EXPENDITURES:			
1000	Certified personnel salaries	\$48,144	\$48,144
1100	Teachers' salaries	48,144	48,144
1200	Administration		
1300	Supervisors' salaries		
1600	Infant educators		
2001	Classified personnel salaries	\$65,684	\$65,684
2100	Instructional aides' salaries	65,684	65,684
2300	Clerical and other office salaries		
2400	Maintenance and operations salaries		
2500	Food services salaries		
2600	Transportation salaries		
3000	Employee benefits	\$91,166	\$91,166
3200	Payroll taxes (Medicare)	1,492	1,492
3300	Other benefits	60,901	60,901
3400	Health and welfare	27,539	27,539
3600	Workers' compensation insurance	1,234	1,234
4000	Books and supplies	\$8,770	\$8,770
4200	Other books		
4300	Instructional materials and supplies	8,673	8,673
4500	Other supplies	97	97
4600	Food supplies		
5000	Services and other operating expenditures	\$14,361	\$14,361
5100	Lecturer		
5200	Travel and conferences		
5300	Memberships and dues	484	484
5400	Insurance	1,990	1,990
5500	Utilities and housekeeping services	1,249	1,249
5600	Rentals, leases and repairs		
5700	Audit expense		
5800	Other direct services & admin.	10,638	10,638
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		\$228,125	\$228,125

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, 2020

	CSPP-9283 State Preschool Program
Administrative Costs (Audit Fees)	<u>\$4,644</u>
Total Administrative Costs	<u><u>\$4,644</u></u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
 SCHEDULE OF EQUIPMENT EXPENDITURES UTILIZING CONTRACT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

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

California Department of Education Audited Attendance and Fiscal Report for California State Preschool Programs

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Fiscal Year Ending June 30, 2020

Contract Number CSPP-9283

Vendor Code 2193

Full Name of Contractor City of San Rafael Child Development Program

Section 1 - Days of Enrollment Certified Children

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus	9,988		9,988	1.1800	11,785.84
Three Years and Older Full-time				1.0000	0
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.6193	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.9537	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6193	0

Full Name of Contractor **City of San Rafael Child Development Program**

Section 1 - Days of Enrollment Certified Children (continued)

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
TOTAL DAYS OF ENROLLMENT	9,988		9,988	N/A	11,785.84
DAYS OF OPERATION	161		161	N/A	N/A
DAYS OF ATTENDANCE	7,442	-100	7,342	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3 and 4) and continue to Revenue Section on page 5.

Full Name of Contractor **City of San Rafael Child Development Program**

Section 2 - Days of Enrollment Non-Certified Children

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Toddlers (18 up to 36 months) Full-time-plus				2.1240	0
Toddlers (18 up to 36 months) Full-time				1.8000	0
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	0
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time				1.0000	0
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.6193	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.9537	0

Full Name of Contractor **City of San Rafael Child Development Program**

Section 2 - Days of Enrollment Non-Certified Children (continued)

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6193	0
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT				N/A	0

Full Name of Contractor **City of San Rafael Child Development Program**

Section 3 - Revenue

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs			
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal			
Transfer from Reserve - General			
Transfer from Reserve - Professional Development			
Transfer from Reserve Total			
Family Fees for Certified Children			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
Total Revenue			

Comments:

Full Name of Contractor **City of San Rafael Child Development Program**

Section 4 - Reimbursable Expenses

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	48,144		48,144
2000 Classified Salaries	65,684		65,684
3000 Employee Benefits	91,166		91,166
4000 Books and Supplies	8,770		8,770
5000 Services and Other Operating Expenses	14,361		14,361
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)			
Non-Reimbursable (State use only)			
Total Reimbursable Expenses	228,125		228,125
Total Administrative Cost (included in Section 4 above)	4,644		4,644
Total Staff Training Cost (included in Section 4 above)			

Approved Indirect Cost Rate:

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.

Full Name of Contractor **City of San Rafael Child Development Program**

Section 5 - Supplemental Revenue

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding	8,400		8,400
Other:			
Other:			
Total Supplemental Revenue	8,400		8,400

Section 6 - Supplemental Expenses

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-Reimbursable Supplemental Expenses			
Total Supplemental Expenses			

Full Name of Contractor **City of San Rafael Child Development Program**

Section 7 - Summary

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	9,988		9,988
Days of Operation	161		161
Days of Attendance	7,442	-100	7,342
Restricted Program Income			
Transfer from Reserve			
Family Fees for Certified Children			
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	228,125		228,125
Total Administrative Cost	4,644		4,644
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment **11,785.84**

Total Non-Certified Adjusted Days of Enrollment **0**

Independent auditor's assurances on agency's compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Learning and Care Division:

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box): **Yes**

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box): **Yes**

Include any comments in the comments box on page 5. If necessary, attach additional sheets to explain adjustments.

California Department of Education Audited Reserve Account Activity Report

Fiscal Year End

June 30, 2020

Reserve Account Type

Center-Based

Vendor Code

2193

A U D 9530A Page 1 of 1

Full Name of Contractor **City of San Rafael Child Development Program**

Section 1 - Prior Year Reserve Account Activity

1. Beginning Balance (2018–19 AUD 9530A Ending Balance)	
2. Plus Transfers to Reserve Account:	Per 2018–19 Post-Audit CDNFS 9530
Contract No.8280	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Total Transferred from 2018–19 Contracts to Reserve	0
3. Less Excess Reserve to be Billed	
4. Ending Balance per 2018–19 Post-Audit CDNFS 9530	0

Section 2 - Current Year Reserve Account Activity

	Column A CDNFS 9530A	Column B Audit Adjustments	Column C per Audit
5. Plus Interest Earned This Year on Reserve			0
6. Less Transfers to Contracts from Reserve:			
CSPP General-Contract No.			
CSPP General-Contract No.			
CSPP Professional Development-Contract No.			
CSPP Professional Development-Contract No.			
Subtotal CSPP Transfers			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Subtotal Other Contract Transfers			
Total Transferred to Contracts from Reserve Account			
7. Ending Balance on June 30, 2020	0		0

COMMENTS - If necessary, attach additional sheets to explain adjustments.

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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 basic financial statements of the City of San Rafael Child Development Program (Program), California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated **DATE**.

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. We have identified certain deficiencies in internal control, as described in CDC 2020-01 and CDC 2020-02 in the accompanying Current Year Findings and Responses, that we consider to be significant deficiencies.

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*.

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W mazeassociates.com

City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying Current Year Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

¹Purpose 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

DATE

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
CURRENT YEAR FINDINGS AND RESPONSES
For the Year Ended June 30, 2020**

During our audit of the financial statements of the City of San Rafael (City) for the year ended June 30, 2020 the following were identified as significant deficiencies in the City's internal control. Since the Program utilizes the City to provide the Program's accounting function, we consider the following to be significant deficiencies in the Program's internal control.

Finding CDC 2020-01: Documentation of Review of Changes to the Vendor Database

Program: CSPP- 8580

Criteria: Accounts payable staff should not normally have access to make changes to the Vendor Database. In the event the system does not allow such a segregation of duties, changes to the Vendor Database should be reviewed and approved by a person who is not making changes to the database, so that two employees are involved in the process of adding, removing, or modifying vendor information.

Condition: We noted that more than one staff charged with processing accounts payable has access to the vendor database. We also understand that the City has a process for reviewing the changes made to the vendor database on a quarterly basis, however, the review process is not documented.

Effect: Without an independent review, the City is exposed to the risk of phantom vendors and unauthorized changes to vendor accounts.

Cause: We understand City staff did not realize that the review process should be documented.

Recommendation: The City should develop procedures to document the quarterly review and approval of change to the vendor database in some formal manner.

Management Response: Finance Management reviews changes made to the Vendor Database on a quarterly basis in order to detect phantom vendors and unauthorized changes to vendor accounts. Management reviews a report in Eden, the City's Financial System. Going forward, to formalize the review process, the report will be printed to PDF and signed by the reviewer.

Finding CDC 2020-02: Documentation of Review of Eden Employee Audit Reports

Program: CSPP- 8580

Criteria: Payroll staff should not normally have access to make any changes to the Payroll Database. In the event the system does not allow such a segregation of duties, changes to the Payroll Database should be reviewed and approved by a person who is not making the changes to the database, so that two employees are involved in the process of adding, removing, or modifying employee information.

Condition: We noted that although the Human Resources Department is tasked with making changes to the Payroll Database, more than one staff charged with processing payroll in the Finance Department has access to edit base pay, incentives, and benefits in the payroll database.

To mitigate the control risk, we understand that the City has a process to review the employee audit reports each pay period for accuracy and to ensure no unauthorized changes were made to the employee database. However, we selected three pay periods (November 15, 2019, January 31, 2020 and May 15, 2020) for testing of review of the employee audit report and noted that there was no documentation of the review.

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
CURRENT YEAR FINDINGS AND RESPONSES
For the Year Ended June 30, 2020**

Effect: Without proper documentation of the review process, we cannot determine if the above internal control procedure is in place.

Cause: We understand City staff did not realize that the review process should be documented.

Recommendation: The City should develop procedures to document the review of employee audit reports in some formal manner.

Management Response: The Finance Director reviews an employee audit report in Eden each pay period to ensure no unauthorized changes are made to the employee database. Going forward, to formalize the review process, the report will be printed to PDF and signed by the reviewer.

CITY OF SAN RAFAEL, CALIFORNIA
PEDESTRIAN AND BICYCLE PROJECTS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020

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**CITY OF SAN RAFAEL
PEDESTRIAN AND BICYCLE PROJECTS
Financial Statements
For the Year Ended June 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

Honorable Members of the City Council
City of San Rafael, California

Report on the Financial Statements

We have audited the financial statements of the Pedestrian and Bicycle Projects (Projects) of the City of San Rafael (City), as of and for the year ended June 30 2020, and the related notes to the 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 an opinion 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 audits 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 Projects' 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 Projects' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Projects as of June 30, 2020, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Projects and do not purport to, and do not present fairly the financial position of the City as of June 30, 2020 in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2020, on our consideration of the Projects' 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 Projects' internal control over financial reporting and compliance.

Pleasant Hill, California
November 9, 2020

CITY OF SAN RAFAEL
 PEDESTRIAN AND BICYCLE PROJECTS
 BALANCE SHEET
 JUNE 30, 2020

	Allocation Instruction Number 19001078	Allocation Instruction Number 20001098	Total
ASSETS			
Due from Metropolitan Transportation Commission		\$239,940	\$239,940
LIABILITIES			
Due to the City		\$239,940	\$239,940
FUND BALANCE			
Total Liabilities and Fund Balance		\$239,940	\$239,940

See accompanying notes to financial statements

CITY OF SAN RAFAEL
 PEDESTRIAN AND BICYCLE PROJECTS
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Allocation Instruction Number 19001078</u>	<u>Allocation Instruction Number 20001098</u>	<u>Total</u>
REVENUES			
TDA Article 3.0 (Note 2)	\$184,043	\$239,940	\$423,983
Total Revenues	184,043	239,940	423,983
EXPENDITURES			
Pedestrian and Bicycle Improvements (Note 2)			
Francisco Blvd. West Multi-Use Pathway	184,043		184,043
Francisco Blvd. West		239,940	239,940
Total Expenditures	184,043	239,940	423,983
Excess of Revenues over Expenditures			
Fund balance at beginning of year			
Fund balance at end of year			

See accompanying notes to financial statements

CITY OF SAN RAFAEL
PEDESTRIAN AND BICYCLE PROJECTS
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of San Rafael, California (City), has developed the Pedestrian and Bicycle Projects (Projects) under the Transportation Development Act (TDA), Article 3.0, that provides funding for projects including the construction of pedestrian pathways, wheel chair ramps and bicycle master plan studies.

The TDA funds are distributed through the Metropolitan Transportation Commission (MTC), which is the agency responsible for allocation of funds to eligible claimants within the greater San Francisco Bay Area.

The Projects are included in the Gas Tax Fund of the Comprehensive Annual Financial Report of the City. The financial statements are intended to present the financial position and results of operation for the Projects, and not those of the City as a whole.

A. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized. The Projects are accounted for in a governmental fund type and the modified accrual basis of accounting is used. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when they are incurred.

B. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of balance sheet may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then.

In addition to liabilities, the balance sheet may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

C. 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 assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF SAN RAFAEL
PEDESTRIAN AND BICYCLE PROJECTS
Notes to the Financial Statements
For the Year Ended June 30, 2020**

NOTE 2 - TDA ARTICLE 3.0 REVENUE AND EXPENDITURES

As of June 30, 2020, the City had allocation instructions from the Metropolitan Transportation Commission for the following projects:

Project Name	Allocation Instruction #	Grant Amount	Expended from Inception to June 30, 2020	Revenue Received Inception to June 30, 2020
Francisco Blvd. West Multi-Use Pathway	19001078	\$184,043	\$184,043	\$184,043
Francisco Blvd. West	20001098	308,400	239,940	239,940

Expenditures for the Francisco Blvd. West Multi-Use Pathway (Allocation Instruction #19001078) were incurred during the year ended June 30, 2019. The expenditures are being reported as expenditures during the year ended June 30, 2020, because the City did not determine that they would be applied to the TDA Article 3.0 funding until fiscal year 2020.

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING,
ON COMPLIANCE WITH THE TRANSPORTATION DEVELOPMENT ACT
AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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 City of San Rafael (City) Pedestrian and Bicycle (Projects), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated November 9, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Projects' 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 Projects' internal control. Accordingly, we do not express an opinion on the effectiveness of the Projects' 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 Projects' 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 Projects' 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. Our procedures included the applicable audit procedures contained in §6666 of Title 21 of California Code of Regulations and tests of compliance with the applicable provisions of the Transportation Development Act and the Allocation Instructions and Resolutions of the Metropolitan Transportation Commission. 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 November 9, 2020, 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 Projects' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Projects' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Metropolitan Transportation Commission, management, City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these 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
November 9, 2020



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Economic Development

Prepared by: Danielle O’Leary,
Economic Development Director

City Manager Approval: 

TOPIC: CANNABIS PROGRAM ADJUSTMENTS

SUBJECT: RESOLUTION AMENDING AND RENAMING THE “CANNABIS BUSINESS OPERATOR LICENSE PILOT PROGRAM” AS THE “CANNABIS BUSINESS OPERATOR LICENSE PROGRAM”, AND RESTATING IT IN ITS ENTIRETY

RECOMMENDATION:

Adopt the resolution.

BACKGROUND:

In November 2018, the City of San Rafael began a pilot medical cannabis licensing program. In April 2019, the City expanded the program to also include adult-use cannabis licensure. Since the start of this pilot program, the City’s Economic Development Department has been responsible for licensing, revenue collection, and tracking of the State’s regulatory framework affecting our local businesses.

Periodically, the Cannabis Business Operator License resolution requires adjustments to improve program outcomes and sync-up local regulations with new or revised State regulations. The State’s cannabis regulatory framework continues to evolve thus requiring periodic updates at a local level.

For a quick review, San Rafael’s cannabis program permits four different license types for commercial cannabis activity within the City limits:

- Distribution-wholesale, state license Type 11
- Infusion manufacturing, state license Type N
- Delivery, non-storefront retail, state license Type 9
- Testing laboratories, state license Type 8

We have awarded a total of 15 licenses (23 allowable), and more than half are active. See below for a breakdown:

FOR CITY CLERK ONLY

Council Meeting: _____

Disposition: _____

Cannabis Licensing Breakdown				
Cannabis License Type	Allowed	Awarded	Remaining	Awarded Licensees That Are Active*
Distribution (State License Type 11) – 1% Tax	4	3	1	2
Infused Product Manufacturing (State License Type N) – 3% Tax	10	6	4	5
Delivery (State License Type 9) – 4% Tax	5	5	0	5
Testing Lab (State License Type 8) – 1% Tax	4	1	3	0
Total:	23	15	8	12

**Active indicates licensee is in commerce and has paid any amount of taxes*

ANALYSIS:

As the California cannabis market continues to evolve, there are many challenges our local businesses face. Cannabis businesses have significant capital requirements, without access to traditional lending and banking services; costly compliance measures; relatively low profit margins, and significant business taxation.

Staff is recommending program adjustments to help our local licensees in San Rafael. None of the proposed changes require ordinance changes. The **goals** of these changes are to:

- Provide flexibility for existing cannabis licensees
- Realign cannabis license matrix to reflect market conditions and new State license changes
- Increase available license allotment for delivery, non-storefront retail for another future license round.
- Convert the “**Pilot Cannabis Business Operator Licensing Program**” to “Cannabis Business Operator Licensing Program”

Recommended program changes to improve tax revenue collection include allowing San Rafael manufacturers and delivery companies the ability to obtain a subordinate distribution wholesale license in permitted zoning districts. The subordinate distribution wholesale license, gives businesses the ability to make, test and bring their product to market; better reflecting market realities:

- **Infusion Manufacturers:** rely on a distributor license to successfully execute their business and manage their product with more autonomy. The City of San Rafael does not have an active licensee who just holds a standalone distributor license; they are usually held in conjunction with another license type, which indicates it is a tough license to pursue individually. Minimal profit margins and costly transactional costs create fragile business viability. For our manufacturers, these hardships are compounded because of their small artisan size. Allowing manufactures to obtain a subordinate distribution license will allow our manufacturers to conduct these services in-house improving their profitability margins by 15%-25%.
- **Non-storefront, retail delivery:** rely on wholesale distribution to access legally produced and tested cannabis products for consumers. Allowing delivery companies to obtain a subordinate distributor license will improve their business viability by helping them save on inventory transaction costs and quality assurance testing.

Recommended program changes needed to sync-up with new State laws include allowing our local manufacturers the ability to register as a Type N and/or Type S manufacturing license:

- Manufactures now have the ability/option to register their facility as a shared use facility (S license). The S License works similar to a commercial kitchen and allows the manufacturer to rent out their facility to small artisan licensees. Our manufacturers would be required to provide oversight and management of (S) licenses to both the City and the State. The S license is a lower intensity license class with an annual revenue cap of \$1 Million in sales. We recommend allowing our local infusion manufacturers the ability to register as an N and/or an S, as is currently allowed under the State of California's cannabis regulatory framework.

Finally, in the area of retail non-store front delivery, we are recommending increasing the allotment of available delivery licenses from **(5)** to **(8)** delivery companies. Delivery licenses provide the majority of the local Measure G cannabis tax revenues and our current license structure has some modest room for growth in this market category.

Our delivery companies are the strongest in terms of our Measure G cannabis tax revenue performance. From the start of the program the demand has been strong, and all our delivery licensees have been able to carve out a successful presence in San Rafael, Marin, and the larger Bay Area region. Delivery licenses make up more than 96% of all our cannabis business tax.

COMMUNITY OUTREACH:

Staff has conducted outreach to local cannabis licensees and Council's cannabis ad-hoc subcommittee to discuss proposed changes.

FISCAL IMPACT:

The staff time and costs associated with issuing licenses will be absorbed by existing staff. There is also improved revenue potential for our local licensees, that could increase our local Measure G tax collection revenues.

OPTIONS:

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

1. Adopt the resolution.
2. Adopt resolution with modifications.
3. Direct staff to return with more information.
4. Take no action.

RECOMMENDED ACTION:

Adopt the resolution.

ATTACHMENTS:

Draft Amended and Restated Cannabis Business Operator License Resolution

RESOLUTION NO. _____

RESOLUTION OF THE SAN RAFAEL CITY COUNCIL AMENDING AND RENAMING THE “CANNABIS BUSINESS OPERATOR LICENSE PILOT PROGRAM” AS THE “CANNABIS BUSINESS OPERATOR LICENSE PROGRAM”, AND RESTATING IT IN ITS ENTIRETY

WHEREAS, in 2015, the State Legislature adopted the “Medical Marijuana [now “Cannabis”] Regulation and Safety Act” (MCRSA) establishing a state licensing process for “commercial cannabis activity,” defined as including “cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, or sale of medical cannabis or a medical cannabis product, except as permitted for qualifying patients and primary caregivers;” and

WHEREAS, on November 8, 2016, the voters of the State of California enacted Proposition 64, the “Control, Regulate and Tax Adult Use of Marijuana Act” (AUMA), to allow for nonmedical adult use of cannabis, and implementing regulations were subsequently developed by the state agencies for this act as well; and

WHEREAS, in July 2017, the Governor signed Senate Bill 94, entitled the “Medical and Adult-Use Cannabis Regulation and Safety Act” (MAUCRSA), which took effect immediately. The MAUCRSA directed that the MCRSA’s medical cannabis regulations be coordinated with AUMA’s nonmedical cannabis regulations; and

WHEREAS, on December 4, 2017, the City Council enacted Ordinance No. 1949, an urgency ordinance adding new Chapter 10.96 to the San Rafael Municipal Code to limit the commercial cannabis activities that will be allowed in the City of San Rafael starting on January 1, 2018 to those determined by the City Council to be beneficial rather than detrimental to the residents, workers and visitors in the City; and

WHEREAS, San Rafael Municipal Code section 10.96.050 provides that the City Council shall, by resolution, adopt reasonable regulations for the license process for the commercial medical cannabis activities permitted within the City, and for the number of each license type to be issued; and

WHEREAS, on January 16, 2018, the City Council adopted Resolution No. 14455 approving a Medical Cannabis Business Operator License Pilot Program and policies, practices and procedures for administering and enforcing the program, including the number of each license type to be issued; and

WHEREAS, on May 21, 2018, the City Council adopted Resolution No. 14508 amending and restating the Medical Cannabis Business Operator License Pilot Program policies, practices, and procedures; and

WHEREAS, on March 18, 2019, the City Council adopted Ordinance No. 1968 to amend San Rafael Municipal Code Chapter 10.96 to expand its provisions to authorize, by license, both medical and adult-use commercial cannabis activities in San Rafael; and

WHEREAS, on March 4, 2019 the City Council expanded and amended the Medical Cannabis Business Operator License Pilot Program to also apply to the commercial adult-use licenses authorized by Ordinance No. 1968, and renaming it as the “Cannabis Business Operator License Pilot Program”; and

WHEREAS, based upon the report and recommendation of staff in support of this resolution, the City Council recognizes that as the State of California’s licensing system for cannabis businesses has evolved, it has become important for the City’s manufacturers and delivery cannabis licensees to be able to access a distributors license; to successfully execute their business and manage their product with more autonomy. The City Council recognizes that without adding to the overall number of cannabis businesses currently allowed in the City, the City license process can be amended and streamlined by allowing the City’s existing and future cannabis licensees to obtain a distributor license that is secondary to their primary license; and

WHEREAS, with the changing nature of the cannabis industry, the State has also made adjustments to its licensing structure to allow for a shared-use facility under the existing Type N manufacturing license, distinguished as a Type S license. The Type S license allows individual licensees to share a common manufacturing space; provided that only one licensee can utilize the space at a time. Based upon the report and recommendation of staff in support of this resolution, the City Council recognizes that making a corresponding change to the City’s Cannabis Business Operator License Pilot Program to authorize existing and future Type N licensees to register as a shared-use facility and/or register as a Type N or Type S would enable those licensees to increase revenues, while not substantially increasing the intensity or impact of their businesses in the City; and

WHEREAS, the City Council desires to amend the Cannabis Business Operator License Pilot Program to incorporate these recommended changes and convert it to a permanent program named the “Cannabis Business Operator License Program”; and

WHEREAS, for ease of reference the City Council wishes to restate herein the entirety of the program and its policies, practices and procedures as so amended;

NOW, THEREFORE, BE IT RESOLVED, that the City Council hereby amends and restates the renamed Cannabis Business Operator License Program in its entirety as follows:

SECTION 1. PURPOSE AND INTENT

It is the purpose and intent of this resolution to regulate commercial cannabis activity within San Rafael city limits, to promote the health, safety, and general welfare of residents and businesses within the City. This resolution governs the establishment and operation of cannabis testing laboratories, cannabis infused product manufacturers, cannabis delivery, and cannabis distribution.

SECTION 2. DEFINITIONS

For the purposes of this Program, the definitions below shall apply:

- (a) “Applicant” means an owner applying for a City Cannabis Business Operator License (CBOL).
- (b) “Bureau” means the Bureau of Cannabis Control within the California Department of Consumer Affairs.
- (c) “City” means City of San Rafael.
- (d) “Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtained from cannabis. “Cannabis” does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this division, “cannabis” does not mean “industrial hemp” as defined by Section 11018.5 of the Health and Safety Code.
- (e) “Cannabis Testing Laboratory” means “testing laboratory” as defined by Business and Professions Code 26000, and as further defined in SRMC 10.96.040. This sort of use is regulated by the State of California as a Type 8 Cannabis license.
- (f) “Cannabis Delivery” means the commercial transfer of cannabis or cannabis products to a customer. “Delivery” also includes the use by a retailer of any technology platform. This sort of use is regulated by the State of California as a Type 9 Cannabis license. A non-storefront retailer licensee shall be authorized to conduct retail sales exclusively by delivery as defined by Business and Professions Code section 26001(p). The licensed premises of a non-storefront retailer licensee shall be closed to the public.
- (g) “Cannabis Distribution” means the procurement, sale, and transport of cannabis and cannabis products between entities licensed pursuant to state regulations.
- (h) “Cannabis Infused Manufacturing” means producing edible or topical products that include pre-extracted cannabis oils, to create edibles, beverages, capsules, vape cartridges tinctures or topical. This sort of use is regulated by the State of California Department of Public Health Cannabis Manufacturing Division as a Class N (Infusions) Cannabis license. Cannabis manufacturing may also include shared use of a manufacturing facility by multiple businesses that perform manufacturing, (i.e. commercial kitchen). Shared manufacturing is regulated by the State of California as Type S Cannabis license.
- (i) “Infusion” means a process by which cannabis, cannabinoids, or cannabis concentrates are directly incorporated into a product formulation to produce a cannabis product.
- (j) “Medicinal Cannabis Patient” includes both a qualified patient as defined in the Health and Safety Code section 11362.7 and a person in possession of a valid identification card

issued under Health and Safety Code section 11362.71“Licensee” means any person holding a City Cannabis Business Operator License (CBOL).

- (k) “Operator License” means a City of San Rafael Cannabis Business Operator License.
- (l) “Owner” means any of the following, as defined in Section 26001 of the Business and Professions Code:
 - 1) A person with an aggregate ownership interest of 20 percent or more in the person applying for a license or a licensee, unless the interest is solely a security, lien, or encumbrance.
 - 2) The chief executive officer of a nonprofit or other entity
 - 3) A member of the board of directors of a nonprofit
 - 4) An individual who will be participating in the direction, control, or management of the person applying for a license.
- (m) “Person” includes any individual, firm, partnership, joint venture, association, corporation, Limited Liability Company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, and the plural as well as the singular.
- (n) “Purchaser” means the customer who is engaged in a transaction with a licensee for purposes of obtaining cannabis or cannabis products.
- (o) “Sell”, “sale,” and “to sell” include any transaction whereby, for any consideration, title to cannabis or cannabis products is transferred from one person to another and includes the delivery of cannabis or cannabis products pursuant to an order placed for the purchase of the same and soliciting or receiving an order for the same.
- (p) “S License” a Type S License allows for shared use of a manufacturing facility by multiple businesses that perform manufacturing, (i.e. commercial kitchen). A Type S license shall only be available to licensees with a gross annual revenue of less than \$1,000,000 as calculated pursuant to California Code of Regulations, Title 17 Division 1 Chapter 13. Manufactured Cannabis Safety Sections 40152 (c,1,2,3).
- (q) “Shared Use Infusion Manufacturing Facility” (a) A primary N licensee shall operate the shared-use infusion manufacturing facility (i.e. commercial kitchen) in accordance with the conditions specified in California Code of Regulations, Title 17 Division 1 Chapter 13. Manufactured Cannabis Safety Sections 40192, 40194, 40196.

SECTION 3. LICENSING PROCESS

- (a) Any person seeking to sell and or distribute, deliver, manufacture, or provide laboratory testing services located in San Rafael city limits must first obtain a Cannabis Business Operator License (CBOL) prior to operating.
- (b) The CBOL Program will make the following limited licenses available:
 - Cannabis Testing Laboratories (State License Type 8): **4 licenses**
 - Cannabis Infused Manufacturing State License Type N and/or State License Type S: **10 licenses**
 - Cannabis Delivery (State License Type 9): **8 licenses**
 - Standalone Cannabis Distribution (State License Type 11): **4 licenses**

SECTION 4. REVIEW AND ACTION ON APPLICATIONS; APPEAL

- (a) The CBOL Application Review Committee includes the Police Chief, Fire Chief, Community Development Director and Economic Development Director, and/or their designees, to review and rank applications.
- (b) The CBOL application ranking process shall consist of the following areas of evaluation:
 - Business Plan (25 POINTS -MAXIMUM)
 - Safety & Security Plan (25 POINTS - MAXIMUM)
 - Gross Receipts Activity (25 POINTS - MAXIMUM)
 - Qualifications of Principals (25 POINTS - MAXIMUM)

An application is required to receive a total of 80 points to move forward. The Committee shall rank all the applications and shall issue a written decision setting forth the ranking for each application, the ranking of each application in each of the ranking categories, and an explanation of the facts and reasoning supporting the rankings. The Committee shall serve a copy of its written decision on each applicant by email.

- (c) **Appeal.** An applicant who has received a ranking of less than 80 points may appeal that decision to the City Manager or his or her designee, by filing a written appeal with the City Manager’s office within five (5) business days after the date of service of the written ranking decision on the applicant. The appeal shall not be accepted for filing unless accompanied by an appeal fee in an amount determined by resolution of the City Council. In determining the appeal, the City Manager/designee will review the Committee’s written decision on the appellant’s application and the application itself. In addition, within five (5) business days after the filing of the appeal, the City Manager/designee shall set a time for a hearing, not to exceed two hours in length, at which the appellant may appear to review the Committee’s decision and to present evidence or argument why the Committee’s ranking should be modified. The hearing shall occur no later than thirty (30) days following the filing of the appeal unless another time is agreed to by the appellant. The hearing may be recorded by audiotape or written minutes.

Within ten (10) business days after completion of the hearing on the appeal, the City Manager/designee shall issue a written decision on the appeal shall either confirming or modifying the ranking given by the Committee. The decision shall be in served upon the appellant by email, or regular mail through the United States Post Office. The City Manager’s decision will be final, with no appeal to the City Council, and shall be subject to judicial review according to the provisions and time limits set forth in Code of Civil Procedure Section 1094.6; however, the filing of any such action shall not stay any lottery or subsequent award of operator licenses as provided herein.

After the appeal period has run without the filing of any appeals, or after the final decision by the City Manager on any and all appeals, if the Committee determines that the number of pre-screened and ranked applicants exceeds 100% of the maximum number of licenses available, then a lottery will be conducted after the ranking round.

- (d) **Operator Selection.** Within 120 days of written and e-mail notification, operators will have the ability to look for sites within permitted zoning districts and return with an identified site to apply for zoning clearance, Cannabis Industry Tax registration, and operator license issuance. Failure to secure a San Rafael location within 120 days shall be grounds for the City to revoke the award of a San Rafael cannabis business operating license.
- (e) **Zoning Clearance, Background Check, Cannabis Industry Tax Registration, and Operator permit issued.** Once the operator has found a business location, and has an executed lease agreement, or signed application by the property owner, planning staff will confirm zoning clearance, and the City will conduct a background check for circumstances requiring disqualification under Business and Professions Code section 26057. Upon successful completion of those steps, the applicant can then proceed with registering for the Cannabis Industry Tax pursuant to San Rafael Municipal Code Chapter 3.40, and the operator license will be issued.

SECTION 5. FEES

The Cannabis Business Operator License application and renewal fees are based on a cost-recovery model for application intake, processing, and compliance monitoring. All fees are non-refundable. Cannabis Operator License Application Fee shall be as follows, or as modified from time to time by resolution of the City Council:

Process Steps	Staff Coordination	Per Applicant	Cost
Application Intake	Econ. Dev Coordinator	Review Time: 1-2 hours	\$200

Criminal Background Check	Police	Review Time: 1 hour	\$100
Application Review and Ranking	Econ. Development Director, Police Chief, Fire Chief, Community Development Director	Review Time: 3-4 hours	\$2000
Operator Notification	Econ. Development Coordinator/Director	Review Time: 1 hour	\$100
Zoning Clearance, Business Tax Certificate, Operator License Issuance	Senior Planner, Economic Development Coordinator, Economic Development Director	Review Time: 2-3 hours	\$300
Compliance Inspections	Senior Code Enforcement Officer	Review Time: 3-4 hours	\$500
Annual Gross Receipts Audits	Contract with Outside Agency	Review Time 3-4 hours	\$900
Total License Fee			\$4100

Cannabis Business Operator License Renewal Fee:

Process Steps	Staff Coordination	Per Applicant	Cost
Application Intake & Review	Econ. Dev Coordinator, Economic Development Director	Review Time: 1-2 hours	\$500

Cannabis Business Operator License Appeal Fee:

Process Steps	Staff Coordination	Per Applicant	Cost
Appeal Intake & Review, Staff Preparation	Review City Manager	Review Time: 4 hours	\$836
Appeal Hearing & Written Decision	Review City Manager	Review Time: 4 hours	\$836
Total Appeal Fee			\$1,672

SECTION 6. OPERATING REQUIREMENTS

All cannabis business operator licensees shall comply with all the following operating requirements:

- (a) The licensee shall meet all operating requirements of the Medicinal and Adult-use Cannabis Regulation and Safety Act (MAUCRSA), and requirements set forth by the Bureau and the California Department of Public Health’s Manufactured Cannabis Safety Branch.
- (b) The licensee shall obtain and maintain the State of California license for the equivalent State cannabis license type and maintain all other required State and local licenses, permits, or approvals.
- (c) Odor Control. No cannabis odors shall be detectable outside the commercial facility.
- (d) Advertising and Marketing Restrictions. All signage shall meet the sign requirements of Title 14 of the San Rafael Municipal Code and shall not advertise any activity related to cannabis.
- (e) Operating Hours. A licensee may operate between the hours of:
 - 1) **Cannabis Delivery:** 9AM to 9PM up to seven days a week, unless modified as condition of license to address site specific conditions.
 - 2) **Cannabis Testing Labs:** 7AM – 7PM up to seven days a week, unless modified as condition of license to address site specific conditions.
 - 3) **Cannabis Infused Product Manufacturing:** 7 AM – 7PM, evenings available as a condition of the license; up to seven days a week, unless modified as condition of license to address site specific conditions.
 - 4) **Cannabis Distribution:** 7AM – 7PM, up to seven days a week, unless modified as condition of license to address site specific conditions.
- (f) Contact Person. A licensee shall provide the City with the name and phone number of an on-site community relations staff person or designee to whom one can provide notice if there are operating concerns. The licensee shall make a good faith effort to encourage residents to call this person to try to solve operating concerns before any calls or complaints are made to the City.

SECTION 7. TERMS OF LICENSE

- (a) Licenses issued under this resolution shall be valid for 12 months from the date of issuance.
- (b) Licensees may submit a license renewal form no sooner than 60 and no later than 30 calendar days before the license expires.

SECTION 8. WITHDRAWAL OF APPLICATION

- (a) An applicant may withdraw an application at any time prior to the City's issuance of a license or denial of a license.
- (b) Requests to withdraw an application must be submitted to the City in writing, dated and signed by the applicant.
- (c) The City will not refund application fees for a withdrawn application after application intake window closes.

SECTION 9. GROUNDS FOR LICENSE DENIAL OR RENEWAL

- (a) The City may deny an application for license or for renewal of a license for any reason specified in Business and Professions Code section 26057, as amended from time to time.
- (b) Written Notice Required. Upon denial of a license or denial of renewal of a license pursuant to subsection (a) of this section, the Economic Development Director, or designee, shall notify the applicant of the reasons for denial in the manner provided Section 10(b) of this Resolution.
- (c) Appeal. Upon denial of a license or denial of renewal of a license, the applicant may file a written appeal of that decision with the Economic Development Director within ten (10) business days after the date of service of the written decision. The appeal shall not be accepted for filing unless accompanied by an appeal fee in an amount determined by resolution of the City Council.
- (d) Hearing. The Economic Development Director, or designee, shall appoint a hearing officer and set an appeal hearing, to be held no less than ten (10) days and no more than sixty (60) days after the service of the written notice required in subsection (b). The hearing and notice of decision shall be as provided in Sections 10(c) and (d) of this Resolution.

SECTION 10. LICENSE SUSPENSION, MODIFICATION AND REVOCATION

- (a) Any license issued under the terms of this resolution may be suspended, modified, or revoked by the Economic Development Director, or his or her designee, for cause including but not limited to violation of any the requirements or provisions of this resolution, or conflicts with State law.
- (b) Written Notice Required. The Economic Development Director, or designee, before revoking or suspending any Cannabis Business operator license shall serve the licensee with written notice of revocation or suspension, provided in the manner set forth in Section 1.08.060 of the San Rafael Municipal Code, of the alleged grounds for revocation or suspension and the date for a hearing, to be held no less than ten (10)

days and no more than sixty (60) days after the service of the written notice, to consider whether the Cannabis Business operator license shall be revoked or suspended.

- (c) Hearing. The Economic Development Director, or designee, shall appoint a hearing officer to hear and consider all evidence at the hearing. The hearing may, after being commenced within the time specified pursuant to subsection (b) of this section, be continued for good cause by the hearing officer from time-to-time. The hearing officer may require such legal briefing as may be required to address any issues raised at the hearing.
- (d) Notice of Decision; Judicial Review. Within a reasonable time, but not more than thirty (30) days following the conclusion of the hearing, the hearing officer shall issue a written decision as to whether the Cannabis Business operator license shall be revoked or suspended, supported by factual findings and determinations referenced by supporting evidence. The written decision shall be served on the operator licensee as provided in Code of Civil Procedure Section 1094.6, with a copy submitted to the city clerk and the city attorney. The written decision of the hearing officer shall be final and shall be subject to judicial review according to the provisions and time limits set forth in Code of Civil Procedure Section 1094.6.

SECTION 11. TRANSFER OF LICENSE

- (a) A licensee shall not operate under the authority of a Cannabis Business Operator License at any location other than the address stated in the application for the license.
- (b) The Cannabis Business Operator Licenses are not transferrable or assignable to another person or owner. In the event of the sale or transfer of the business or operations covered by the licensee, changes in ownership shall be made in accordance with the following:
 - 1) If one or more of the owners of a license change, but at least one existing owner is not transferring their ownership interest, and will remain as an owner under the new ownership structure, then the new owners shall submit a new application to the City for review of qualifications, background checks and to determine whether the change would constitute grounds for denial of the license.

If all owners will be transferring ownership interest, the business shall not operate under the new ownership structure until a new license application has been submitted and approved by the City, and all application and licensing fees have been paid.

SECTION 12. ENFORCEMENT

- (a) It is unlawful for any person to violate any provision or fail to comply with any of the requirements of this resolution, and any such violation shall be enforceable in accordance with the provisions of Chapters 1.40, 1.42, 1.44, and 1.46 of the San Rafael Municipal

Code.

(b) In accordance with Section 26013, Business and Professions Code. The City, and its authorized representative, shall have full and immediate access to inspect and:

- 1) Enter onto any premises license by the City.
- 2) Any inspection, investigation or review, or audit of a licensed premises shall be conducted anytime the licensee is exercising privileges under the license, or as otherwise agreed to by the City and licensee or its agents, employees, or representatives.
- 3) Prior notice of an inspection, investigation, review or audit is not required.

BE IT FURTHER RESOLVED that any amendments to the Cannabis Operator Licensing Program Policies, Practices and Procedures as deemed necessary from time-to-time shall require an amendment to this resolution by City Council action.

BE IT FURTHER RESOLVED that the amendments made in this Resolution shall take effect immediately upon its adoption.

I, **LINDSAY LARA**, City Clerk of the City of San Rafael, hereby certify that the foregoing resolution was adopted at a regular meeting of the City Council on the 16th day of November 2020, by the following vote to wit:

AYES: **Councilmembers:**

NOES: **Councilmembers:**

ABSENT: **Councilmembers:**

Lindsay Lara, City Clerk



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: City Manager's Office, Sustainability
Division

Prepared by: Cory Bytof
Sustainability Program Manager

City Manager Approval: _____

TOPIC: GRAND JURY REPORT ON ADAPTING TO CLIMATE CHANGE

SUBJECT: RESOLUTION APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE THE CITY OF SAN RAFAEL'S RESPONSE TO THE 2019-2020 MARIN COUNTY CIVIL GRAND JURY REPORT ENTITLED, "CLIMATE CHANGE: HOW WILL MARIN ADAPT?"

RECOMMENDATION: Adopt a resolution approving the City of San Rafael's response to the Marin County Civil Grand Jury's report entitled, "Climate Change: How Will Marin Adapt?"

BACKGROUND:

On September 11, 2020, the [2019-20 Marin County Civil Grand Jury](#) issued a report entitled [Climate Change: How Will Marin Adapt?](#) relating to coordinated efforts to respond to the effects of climate change in Marin County. The report focuses on the lack of coordination between the County and Marin cities and towns regarding the various threats and impacts associated with a changing climate.

The City of San Rafael is required to respond to all Grand Jury reports. Penal Code section 933 states, in part, the following:

No later than 90 days after the Grand Jury submits a final report...the governing body of the public agency shall comment to the presiding Judge of the Superior Court on the findings and recommendations contained in the report.

To comply with this statute, the City's response to the Grand Jury report must be approved by resolution of the City Council and submitted to the Presiding Judge of the Marin County Superior Court and the Foreperson of the Grand Jury by December 11, 2020. Staff recommends that the City Council adopt the attached resolution approving the City of San Rafael's response to the Grand Jury's report (Attachment 1).

FOR CITY CLERK ONLY

Council Meeting:

Disposition:

ANALYSIS:

In their report, the Grand Jury asked and tried to assess if Marin County cities and towns and County government are doing enough to adapt to climate change. All of the Findings and Recommendations can be found on pages 22 and 23 of the Report. Below are the Findings the City has been asked to respond to:

F1. Climate change mitigation efforts by Marin governments have been notably effective in meeting their goals to reduce greenhouse gas emissions.

F4. The existing adaptation efforts across the county pay insufficient attention to the other potential effects of climate change, including impacts on public health, ecosystems, and social equity.

F7. Cross-jurisdictional collaboration and coordination will be required for successful adaptation efforts, but Marin lacks any overarching organizational or governance structure to facilitate this.

Below are the Recommendations the city has been asked to respond to:

R1. The board of supervisors, in collaboration with the municipalities and other agencies affected by climate change, should convene a multi-jurisdictional task force (referred to in this report as the Marin Climate Adaptation Task Force) charged with developing a single, comprehensive, multi-jurisdictional adaptation strategy for all of Marin.

R4. Each member of the Marin Climate & Energy Partnership, should declare its support for broadening the partnership's mission and increasing its funding as necessary to enable it to support overall climate change planning efforts, including both mitigation and adaptation in cities, towns, and other member agencies throughout the county.

R6. Each city and town, if it does not have a full-time sustainability coordinator (or similar position), should appoint a committee or commission charged with monitoring and reporting on its climate change mitigation and adaptation efforts.

The City's detailed response can be found in Attachment 2.

On October 22, 2020, the City of San Rafael received a letter from the Marin Climate Action Network (MCAN), which is a group of environmental leaders from across Marin that initially conceived of DRAWDOWN: Marin (Attachment 4). It includes a proposed framework for a comprehensive climate action strategy that includes adaptation and resilience. Some of the requests in the letter relate to Grand Jury Findings and Recommendations the City is not required to respond to. Rather than respond to them in the formal Grand Jury Response, staff has opted to respond to some of the issues raised by MCAN in this staff report.

Item 1 in the MCAN letter asks the City to affirm the need to continue aggressively addressing the causes of climate change through "mitigation" efforts such as those in our Climate Change Action Plan 2030 (CCAP). The City is committed to implementing the CCAP and prioritizing mitigation efforts such as by transitioning to renewable fuel sources, dramatically increasing zero emission vehicles and infrastructure, reducing single occupant driving, and promoting zero waste efforts, water conservation, and carbon sequestration. The City is also committed to adaptation efforts that include or are paired with carbon sequestration or carbon reduction activities. Most importantly, the City regularly collaborates with the County and other entities regarding mitigation and adaptation projects recognizing the value in sharing and leveraging resources to meet our collective goals.

Item 2 in the MCAN letter calls for a consolidated, comprehensive, multi-departmental, multi-jurisdictional climate resilience task force, department, and strategy or plan. While the City

believes this should be explored, staff has been participating in regional discussions on this topic for the past year and there is no consensus that this is the best approach due to the myriad types of solutions, stakeholders, regulations, options, solutions, time frames, and various other complicating factors inherent in the different types of climate impacts and threats. More on this can be found in the Grand Jury Response. City staff has begun adaptation planning as called for in the CCAP and is working collaboratively with County on grant applications to conduct the work. Part of this commitment is to engage the full range of the community, including the business community and our most disadvantaged community members to ensure that our priorities and goals are community driven. We will continue to work with County staff and community members to help identify the most efficient and effective collaboration framework for Marin to address adaptation and resilience.

Item 2 also asks that the City urge the Board of Supervisors to complete the formation of DRAWDOWN: Marin. The City believes the Board is committed to this and is willing to continue to participate in and support such an effort. This item also calls for the initiation of a Flood District Feasibility Study, which is something that would require further analysis but may be beneficial. The County already implements its Climate Action Plan and works collaboratively with the City and other jurisdictions to do so through the Marin Climate and Energy Partnership (MCEP) and through partnering directly on programs. Coordination with other departments will be essential in order to get to our deeper carbon reduction goals, which will be more challenging to achieve.

Item 3 is addressed in the Grand Jury Response. The City participates in and is willing to explore further support of the Marin Climate and Energy Partnership pending further analysis. The Sustainability Program Manager is on the Executive Committee of MCEP and does provide regular updates and input already. MCEP currently does have representation from the County and thus has connection to DRAWDOWN: Marin but we would welcome a more direct involvement or formalized role for MCEP.

Item 4 is addressed in the Grand Jury Response as well. The City spent a lot of time and effort to develop the Climate Change Action Plan 2030, which is being used as a template by the County and other jurisdictions throughout Marin to update their Plans as well. It involved a tremendous amount of community input from all segments of our community and was just adopted in 2019. Staff time is better spent implementing the CCAP and continuing to work cross-jurisdictionally to achieve our collective goals than conducting another planning process to update it to match others. Further, each jurisdiction and elected body may decide to have different reduction goals (targets) as they update them over the next year or two. For example, Fairfax is currently considering different targets than either the City or the County.

Item 5 asks that the City convey to the Grand Jury and others the importance of engaging the skills and resources of the business community. The City currently does this, did this to develop our CCAP, and encourages this in all activities as we collaborate with others. Our CCAP calls for equal consideration of Equity and Economy in our implementation efforts and we have encouraged all jurisdictions that use it as a template to do so as well.

FISCAL IMPACT: There is no fiscal impact associated with this action.

OPTIONS:

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

1. Adopt the resolution as presented.
2. Adopt the resolution as amended.
3. Direct staff to return with additional information

RECOMMENDED ACTION:

Adopt a resolution approving the City of San Rafael's response to the Marin County Civil Grand

Jury's report entitled, "Climate Change: How Will Marin Adapt?"

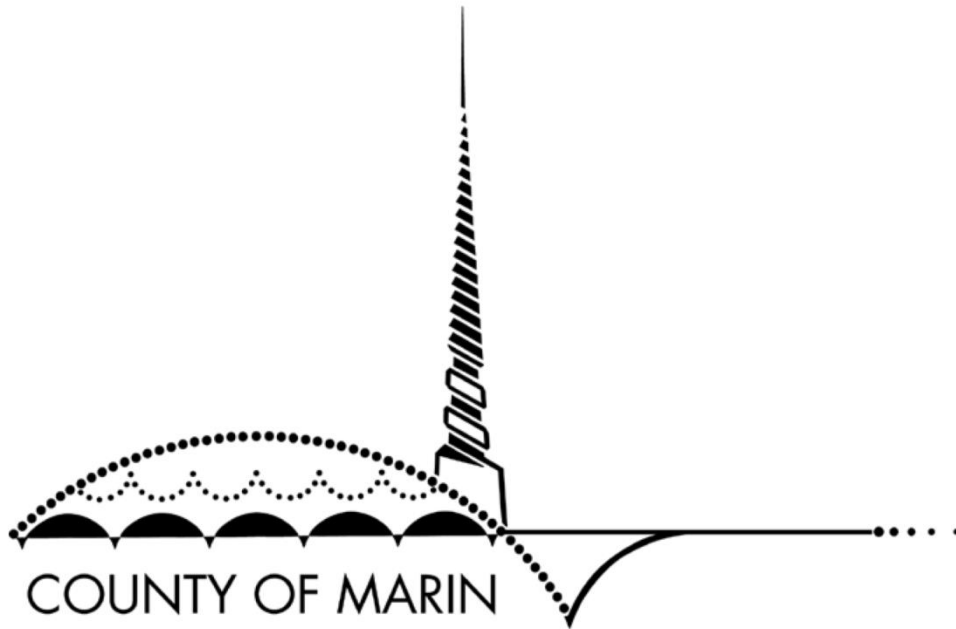
ATTACHMENTS:

1. Grand Jury Report
2. Response to Grand Jury Report
3. Resolution
4. Marin Climate Action Network Letter and Attachment

2019–2020 MARIN COUNTY CIVIL GRAND JURY

Climate Change: How Will Marin Adapt?

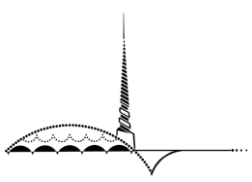
September 11, 2020



A Note about the Coronavirus Pandemic

The 2019–2020 Marin County Civil Grand Jury is issuing its reports during the unprecedented conditions of the COVID-19 pandemic. We are well aware that Marin County is in crisis and that critical public health concerns, operational difficulties, and financial challenges throughout the county have a greater claim to government attention right now than the important issues raised by this Grand Jury.

We are confident that, in due course, Marin will come through this crisis as strong as ever.



Climate Change: How Will Marin Adapt?

SUMMARY

Our planet is warming, glaciers and ice sheets are melting, sea levels are rising, we are witnessing more extreme weather events and wildfires, and ecosystems are being altered. The future pace of climate change is uncertain, but the trends are ominous. In Marin, a modest 10-inch sea level rise could reach 700 buildings and 8 miles of roads along the bay, and a 60-inch rise, combined with a 100-year storm surge, could inundate 12,000 buildings and 130 miles of roads.¹ According to one recent study, Marin County could lose as many as 10,000 homes to sea level rise by 2100.² In addition, public health will be threatened by more vector-borne disease, our environment will become less suitable for evergreen forests and more hospitable to highly flammable shrubs, and lower-income households will be disproportionately affected by heat waves and floods.

Efforts to address climate change fall into two categories: “Mitigation” measures reduce greenhouse gas emissions to slow climate change, while “adaptation” measures such as seawalls guard against the consequences of climate change.

Significant mitigation work has been done in Marin, but plans for adapting to climate change have taken a back seat and have focused almost exclusively on sea level rise. Are Marin’s county, city, and town governments doing enough to adapt to climate change? That is the question at the heart of this report.

This investigation was started in 2019, prior to the COVID-19 pandemic, and the financial strength of Marin’s public agencies will likely be significantly impaired in the short term. But the need for long-term planning and action is not diminished. The Grand Jury hopes that agencies addressed in this report will strongly consider implementing the jury’s recommendations as soon as they are able to do so.

The Grand Jury makes several interrelated, but not interdependent, recommendations to help Marin move forward in its climate change efforts, including the following:

- The county, in collaboration with the municipalities and other Marin agencies affected by climate change, should convene a multi-jurisdictional task force charged with developing a countywide adaptation strategy appropriate for adoption by each participant.
- The county government should consolidate all of its mitigation and adaptation programs in a new office that would coordinate and unify climate change efforts at the county level.

¹ BVB Consulting LLC, *Marin Shoreline Sea Level Rise Vulnerability Assessment*, Bay Waterfront Adaptation & Vulnerability Evaluation (Marin County Department of Public Works, June 2017), pp. 25, 43, 63, https://www.marincounty.org/-/media/files/departments/cd/planning/sea_level_rise/baywave/vulnerability-assessment-final/final_allpages_bvbconsulting_reduced.pdf?la=en.

² Climate Central and Zillow, *Ocean at the Door: New Homes and the Rising Sea*, research brief, July 31, 2019, downloadable supporting data, accessed October 8, 2019, <https://www.climatecentral.org/news/ocean-at-the-door-new-homes-in-harms-way-zillow-analysis-21953>.

- The Marin Climate & Energy Partnership should expand its mission beyond greenhouse gas reduction to include adaptation planning support for the cities, towns, and other members.
- The county should study the feasibility of reorganizing the Marin Flood Control and Water Conservation District into a new agency governed by the county and all 11 cities and towns, with an expanded mission that includes climate change adaptation projects.

APPROACH

The Marin County Civil Grand Jury investigated the actions taken by Marin’s county, city, and town governments to prepare for the potential consequences of climate change, assessed the adequacy of those efforts, and has recommended additional actions that would enhance the county’s ability to meet the climate challenge.

In carrying out this investigation, the Grand Jury—

- Interviewed elected officials, department heads, and staff in the Marin County government and in Marin’s city and town governments, as well as representatives from various climate-related organizations in Marin and the Bay Area.
- Reviewed reports, studies, plans, and California state guidance documents dealing directly or indirectly with climate change.
- Attended community meetings focused on various efforts throughout the county to reduce greenhouse gas emissions and plan for the potential effects of climate change.

The more the Grand Jury delved into climate change, the greater its appreciation for the complexity and evolving nature of the topic, as well as for the individuals throughout the county who are dedicated to confronting this global challenge at the local level. The Grand Jury was under no illusion that it could master all aspects of the subject or provide foolproof recommendations for the best path forward. But the Grand Jury hopes that the issues and suggestions raised in this report will increase awareness and prompt thoughtful discussion.

BACKGROUND: THE CHALLENGE OF CLIMATE CHANGE

There is broad scientific consensus that human actions over the past century or more—particularly the burning of fossil fuels and land-use practices such as deforestation and food

production—have been changing Earth’s climate. Both globally and locally, the signs of climate change are increasingly evident:

- Worldwide, the years 2015–2019 were the five warmest years on record,³ and May 2020 tied with May 2016 as the warmest May on record.⁴ From 1895 to 2018, the average temperature in Marin County increased by 2.3°F.⁵
- Over the past century, sea level in the Bay Area rose by about 8 inches, and the rate of sea level rise has accelerated significantly since 2011.⁶
- The 2012–2016 California drought resulted in the most severe moisture deficits in the last 1,200 years and a record-low Sierra snowpack.⁷
- Fueled by drought-parched trees and shrubs and driven by high winds, California’s 2017 and 2018 wildfires were the deadliest and costliest in state history.⁸ Marin was spared the flames, but not the smoke and soot. The threat of fires in 2019 led PG&E to shut off electric power to almost the entire county for multiple days.
- In March 2018, Marin County Public Health issued a warning that potentially lethal levels of shellfish toxins, probably caused by “an increasingly unpredictable climate,” were detected in the waters of Drakes Bay and north of Stinson Beach.⁹ Other climate-related county health advisories in recent years have included alerts about infectious diseases such as West Nile and Zika virus.¹⁰

According to California’s latest Climate Change Assessment, annual average temperatures in the Bay Area will likely increase by approximately 4.4°F by the middle of this century and 7.2°F by the end of the century—unless there are significant efforts throughout the world to limit or

³ National Oceanic and Atmospheric Administration, “2019 Was 2nd Hottest Year on Record for Earth Say NOAA, NASA,” news release, January 15, 2020, <https://www.noaa.gov/news/2019-was-2nd-hottest-year-on-record-for-earth-say-noaa-nasa>.

⁴ National Oceanic and Atmospheric Administration, National Centers for Environmental Information, “State of the Climate: Global Climate Report for May 2020,” June 2020, accessed June 17, 2020, <https://www.ncdc.noaa.gov/sotc/global/202005>.

⁵ Steven Mufson, Chris Mooney, Juliet Eilperin, and John Muyskens, “Extreme Climate Change Has Arrived in America,” *Washington Post*, August 13, 2019, <https://www.washingtonpost.com/graphics/2019/national/climate-environment/climate-change-america/>.

⁶ David Ackerly, Andrew Jones, Mark Stacey, and Bruce Riordan (University of California, Berkeley), *San Francisco Bay Area Summary Report*, California’s Fourth Climate Change Assessment, CCCA4-SUM-2018-005 (January 2019), p. 31, https://www.energy.ca.gov/sites/default/files/2019-11/Reg_Report-SUM-CCCA4-2018-005_SanFranciscoBayArea_ADA.pdf.

⁷ Ackerly et al., *San Francisco Bay Area Summary Report*, p. 17.

⁸ Mark Northcross, “Rebuild to Fail or Rebuild to Adapt: How CRA Lending Can Guide Climate Change Disaster Response,” Strategies to Address Climate Change Risk in Low- and Moderate-Income Communities, *Federal Reserve Bank of San Francisco Community Development Innovation Review*, 14, issue 1 (2019): p. 39, https://www.frbsf.org/community-development/files/CDIR_vol_14_issue_1.pdf; and Steve Gorman, “Year’s Most Destructive California Wildfire Declared Extinguished after Two Weeks,” Reuters, November 7, 2019, <https://www.reuters.com/article/us-california-wildfire/years-most-destructive-california-wildfire-declared-extinguished-after-two-weeks-idUSKBN1XI0BA>.

⁹ County of Marin, “Public Health Warning for Shellfish Toxins,” news release, March 7, 2018, <https://www.marincounty.org/main/county-press-releases/press-releases/2018/hhs-shellfishtoxins-030718>.

¹⁰ Richard Halsted, “Marin Supervisors Receive Harrowing Report on Climate Change, Sea Level Rise,” *Marin Independent Journal*, April 13, 2019, <https://www.marinij.com/2019/04/13/marin-supervisors-receive-harrowing-report-on-climate-change-sea-level-rise/>.

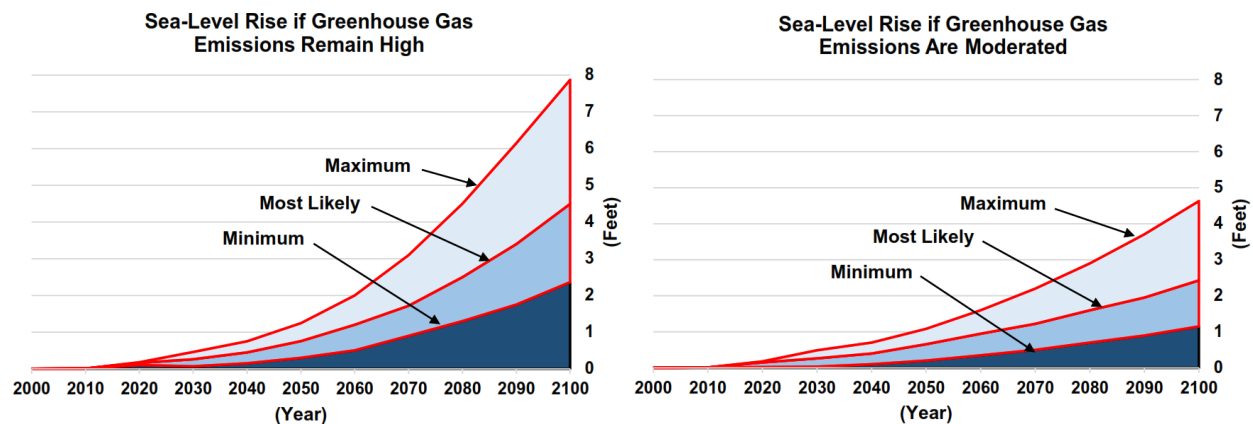
reduce greenhouse gas emissions. Even with significant reduction efforts, the temperature increase is projected to be approximately 3.3°F by mid-century and 4.2°F by century's end.¹¹

Ongoing global warming, in turn, will increase the volume of water in oceans through thermal expansion and the addition of meltwater from glaciers and ice sheets, resulting in rising seas throughout the world. In the Bay Area, assuming emissions worldwide are moderated, median sea level rise is projected to be about 8 inches by 2050 and 2.4 feet by the year 2100. But if emissions remain high, sea level rise by 2100 would likely be about 4.5 feet, and it could approach 8 feet. Figure 1 shows sea level rise projections for the Bay Area under the two scenarios: continued high emissions and moderate emissions.

As sea level rises, more and more land along the shoreline will flood and then remain permanently underwater. But that will just be the new baseline. On top of that baseline will be the periodic flooding caused by El Niño events, king tides, large waves, stream runoff, and storm surges. For example, storm surge in California can elevate sea level by as much as 3 feet, temporarily transforming a 1-foot sea level rise into a 4-foot sea level rise.¹²

Low-lying shoreline communities along the bay and in West Marin—including homes, businesses, utilities, ferry facilities, marinas, boat launches, and roads—will be directly affected by sea level rise. The severity of the impacts will be determined by the magnitude and timing of

Figure 1. Projections of Sea Level Rise in the San Francisco Bay Area, 2000–2100



Note: For each scenario, the minimum sea level rise levels will occur with near certainty, the most likely levels represent the statistical averages, and the maximum levels are statistically plausible but less likely. The high emissions scenario is commonly referred to as the business-as-usual scenario and technically called Representative Concentration Pathway (RCP) 8.5. The moderate emissions scenario is technically called RCP 4.5.

Source: Based on D. W. Pierce, J. F. Kalansky, and D. R. Cayan (Scripps Institution of Oceanography), *Climate, Drought, and Sea Level Rise Scenarios for the Fourth California Climate Assessment*, California's Fourth Climate Change Assessment, CCCA4-CEC-2018-006 (August 2018), Figure 43 and Table 5, https://www.energy.ca.gov/sites/default/files/2019-11/Projections_CCCA4-CEC-2018-006_ADA.pdf.

¹¹ Ackerly et al., *San Francisco Bay Area Summary Report*, p. 14.

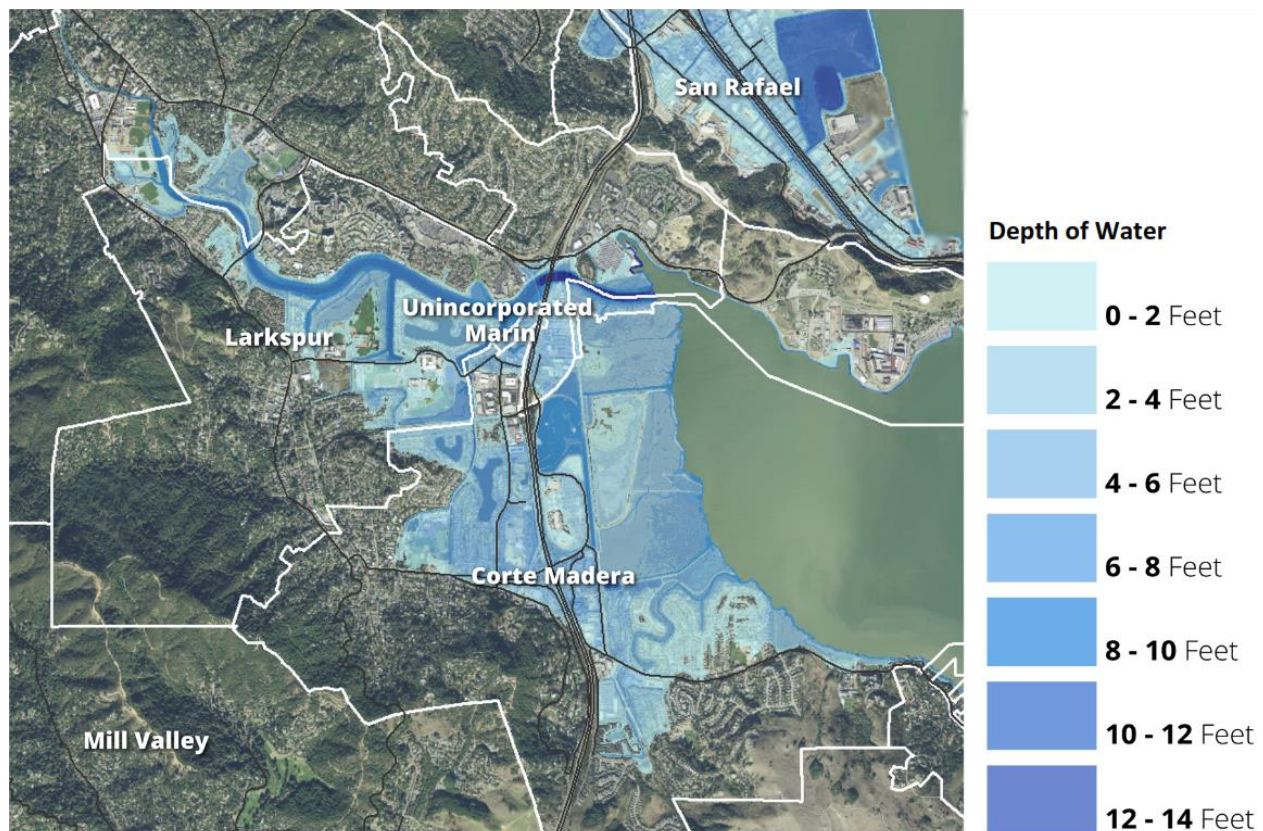
¹² G. Griggs, J. Árvai, D. Cayan, R. DeConto, J. Fox, H. A. Fricker, R. E. Kopp, C. Tebaldi, and E. A. Whiteman (California Ocean Protection Council Science Advisory Team Working Group), *Rising Seas in California: An Update on sea level Rise Science* (California Ocean Science Trust, April 2017), p. 17, <http://www.opc.ca.gov/webmaster/ftp/pdf/docs/rising-seas-in-california-an-update-on-sea-level-rise-science.pdf>.

the sea level rise. For example, a modest 10-inch sea level rise alone could reach 5,000 acres, 700 buildings, and 8 miles of roads along the bay. But a 60-inch sea level rise, combined with a 100-year storm surge, could inundate 18,000 acres, 12,000 buildings, and 130 miles of roads.¹³ According to a recent study by Climate Central and Zillow, as many as 10,000 Marin homes would be subject to annual flooding by 2100 under a high emissions scenario. The study also found that almost 50 homes built in the county between 2010 and 2016 are at risk of flooding by 2050 under almost any plausible scenario.¹⁴

As Figure 2 shows, a 4-foot rise in sea level will cause a large portion of the Larkspur and Corte Madera area—including a lengthy stretch of U.S. Highway 101—to be permanently flooded. Some low-lying areas will be flooded to a depth of 10 feet or more.

Adapting to higher sea levels will be costly no matter what measures, such as managed retreat or shoreline protection, are taken. One estimate for Marin County anticipates spending \$1.1 billion

Figure 2. Sections in the Larkspur-Corte Madera Area Vulnerable to 4-Foot Sea Level Rise



Source: Reproduced with slight modifications from Marin County, *Adaptation Land Use Planning*, February 2020, p. 12, <https://www.marincounty.org/-/media/files/departments/cd/slr/alup0228.pdf?la=en>.

¹³ BVB Consulting LLC, *Marin Shoreline Sea Level Rise Vulnerability Assessment*, pp. 25, 43, 63.

¹⁴ Climate Central and Zillow, *Ocean at the Door*.

by 2040 to construct 133 miles of seawalls to protect communities from the effects of sea level rise.¹⁵ This estimate is only for seawalls, and does not include other costs, such as necessary changes to infrastructure, relocation or protection of utilities and sanitation facilities, or modification of roads or structures. A proposed seawall for Belvedere, including relocation of utilities and related work, carries an estimate as high as \$27.4 million.¹⁶

More than any of the other expected consequences of climate change on Marin, sea level rise may be the easiest to visualize and has received the most detailed attention by planners. That is why this report, in discussing the effects of climate change on the county and programs to address them, discusses sea level rise in greater depth. But other projected impacts of climate change are also concerning. For example:

- **Health Impacts.** Public health will be threatened by more extreme heat events and wildland fires; increased air pollution, vector-borne disease, indoor mold, and pollen; longer and more frequent droughts; flooding and landslides from sea level rise and more intense winter storms; and release of contaminants from flooded hazardous waste sites. Potential disruption of the transportation network could hamper people’s ability to move away from danger. It could also interfere with access to healthcare, as well as the ability of hospitals, clinics, and emergency responders to operate.
- **Ecosystem Impacts.** The quantity and quality of water in creeks will suffer from longer dry seasons, more frequent and severe droughts, and catastrophic wildfires, negatively affecting invertebrates, fish, amphibians, and other animals. The Bay Area environment will become less suitable for evergreen forests, including redwoods and Douglas fir, and more favorable for vegetation such as chamise chaparral, a shrub that is particularly flammable during hot, dry weather, further increasing the danger of wildland fires.
- **Socioeconomic Impacts.** Regional socioeconomic inequity will be exacerbated because lower-income and minority households, which disproportionately live in locations more vulnerable to climate and other environmental risks, will have greater difficulty preparing for and recovering from heat waves, floods, and wildfires.¹⁷

Although the timing and magnitude of climate change are uncertain, it is happening, and it will affect the quality of life of everyone who lives in, works in, or visits Marin. What are we doing as a community to meet this challenge, and what more should we be doing? These are the questions at the heart of this investigation.

DISCUSSION

Mitigation and Adaptation: Two Essential Pillars of a Climate Change Strategy

Actions to address climate change are generally divided into two categories:

Mitigation—These are actions to reduce greenhouse gases and other causes of climate change. They include reducing energy use, converting to low-carbon energy sources, and

¹⁵ Sverre LeRoy and Richard Wiles, *High Tide Tax: The Price to Protect Coastal Communities from Rising Seas*, Center for Climate Integrity, June 2019, www.climatecosts2040.org.

¹⁶ “Cost,” Belvedere Sea Wall, accessed April 18, 2020, <https://belvedereseawall.org/cost/>.

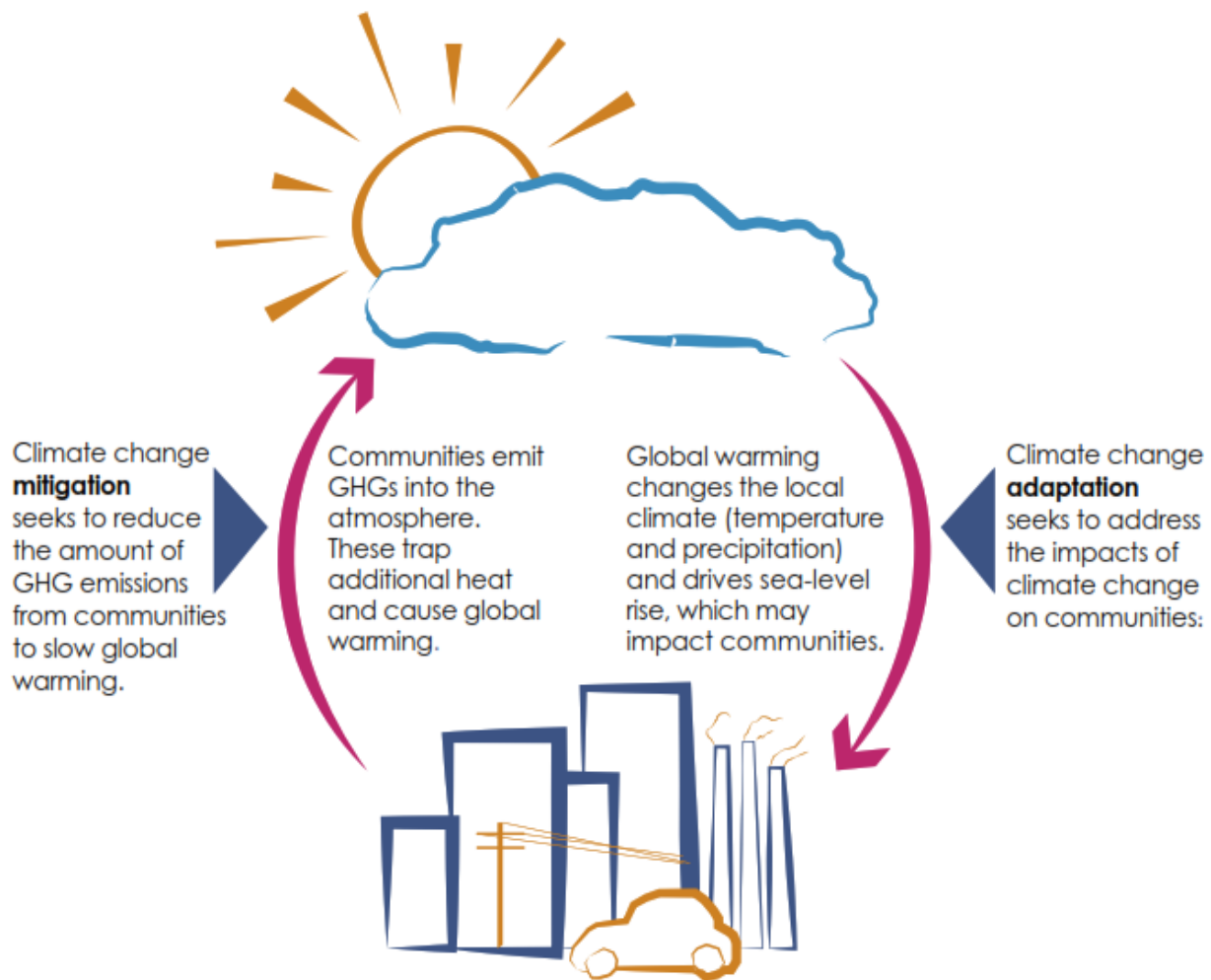
¹⁷ Ackerly et al., various pages.

expanding forests and other “sinks” that remove and sequester carbon dioxide from the atmosphere.

Adaptation—These are actions to protect people and places from the effects of climate change. They include building seawalls, restoring shoreline wetlands, relocating buildings and highways to higher ground, preparing for impacts on human health, preventing and preparing for wildfires, and diversifying crops.

Figure 3 depicts the relationship between mitigation and adaptation. In some cases, these approaches overlap. For example, the restoration of shoreland wetlands can both reduce tidal flooding and increase carbon sequestration.

Figure 3. Roles of Mitigation and Adaptation Efforts in Addressing Climate Change



Source: Reprinted with minor modifications from California Governor’s Office of Emergency Services, *California Adaptation Planning Guide*, final public review draft, March 2020, p. 16, <https://www.caloes.ca.gov/HazardMitigationSite/Documents/APG2-FINAL-PR-DRAFTAccessible.pdf>.

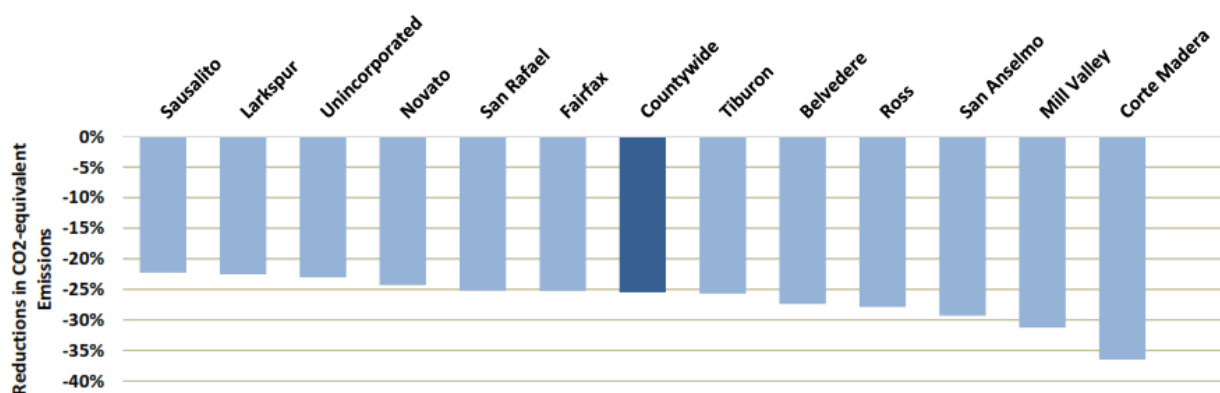
As the moderated emissions graph in Figure 1 shows, if net emissions of greenhouse gases can be reduced, future sea level rise (and, by implication, other negative effects of climate change) will be reduced. That is why mitigation efforts are so important.

Figure 1 also shows that reducing greenhouse gas emissions can only lessen, not eliminate, the effects of climate change. Even under the most optimistic scenarios, sea levels will continue to rise and our environment will be altered. As NASA states, “Carbon dioxide . . . lingers in the atmosphere for hundreds of years, and the planet (especially the oceans) takes a while to respond to warming. So even if we stopped emitting all greenhouse gases today, global warming and climate change will continue to affect future generations.”¹⁸ That is why adaptation efforts are just as crucial as mitigation efforts.

Mitigation Programs in Marin

Mitigation efforts started in Marin in 2002 when the county resolved to join the Cities for Climate Protection Campaign. Since then, Marin’s county, city, and town governments have all developed climate action plans focused on reducing greenhouse gas emissions. Innovative mitigation initiatives—such as Marin Clean Energy (now called MCE), Electrify Marin, the Marin Solar Project, the Marin Energy Watch Partnership, Resilient Neighborhoods, and Drawdown: Marin—all have had a positive impact or show promise for further progress. From 2005 to 2018, according to Marin Climate & Energy Partnership data, countywide greenhouse gas emissions decreased by 25 percent.¹⁹ Figure 4 provides a breakdown of the emissions reduction by jurisdiction.

Figure 4. Greenhouse Gas Emissions Reductions in Marin County, by Jurisdiction, 2005–2018



Source: Based on June 19, 2020, data from Marin Climate & Energy Partnership, “Marin Tracker,” accessed June 29, 2020, <http://www.marintracker.org/>. Note that this chart is based on the raw Marin Tracker data and differs slightly from a similar chart on the Marin Climate & Energy Partnership website.

¹⁸ NASA, “Responding to Climate Change,” no date, accessed November 27, 2019, <https://climate.nasa.gov/solutions/adaptation-mitigation/>.

¹⁹ Marin Climate & Energy Partnership, “Marin Tracker,” accessed June 29, 2020, <http://www.marintracker.org/>.

As a community, we must continue our resolve to shrink our carbon footprint. A more detailed overview of Marin’s mitigation efforts is set forth in Appendix A, and a list of the primary governmental organizations and programs in Marin involved with climate change is included in Appendix B.

Adaptation Planning Efforts in Marin

Formal planning for how Marin will need to adapt to climate change did not begin until mid-2014 when the county government formed the Collaboration: Sea-level Marin Adaptation Response Team (C-SMART) to research the potential impacts of sea level rise on West Marin and to work with coastal communities to plan for those impacts. By 2018, C-SMART had completed both a vulnerability assessment²⁰ and a report presenting possible options for accommodating, protecting against, or retreating from the threats of sea level rise.²¹ As of March 2020, C-SMART’s priorities included working with the California Coastal Commission to finalize an updated Local Coastal Program that will enable C-SMART to create a comprehensive adaptation plan for the coastal shore.

A similar but separate county project was started in September 2015 to assess the potential impacts of sea level rise on Marin’s eastern shoreline. This project was dubbed the Bay Waterfront Adaptation and Vulnerability Evaluation (BayWAVE). In 2017, BayWAVE completed an assessment of the potential impacts of sea level rise on Marin’s bayside communities through the end of this century.²² Based in part on that assessment, in early 2020 the county published a guide detailing the land-use planning tools available to adapt to rising sea levels.²³

With vulnerability assessments completed for both the ocean and bay sides of Marin, we have a good understanding about which portions of the county’s critical infrastructure will be affected by sea level rise and the extent to which private property is at risk under various scenarios. So, at least with respect to sea level rise, important groundwork has been laid for the development of adaptation strategies.

Marin Should Take a Fresh Approach to Adaptation Planning

Public servants in Marin’s county government and local communities have generally done outstanding work on climate change, but the county lacks a comprehensive approach to climate change adaptation planning. Most of Marin’s municipalities do not yet know how to approach this difficult task. The adaptation planning process needs a reboot.

²⁰ C-SMART, Marin County Community Development Agency, *Marin Ocean Coast Sea Level Rise Vulnerability Assessment*, May 2016, https://www.marincounty.org/-/media/files/departments/cd/planning/sea_level_rise/c-smart/2018/01_draft_title_pages_toc_va_sea_level_rise_18_02_05.pdf?

²¹ C-SMART, Marin County Community Development Agency, *Marin Ocean Coast sea level rise Adaptation Report*, February 2018, https://www.marincounty.org/-/media/files/departments/cd/planning/sea_level_rise/c-smart/2019/181211_csmart_adaptation_report_final_small.pdf?

²² BVB Consulting LLC, *Marin Shoreline Sea Level Rise Vulnerability Assessment*.

²³ Marin County, *Adaptation Land Use Planning*, February 2020, <https://www.marincounty.org/-/media/files/departments/cd/slr/alup0228.pdf?la=en>.

A Mandate for Adaptation Planning

Developing adaptation strategies is not an option; it is the law. California state law has long required each municipality and county to adopt a comprehensive, long-term general plan for the jurisdiction’s physical development.²⁴ In October 2015, the governor signed into law Senate Bill 379, which added the requirement that jurisdictions update the so-called safety element of their general plans to “address climate adaptation and resiliency strategies.” This law states that these updates must include “a set of adaptation and resilience goals, policies, and objectives” and “a set of feasible implementation measures designed to carry out the goals, policies, and objectives.”²⁵ This requirement took effect January 1, 2017. If the required information is contained in another type of planning instrument—for example, a stand-alone adaptation plan, a climate action plan, a Local Coastal Program, land use codes, or zoning regulations—the other instrument may be incorporated into the general plan by reference.

In Marin, various planning instruments have been used, or are currently being developed, to address climate adaptation, but none of them yet meet this law’s requirements. All of the climate action plans developed by Marin’s municipalities and the county government focus on mitigation. Adaptation is addressed only in generalities. The county’s general plan was adopted in 2007 and last amended in 2014,²⁶ and most of the general plans of Marin’s 11 cities and towns are older. All of the general plans predate the C-SMART and BayWAVE assessments and do not present detailed adaptation measures. Several municipalities are in the process of updating their general plans, but in a survey regarding their updates, only San Rafael stated that it expects to comply with this law.²⁷ Under the most generous interpretation of the law, the county government must begin updating its general plan to incorporate climate adaptation strategies no later than January 1, 2022. These strategies need to cover more than just sea level rise, which means there is much more work to do.

A Commonsense Objective: A Multi-Jurisdictional Adaptation Plan

Marin’s jurisdictional puzzle, geographical layout, transportation infrastructure, and other interdependencies call for comprehensive adaptation solutions. Climate change is a countywide issue, not one limited to waterfront or hillside communities. We breathe the same air, drive the same roads, benefit from common watersheds, and share central sanitation facilities, all without regard to the boundaries of our city or town or our neighborhood geography. When Highway 101 floods due to storm surge, all residents are affected, not just those living near the water. Effective planning will require countywide collaboration and coordination.

To date, however, the few forays into adaptation planning have been initiated by individual jurisdictions. These jurisdictions are not working toward a common solution, and they are taking different approaches. For example, Corte Madera has taken the initiative to develop a stand-

²⁴ California Government Code § 65300, accessed March 10, 2020,

http://leginfo.ca.gov/faces/codes_displaySection.xhtml?sectionNum=65300.&lawCode=GOV.

²⁵ California Government Code § 65302(g)(4), accessed March 10, 2020,

http://leginfo.ca.gov/faces/codes_displaySection.xhtml?sectionNum=65302.&lawCode=GOV.

²⁶ Marin County Community Development Agency, *Marin Countywide Plan*, November 6, 2007 (reprinted October 2014), p. 2.6–12, https://www.marincounty.org/-/media/files/departments/cd/planning/currentplanning/publications/county-wide-plan/cwp_2015_update_r.pdf?la=en.

²⁷ Marin County, *Adaptation Land Use Planning*, February 2020, p. 33.

alone adaptation plan. It has included representatives from the county and other local agencies, including the public works departments of San Rafael and Larkspur, on the project's advisory committee, but the town does not anticipate that the final plan (scheduled for release February 2021) will make recommendations beyond the scope of its own jurisdiction. As shown in Figure 2, Corte Madera, Larkspur, and unincorporated Marin share a common flood zone; it would be nearly impossible for Corte Madera to resolve its sea level rise flooding problems without joint action with Larkspur and the county, not to mention the Ross Valley. Corte Madera is well aware of this fact and is in ongoing conversation with the county and surrounding jurisdictions regarding the project and how to collaborate on adaptation strategies. That is constructive, but successful outcomes will require a formal commitment to joint action.

In addition to adaptation efforts in Corte Madera, there are also programs underway in Belvedere and San Rafael. The box on the next page describes these efforts.

One explanation for these individual approaches is that the process for adaptation planning is not yet well settled. As climate change concerns have grown, separate jurisdictions have grafted varying adaptation plans onto their preexisting planning instruments. Just as there was a time when climate action plans did not yet exist, such is the case today for climate change adaptation plans.

Fortunately, California's state government has been refining guidance to assist local governments and regional collaboratives in developing an effective planning process. In 2012, the state government issued its *California Adaptation Planning Guide*,²⁸ and a revised version was made available for final public comment in March 2020.²⁹ The March 2020 draft is a comprehensive document of more than 250 pages. The draft 2020 guide notes that "regional governments may also conduct adaptation work for all jurisdictions in their area, and multiple jurisdictions may collaborate on regional adaptation work."³⁰ The Grand Jury recommends restarting Marin's climate change adaptation planning process and believes that it should follow the roadmap set forth in the *California Adaptation Planning Guide*. The goal would be to create a single, comprehensive, multi-jurisdictional adaptation strategy for all of Marin.

There is precedent in Marin for collaboration on similar planning efforts. The county updated its local hazard mitigation plan in December 2018 and, unlike previous plans, this one is "multi-jurisdictional" and covers all of Marin.³¹ It was developed with input from Marin's towns and cities, and all of the municipalities formally adopted it in 2019. This could serve as a model for collaborating on a countywide multi-jurisdictional adaptation plan, which could be incorporated along with the local hazard mitigation plan into the general plans of the county, cities, and towns. That would bring coherence and efficiency to this difficult, but badly needed, effort.

²⁸ California Emergency Management Agency and California Natural Resources Agency, *California Adaptation Planning Guide*, July 2012,

https://www.caloes.ca.gov/HazardMitigationSite/Documents/001APG_Planning_for_Adaptive_Communities.pdf.

²⁹ California Governor's Office of Emergency Services, *California Adaptation Planning Guide*, final public review draft, March 2020, <https://www.caloes.ca.gov/HazardMitigationSite/Documents/APG2-FINAL-PR-DRAFTAccessible.pdf>.

³⁰ California Governor's Office of Emergency Services, *California Adaptation Planning Guide*, final public review draft, March 2020, p. 42.

³¹ Marin County, *Multi-Jurisdiction Local Hazard Mitigation Plan*, 2018, https://www.marinwatersheds.org/sites/default/files/2019-10/2018-MCM-LHMP_web.pdf.

Cities and Towns Proceed Independently

In 2019, Corte Madera launched a project to develop an adaptation plan addressing both sea level rise and wildfire risk. The town engaged an outside consulting firm to lead the effort, created a dedicated website, and, as of February 2020, had held at least two community engagement events. To help guide the project, a 16-member Resilience Advisory Committee was formed, consisting of planners and other representatives from the county and other local agencies. Corte Madera anticipates completing its adaptation plan in February 2021.³²

In 2019, Belvedere formed the Committee to Protect Belvedere's Seawalls, Levees, and Utilities to address seismic and flooding concerns, primarily along Beach Road and San Rafael Avenue. The city created a dedicated

website to track the effort and has been working with outside engineers and architects on design solutions.³³ The plan would raise the height of existing seawalls by 3½ feet.³⁴

San Rafael is in the process of updating its general plan and, as part of that, announced in early 2020 that it intends to include an adaptation report with that plan and to subsequently develop a comprehensive adaptation plan for the city. The city also announced its intention to adopt land use regulations, zoning overlays, and real estate disclosure requirements to address the growing risks of sea level rise. San Rafael is also working on several projects in East San Rafael to restore marshlands and possibly raise some levees in anticipation of sea level rise.



Architectural rendering of one proposed concept for a continuous seawall along Beach Road in Belvedere. The total project cost is estimated to be between \$11 million and \$27.4 million. (Rendering by One Architecture)

³² "Corte Madera: Adapting to Climate Change," accessed April 23, 2020, <https://cortemaderaadapts.org>.

³³ Belvedere Sea Wall Project, accessed April 18, 2020, <https://belvedereseawall.org>.

³⁴ Hannah Weikel, "City Unveils Refined Plans for Extensive Seawalls Work," *The ARK*, December 25, 2019.

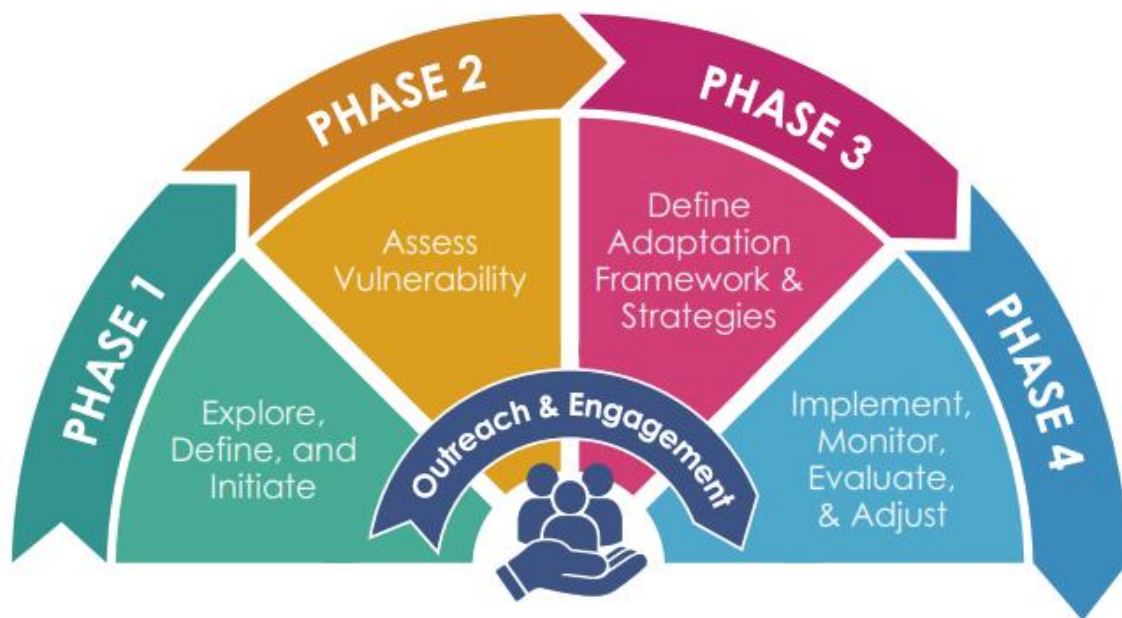
A Robust Framework for Moving Forward

As shown in Figure 5, the draft 2020 *California Adaptation Planning Guide* recommends a four-phase process for adaptation planning. Through the BayWAVE and C-SMART programs, Marin has tackled the second phase of the recommended planning process—assessing vulnerabilities—at least with respect to sea level rise. The third phase entails defining the adaptation framework and strategies.

But for any reboot of the planning process to be successful, it must start off on the right foot. The *first* phase outlined in the draft 2020 guide—explore, define, and initiate—has never been undertaken in Marin on a comprehensive countywide basis. Laying the groundwork in these areas will be critical to any planning effort.

As described in the guide, this first phase starts with the formation of an inclusive project task force responsible for the planning process. Consequently, the Grand Jury recommends the formation of the Marin Climate Adaptation Task Force which should be composed of representatives from county government, cities and towns, and other agencies affected by climate change. The task force should also include representatives of the public to ensure community support and representation of socioeconomically underserved areas. Ideally, the task force would have a combination of technical skills, planning skills, public engagement expertise, and financial know-how. As the initial stage of its work, the task force would define the vision for the planning project and the expected outcomes, with the primary objective being the creation of

Figure 5. Adaptation Planning Process Recommended in the Draft California Adaptation Planning Guide



Source: Reprinted from California Governor’s Office of Emergency Services, *California Adaptation Planning Guide*, final public review draft, March 2020, p. 2.

<https://www.caloes.ca.gov/HazardMitigationSite/Documents/APG2-FINAL-PR-DRAFTAccessible.pdf>.

a countywide adaptation strategy. It could be supported by one or more working groups or advisory teams representing key stakeholders. As stated in the *California Adaptation Planning Guide*, the task force should have a leader “empowered to make recommendations and/or have direct access to decision-makers.”³⁵

A planning process that is inclusive, deliberate, and goal-oriented will surely give Marin a greater chance of success. By committing to a more collaborative approach, Marin will be better prepared for the difficult climate change challenges that lie ahead. The cost of addressing climate change could be enormous. The cost of doing it haphazardly could be even greater.

The County Government’s Organization of Climate Change Efforts Is Too Decentralized

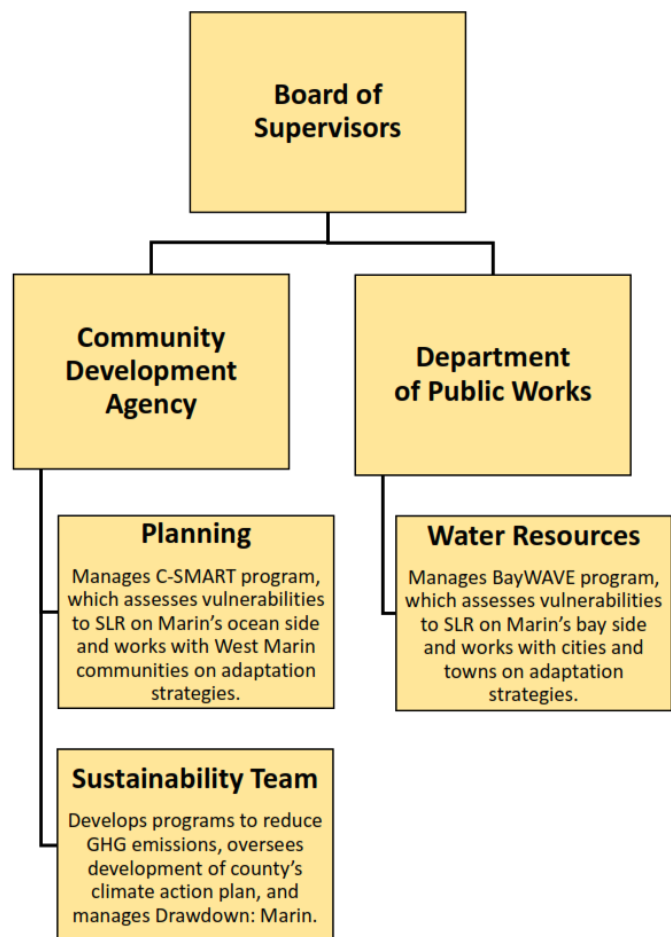
Whether or not Marin’s leaders agree on the benefits of a comprehensive, countywide plan and task force for addressing climate change, they should assess whether their current efforts could be made more efficient and effective.

The caliber of people throughout the county who are working on the climate problem is impressive, but their efforts may be hindered by organizational shortcomings. At the county level, the most active programs for addressing climate change reside in two departments: the Community Development Agency and the Department of Public Works, both of which report to the board of supervisors. As Figure 6 shows, the Community Development Agency’s Sustainability Team is responsible for mitigation planning, including development of the county’s climate action plan, but adaptation efforts are split between the two departments.

County Mitigation Programs

The Community Development Agency’s Sustainability Team works on the county’s climate action plan and programs to promote renewable energy, encourage green building, recognize green businesses, and implement energy efficiency projects. It also supports the Drawdown: Marin program, a

Figure 6. County Government Departments with Major Climate Change Roles



³⁵ California Governor’s Office of Emergency Services, *California Adaptation Planning Guide*, final public review draft, March 2020, p. 49.

collaborative effort in the county to develop policies and incentives that will help to further reduce, or “draw down,” countywide greenhouse gas emissions. (The county’s mitigation efforts are described in more detail in Appendix A.)

The Grand Jury identified several areas of concern in the current arrangement of the Sustainability Team:

- **Limited Authority.** Although the Sustainability Team coordinates with other county departments, it has no authority to direct their mitigation efforts.
- **Fragile Institutional Structure.** Members of the Sustainability Team have significant one-on-one contact with individual members of the board of supervisors, who may direct the team to address certain priorities over others. Climate change initiatives appear to have limited institutional durability.
- **Budgetary Uncertainty.** Of the seven people currently on the Sustainability Team, five are completely or partially dependent on grants for their paychecks; and four have limited-term employment, with their current terms expiring between September 2020 and August 2021. As a consequence of the COVID-19 pandemic, funding for these positions may have become even more precarious.

County Adaptation Efforts

The Community Development Agency’s planning division leads the C-SMART initiative, which is focused on the potential impacts of sea level rise on West Marin. Staff from the Department of Public Works’ water resources division, with support from Community Development Agency planners, lead BayWAVE, the project focused on Marin’s San Francisco Bay shoreline.

Although the C-SMART and BayWAVE projects reside in different departments and thus do not report to the same director, staff on both projects maintain that there is ongoing collaboration between the two groups. Indeed, they worked together to develop a guide that details the land-use planning tools available to adapt to rising sea levels. The county government published this guide in early 2020.³⁶ Nonetheless, the current arrangement has its drawbacks:

- **Reliance on Informal Collaboration.** Will C-SMART and BayWAVE complement each other or compete for resources? The collaboration that has occurred to date has been largely on an informal, peer-to-peer basis among staff members with common interests and goals. It is unclear how the adaptation efforts going forward will be coordinated or prioritized, if at all. For example, how will the relative priority of coastal and bayside needs be determined if these programs are not managed jointly? It is hard to see a benefit from keeping these efforts separate.
- **Different Analytical Approaches.** The scenarios of potential sea level rise and storm surges used in BayWAVE’s vulnerability assessment do not match the ones used in the C-SMART assessment. It is therefore quite difficult to determine the impact of any single

³⁶ Marin County, *Adaptation Land Use Planning*, February 2020.

Wetland Restoration Projects



The Marin County Parks project to restore subtidal and intertidal habitat at wetlands within McInnis Park aims to protect the park from sea level rise and maintain the San Francisco Bay Trail connection to Las Gallinas Valley Sanitary District. (Marin County Parks photo)

The county is currently exploring nature-based adaptation options, also called living shorelines, for protecting low-lying areas along the bay and ocean from sea level rise. These nature-based measures can not only reduce the vulnerability of communities to flood hazards but also provide fish and wildlife habitat, recreational opportunities, and carbon sequestration. In collaboration with the Golden Gate National Parks Conservancy, Marin

County Parks is developing conceptual plans for a nature-based sea level rise adaptation project at the Bothin Marsh Open Space Preserve in Mill Valley.³⁷ And in partnership with Las Gallinas Sanitary District and the Marin County Flood Control and Water Conservation District, the parks department is working on solutions to restore tidal wetlands in McInnis Park at the edge of San Pablo Bay in San Rafael.³⁸

scenario on the entire county. In the future, will the planning tools and frameworks adopted by C-SMART be compatible with those used by BayWAVE?

- **Limited Staffing.** The staff working on the C-SMART and BayWAVE adaptation programs—four or five employees—are not dedicated full time to keeping up with this dynamic field. They have many other responsibilities and limited time to get their jobs done.
- **Insufficient Attention to Health and Other Risks.** With the county’s focus being on sea level rise, other climate change risks, such as health risks caused by extreme weather events and rising temperatures, have received less attention in the county. The Health and Human Services department does not yet have a position focused full time on the health risks of climate change but the need for this will surely grow.

At least one other county department, Marin County Parks, is also involved with adaptation issues. Two of that department’s projects are described in the box above.

³⁷ Marin County Parks, “Creating a Shared Vision for Preservation and Recreation at Bothin Marsh,” accessed April 23, 2020, <https://www.marincountyparks.org/projectsplans/land-and-habitat-restoration/bothin-marsh-community-vision>.

³⁸ Marin County Parks, “Reclaiming Historic Tidelands and Protecting against Sea Level Rise at McInnis Park,” accessed April 23, 2020, <https://www.marincountyparks.org/projectsplans/land-and-habitat-restoration/marsh-restoration-mcinnis-park>.

A Model for Better Coordination

The Grand Jury is concerned that there is no single body in the county government, other than the board of supervisors, empowered to lead and coordinate the county's overall approach to climate change. In 2020, Marin's county administrator formed a climate change budget working group, but it is unclear how it might help climate change efforts to coalesce around a unified strategy.

What the Marin County government needs is an overarching leadership structure that would coordinate the climate-related efforts not only in the Department of Public Works and the Community Development Agency, but also in Health and Human Services, Parks, Agriculture, and all other departments affected by climate change.

This need could be met in various ways, but the Grand Jury urges the county government to take a close look at the approach taken by San Mateo County. In 2014, San Mateo formed an Office of Sustainability that focuses on climate change mitigation and adaptation, as well as energy and water, transportation and housing, and waste reduction. Reporting directly to the county manager, this office is well positioned to secure collaboration and cooperation from other county departments. San Mateo's effort started with a small full-time staff about the size of Marin's existing seven-person Sustainability Team and has since grown to more than 35. (San Mateo has about three times as many residents as Marin.)

Marin's county government should reorganize its climate change efforts to achieve greater focus by creating an office similar to San Mateo's. This new office should report either to the county administrator or directly to the board of supervisors. It should have a full-time senior leader and be staffed primarily, if not exclusively, by current county government personnel. The existing Sustainability Team, including Drawdown: Marin support, should be moved into (or be accountable to) the new office. Community development and public works employees engaged in climate change activities should either work full time in the new office or should have direct accountability to the new office's leadership for their climate change work. This new entity, which in this report will be referred to as the Office of Sustainability and Resilience, would be charged with the following responsibilities with respect to climate change:

- Managing and coordinating climate change mitigation and adaptation planning and programs across county departments
- Identifying and cultivating sources of funding for climate adaptation and mitigation efforts

This last point deserves elaboration. Funding is needed now for staffing, planning, policy development, and implementation of pilot projects. The county does not have a centralized grant application office, so grant applications are prepared by the department seeking the funding. The county should explore the creation of a dedicated resource within the new Office of Sustainability and Resilience where all grant applications related to climate change would be coordinated. Ideally, this position could be self-funded. Expertise in the grant application process, coupled with the expertise of the functional area requesting the grant, should result in more grants being obtained. In addition, this position could serve as a clearinghouse of grant-related information for Marin's municipalities and other agencies. Collaborative countywide climate proposals have a better chance of being funded.

It is critical to acknowledge that efforts to combat climate change—especially adaptation efforts—will require much more focus, investment, and coordination moving forward if we are to protect our communities and our standard of living. A dire need for funding has not confronted the county yet because Marin has yet to complete its adaptation planning or develop any timeline for implementation; but as it tackles the large public works projects that will be needed in the future, adequate staff resources and funding expertise will become critical.

Marin Needs Stronger Collaboration among the County, Cities, Towns, and Agencies

Collaboration does not come naturally to Marin’s 152 independent cities, towns, schools, special districts, and other governing entities. But the need to collaborate on climate change is recognized by many. For example, San Rafael’s *Climate Action Plan 2030* calls for the following action: “Work with local, county, state, regional, and federal agencies with bay and shoreline oversight and with owners of critical infrastructure and facilities in the preparation of a plan for responding to rising sea levels.”³⁹ The county’s 2015 climate action plan states that “effective adaptation requires coordination across many different stakeholders within a county”⁴⁰ and “cooperation with Marin County cities could help maximize efficiencies in implementing emissions reduction strategies.”⁴¹ San Anselmo’s plan states, “San Anselmo doesn’t exist in a vacuum. While we are leveraging or trying to combat regional, state-wide, national and even international actions and trends, we also have the ability and responsibility to collaborate with other efforts and campaigns.”⁴²

Planning and Policy Development

Although Marin’s municipalities often resist yielding local control, two countywide efforts could serve as building blocks for a more comprehensive approach to adaptation policy development and planning. The first is the working group of Marin’s county and municipal planners that helped develop the countywide, multi-jurisdictional local hazard mitigation plan recently adopted by the county’s board of supervisors and all the cities and towns.⁴³ The success of that effort is an encouraging sign that the planners could expand their collaboration to include a consistent, coordinated approach to adaptation planning for all of Marin.

The second model for collaboration, this one currently focused on mitigation, is the Marin Climate & Energy Partnership, which is funded by contributions by each of its members. Marin’s 11 municipalities and the county government formed this partnership in 2007 to help them work together on achieving their greenhouse gas emissions targets. The Transportation Authority of Marin, the Marin Municipal Water District, and MCE (formerly known as Marin Clean Energy) are also members. Almost all of the members are represented by staff-level planners, and a part-

³⁹ City of San Rafael, *Climate Action Plan 2030*, April 23, 2019, p. 31, <https://www.cityofsanrafael.org/documents/climate-change-action-plan-2030/>.

⁴⁰ ICF International, *Marin County Climate Action Plan (2015 Update)*, ICF 00464.13 (San Francisco, July 2015), p. ES-17, https://www.marincounty.org/-/media/files/departments/cd/planning/sustainability/climate-and-adaptation/execsummarymarincapupdate_final_20150731.pdf?la=en.

⁴¹ ICF International, *Marin County Climate Action Plan (2015 Update)*, pp. 7–9.

⁴² Town of San Anselmo, *Climate Action Plan 2030*, June 11, 2019, p. 47, <https://www.townofsananselmo.org/DocumentCenter/View/24823/San-Anselmo-Climate-Action-Plan-2030-pdf?bidId=>.

⁴³ Marin County, *Multi-Jurisdiction Local Hazard Mitigation Plan*, 2018.

time consultant coordinates their work. The partnership has developed greenhouse gas inventories for all of the cities, towns, and unincorporated areas in Marin, and it publishes this data on its website.⁴⁴ Because only two of Marin’s cities and towns have full-time employees devoted to climate change, the partnership fills a gap by assisting municipalities with their climate action plans.

Given the climate partnership’s success to date, the Grand Jury recommends that its mission be expanded to include comprehensive support for cities and towns on both mitigation and adaptation planning. It could also become the formal “home” for the less formal meetings currently held by the county and municipal planners. If the county forms the proposed Marin Climate Adaptation Task Force as recommended in this report, the partnership could play an important staff-level role supporting the work of the task force in developing a countywide adaptation plan. If the task force is not formed, the partnership could continue its role of supporting climate change policy efforts in the cities, towns, and other member agencies—but with an expanded scope that includes support for adaptation planning.

At this time, the climate partnership is staffed by just the one part-time consultant. The partnership should add the resources needed to support the cities, towns, and other members in developing their detailed adaptation measures, including formulating land use and zoning regulations. It is far more efficient to provide coordinated support for these efforts than having each city, town, or other agency find its own way. These expanded efforts could be funded through grants and a modest increase in the member contributions.

If formed, the new Office of Sustainability and Resilience recommended above should be the primary county liaison with the expanded climate partnership. The new office should work through the partnership to assist cities, towns, and other Marin agencies in building skills related to adaptation planning and in sourcing funding for planning and pilot projects.

Collective Action and Implementation

Beyond planning and policy development, there is currently no Marin organization on the horizon that will bring together the cities, towns, and other Marin agencies to collaborate on *implementing* climate change adaptation measures or, in the future, to finance and build the large multi-jurisdictional public works projects that will grow out of adaptation plans. There needs to be such an organization or forum.

Just as San Mateo County provides a model for coordinating climate-related functions within the county government, it also offers a possible model for countywide collaboration on implementation measures related to sea level rise. As described in the box on the next page, the new San Mateo County Flood and Sea Level Rise Resiliency District is a multi-jurisdictional agency designed to consolidate the work of the county’s Flood Control District and Flood Resilience Program and to initiate new countywide efforts to address and protect against the impacts of sea level rise.⁴⁵ With representation from all 20 San Mateo cities, it is a truly collaborative countywide body that will plan for and implement the public works projects

⁴⁴ Marin Climate & Energy Partnership, accessed April 21, 2020, <https://marinclimate.org/>.

⁴⁵ Flood and Sea Level Rise Resiliency District, accessed February 4, 2020, <https://resilientsanmateo.org/>.

The San Mateo Flood and Sea Level Rise Resiliency District: A Potential Model for Implementing Marin's Adaptation Program

Beginning in 1959, San Mateo County had a flood control district similar to Marin's Flood Control and Water Conservation District. The San Mateo district's board was the county's board of supervisors. The district had separate flood control zones for each flood-susceptible area, with residents in each zone paying extra property taxes to fund the flood control projects in that zone. San Mateo's cities had no representation on the district's board. This is how Marin's current flood control district is organized.

In 2018, San Mateo County completed a vulnerability assessment regarding sea level rise under a project similar to Marin's BayWAVE effort. It projected that in the event of a mid-level 2100 sea level rise scenario, property with an assessed value of \$34 billion would be flooded on the bay and coastal sides of the county.⁴⁶

Several cities in San Mateo had pursued independent planning efforts related to sea level rise. In addition, the San Mateo City/County Association of Governments (C/CAG) had a program to assist the cities with stormwater management. However, according to a 2019 City of Menlo Park staff report, "since 2013, San Mateo County and the 20 cities and towns have increasingly recognized their competitive disadvantage in pursuing grant funding to respond to flooding and sea level rise in comparison with neighboring counties that have countywide agencies working on those issues."⁴⁷

In 2017, C/CAG established a committee to study the best way to create a countywide effort to

address flooding, regional stormwater, and sea level rise issues in the county. The committee recommended reorganizing the county's existing flood control district, and that proposal was approved by the county in early 2019. The reorganization required the passage of special legislation at the state level, which was approved by the governor on September 12, 2019, and became effective on January 1, 2020.⁴⁸ There will be a three-year startup period, during which the district will seek permanent sources of funding for its sea level rise initiatives. The following are key attributes of the new organization:

- The old flood control zones and funding mechanism will continue.
- Countywide sea level rise and resiliency will be added to the organization's mission, including both the coastal and the bayside shoreline.
- The district will now represent the county and all 20 of its cities, with a representative governing board of seven, two of whom are county supervisors.
- Each city will contribute between \$25,000 and \$55,000 per year, depending on its size, to fund startup operations.
- The district will have a small staff of its own, including a chief executive officer, although it will continue to rely on services provided by the county's Department of Public Works for engineering and other project support.

⁴⁶ County of San Mateo, *Sea Level Rise Vulnerability Assessment*, March 2018, p. 181, https://seachangesmc.org/wp-content/uploads/2018/03/2018-03-12_sea_level_rise_VA_Report_2.2018_WEB_FINAL.pdf.

⁴⁷ City of Menlo Park Department of Public Works, staff report, May 7, 2019, p. 1, <https://www.menlopark.org/DocumentCenter/View/20709/I2---Flood-and-sea-level-Rise---SR?bidId=>.

⁴⁸ California Assembly Bill 825, https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB825.

needed to protect San Mateo from the effects of sea level rise. This new agency, which commenced operations January 1, 2020, has three primary objectives:

- To create a collaborative forum bringing all the cities in the county together in their efforts to adapt to sea level rise
- To build expertise, and help San Mateo’s cities build expertise, in planning for and executing public works projects for sea level rise adaptation
- To better position San Mateo to compete for funding by creating a cross-jurisdictional entity serving the entire county.

The Grand Jury’s investigation found that there is a strong consensus among Bay Area government leaders that funding sources for climate change adaptation favor regional or multi-jurisdictional efforts compared to projects by individual cities, towns, and agencies. Marin currently lacks a multi-jurisdictional climate change initiative like this, leaving it disadvantaged in funding efforts.

Marin’s current flood control district is similar to San Mateo’s old one. While Marin’s district covers the entire county, it operates only in eight designated “zones” where there are flooding risks. Each zone has funding from property taxes paid by homeowners in the zone, and those funds are used to pay for flood control projects in the zone.

Although Marin’s district is not charged explicitly with combating sea level rise or other climate change effects, increased flooding is certainly one result of extreme rainfall and weather events. In that sense, the district is already aligned with climate change adaptation.

Indeed, much of the infrastructure of the district—stormwater pump stations, detention basins, bypass drains, levees—is situated in the low-lying areas that constitute the front lines of sea level rise adaptation, so it makes sense for the district to play a key role in climate change adaptation.

The Grand Jury recommends that the county explore the feasibility of reorganizing the Marin County Flood Control and Water Conservation District in a manner similar to San Mateo’s, to achieve similar goals of creating a collaborative forum; building the expertise of Marin’s cities, towns, and agencies; and creating a multi-jurisdictional agency that will be highly competitive in the fundraising arena. The Grand Jury believes that the purview of the reorganized agency should be countywide and should include climate change adaptation efforts on both the coastal and bay side.

If the Marin Climate Adaptation Task Force is formed as recommended in this report, the task force could commission the feasibility study at the appropriate stage of its planning process. If the task force is not formed, the Grand Jury recommends that the board of supervisors commission the study as soon as it is financially able to do so.

Marin needs to create institutions enabling climate change collaboration among the jurisdictions within the county. With the reorganized flood control district as the collaborative agency responsible for planning and implementing public works projects across the county, Marin would be well positioned to lead on climate change adaptation efforts and compete for funding with other regions. This effort would be even stronger if supported by a newly created Office of Sustainability and Resilience in the county government and backed by a countywide climate change adaptation plan.

CONCLUSION

Over the lifetime of a child born in 2020, Marin County will be profoundly affected by climate change. Today's heavily populated shoreline areas will either be inundated by rising sea levels or be shielded by large sea walls. Highways will be rerouted or reengineered. The vegetation on Mt. Tamalpais will be altered. Health systems will be stressed. Socioeconomic inequities will worsen. We can lessen the severity of those impacts through concerted efforts to reduce greenhouse gas emissions and to sequester carbon. But we cannot reverse the trend.

Property owners and government officials will be facing hard choices. What losses are we willing to accept? How much are we willing to pay? What options do we really have? Nobody has all the answers, but we as a community need to aggressively, deliberatively, and cooperatively organize and plan to meet the climate threat.

As first steps, this report calls for several related but independent changes in Marin's approach to climate change. Our elected officials should establish a Marin Climate Adaptation Task Force to develop a comprehensive adaptation strategy for all of Marin. The county government should consolidate its climate efforts under a new Office of Sustainability and Resilience. The existing Marin Climate & Energy Partnership should expand its mission to support countywide adaptation planning. The county government should explore the feasibility of reorganizing Marin's Flood Control and Water Conservation District board into a countywide body with representatives from the county and all municipalities and the added responsibility of executing public works projects required to defend against sea level rise.

Each of these recommended measures would be a step in the right direction. Taken together, they would take Marin much closer to more effective management of the adaptation challenges that lie ahead. It's the least we can do for our children.

FINDINGS

- F1. Climate change mitigation efforts by Marin governments have been notably effective in meeting their goals to reduce greenhouse gas emissions.
- F2. Adaptation planning is essential to protect local public utility and transportation infrastructure as well as private property interests, and to enable Marin's citizens to maintain their current standards of living.
- F3. With the BayWAVE and C-SMART initial vulnerability assessments completed, the county is now well-positioned to focus on adaptation planning and policies related to sea level rise.
- F4. The existing adaptation efforts across the county pay insufficient attention to the other potential effects of climate change, including impacts on public health, ecosystems, and social equity.
- F5. There are insufficient staff and financial resources devoted to climate change adaptation efforts across county government as well as in the cities, towns, and other agencies, and many of the existing efforts are highly dependent on grant funding.

- F6. Within the county government, there is no single coordinating body focused on climate change, which could impede the ability to unify county efforts around a common strategy and plan.
- F7. Cross-jurisdictional collaboration and coordination will be required for successful adaptation efforts, but Marin lacks any overarching organizational or governance structure to facilitate this.

RECOMMENDATIONS

- R1. The board of supervisors, in collaboration with the municipalities and other agencies affected by climate change, should convene a multi-jurisdictional task force (referred to in this report as the Marin Climate Adaptation Task Force) charged with developing a single, comprehensive, multi-jurisdictional adaptation strategy for all of Marin.
- R2. The board of supervisors should form a new office within county government (referred to in this report as the Office of Sustainability and Resilience) devoted to climate change mitigation and adaptation and reporting to the county administrator's office or the board of supervisors.
- R3. The board of supervisors should direct the formation and staffing, preferably in the new Office of Sustainability and Resilience, of a centralized grant-seeking function related to climate change mitigation and adaptation efforts for county government.
- R4. Each member of the Marin Climate & Energy Partnership, should declare its support for broadening the partnership's mission and increasing its funding as necessary to enable it to support overall climate change planning efforts, including both mitigation and adaptation in cities, towns, and other member agencies throughout the county.
- R5. The board of supervisors should commission a feasibility study concerning the reorganization of Marin's Flood Control and Water Conservation District. This multi-jurisdictional study should analyze broadening the district's mission to include coastal and bayside sea level rise adaptation across the county as well as revising its governing membership to include representatives of the county and all Marin cities and towns. If the board of supervisors supports the formation of the Marin Climate Adaptation Task Force as recommended in this report, the responsibility for this study could be referred to the task force for consideration at the appropriate time.
- R6. Each city and town, if it does not have a full-time sustainability coordinator (or similar position), should appoint a committee or commission charged with monitoring and reporting on its climate change mitigation and adaptation efforts.

REQUEST FOR RESPONSES

According to the California Penal Code, agencies required to respond to Grand Jury reports generally have no more than 90 days to issue a response. It is not within the Grand Jury's power to waive or extend these deadlines, and to the Grand Jury's knowledge, the Judicial Council of California has not done so. But we recognize that the deadlines may be burdensome given current conditions caused by the COVID-19 pandemic.

Whether the deadlines are extended or not, it is our expectation that Marin’s public agencies will eventually be able to return to normal operations and will respond to this report. In the meantime, however, public health and safety issues are of paramount importance and other matters might need to wait.

Pursuant to Penal Code Section 933.05, the Grand Jury requests responses as shown below. Where a recommendation is addressed to multiple respondents, each respondent should respond solely on its own behalf without regard to how other respondents may respond.

From the following governing bodies:

- County of Marin (F1–F7, R1–R5)
- City of Belvedere (F1–F5, F7, R1, R4, R6)
- City of Larkspur (F1–F5, F7, R1, R4, R6)
- City of Mill Valley (F1–F5, F7, R1, R4, R6)
- City of Novato (F1–F5, F7, R1, R4, R6)
- City of San Rafael (F1–F5, F7, R1, R4, R6)
- City of Sausalito (F1–F5, F7, R1, R4, R6)
- Town of Corte Madera (F1–F5, F7, R1, R4, R6)
- Town of Fairfax (F1–F5, F7, R1, R4, R6)
- Town of Ross (F1–F5, F7, R1, R4, R6)
- Town of San Anselmo (F1–F5, F7, R1, R4, R6)
- Town of Tiburon (F1–F5, F7, R1, R4, R6)
- Marin Clean Energy (MCE) (F1–F4, F7, F8, R1, R4)
- Marin General Services Authority (R4)
- Marin Municipal Water District (F1–F5, F7, R1, R4)
- Transportation Authority of Marin (F1–F5, F7, R1, R4)

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted in accordance with Penal Code Section 933 (c) and subject to the notice, agenda and open meeting requirements of the Brown Act.

Note: At the time this report was prepared information was available at the websites listed.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.

APPENDIX A. MITIGATION EFFORTS IN MARIN

Marin County’s institutional response to climate change began in 2002, and the focus for most of the years since then has been on mitigation measures—on actions to reduce greenhouse gases and other causes of climate change.

Targets and Plans

In April 2002, the Marin County Board of Supervisors adopted a resolution to join the Cities for Climate Protection Campaign. The resolution pledged the county to take a leadership role in promoting public awareness of climate change and to undertake efforts to reduce greenhouse gas and other air pollution emissions.⁴⁹ In June 2003, as part of that commitment, the county government completed its first analysis of greenhouse gas emissions levels.⁵⁰ Three years later, the board adopted the *Marin County Greenhouse Gas Reduction Plan*, setting a greenhouse gas reduction target of 15 percent below 1990 levels by 2020 for both community and municipal emissions in unincorporated Marin. Crediting government and private sector investments in energy efficiency, renewable energy, alternative fuel vehicles, water conservation, and waste minimization, the county reported that it met its community emissions target in 2012—eight years ahead of schedule.⁵¹

The *Marin County Climate Action Plan (2015 Update)* built on the 2006 plan, doubled the 2020 reduction target for community emissions, and listed actions the county would take to achieve the reductions.⁵² Another update is scheduled to be completed before the end of 2020 and is expected to include forecasts, targets, and strategies to 2030.

Starting in 2009, all of Marin’s incorporated cities and towns also developed their own climate action plans. Almost all of these local plans were developed with assistance from the Marin Climate & Energy Partnership (MCEP), a group that includes staff-level planners from Marin’s county and municipal governments. MCEP has been instrumental in creating the greenhouse gas inventories needed for the climate action plans. Like the county’s climate action plan, the municipal plans focus primarily on efforts the local governments and communities can take to reduce greenhouse gas emissions. Collectively, the patchwork of county and municipal plans covers all of Marin County. From 2005 to 2018, according to the MCEP, countywide greenhouse gas emissions dropped by 25 percent.⁵³

A collaborative effort in the county to confront the challenge of climate change began in October 2017 when the board of supervisors adopted a resolution stating that “the County of Marin will work with County staff and community leaders to develop and implement policies and create incentives that will achieve dramatic greenhouse gas reductions, align climate action policies

⁴⁹ Marin County Board of Supervisors, Meeting Minutes, April 23, 2002, <https://pav.marincounty.org/publicaccessbosarchive/>.

⁵⁰ Marin County Community Development Agency, *Greenhouse Gas Emissions Analysis Report*, County of Marin Cities for Climate Protection Campaign (June 2003), https://www.marincounty.org/depts/cd/divisions/planning/sustainability/~/_media/Files/Departments/CD/Planning/Sustainability/Initiatives/CCP_FinalReport.pdf.

⁵¹ ICF International, *Marin County Climate Action Plan (2015 Update)*, p. ES-1.

⁵² ICF International, *Marin County Climate Action Plan (2015 Update)*, pp. ES-1–ES-2.

⁵³ Marin Climate & Energy Partnership, “Marin Tracker,” accessed June 29, 2020, <http://www.marintracker.org/>.

with the California Climate Adaptation Strategy, and adopt integrated strategies to achieve one “carbon free” goal.”⁵⁴

The initiative that sprouted from this resolution was named Drawdown: Marin, and it is managed by the county government’s Community Development Agency. Its current goals are to reduce, or “draw down,” net countywide greenhouse gas emissions by 60 percent by 2030, relative to 2005 levels, and to achieve net-zero emissions by 2045. To help meet these goals, it has formed working groups to develop solutions in six focus areas: renewable energy, transportation, buildings and infrastructure, carbon sequestration, local food and food waste, and climate resilient communities. These groups, called stakeholder collaboratives, consist of technical experts, community members, county and city staff, and others, many of whom are unpaid volunteers.

The original aim was for Drawdown: Marin’s steering committee to endorse 12 to 18 solutions that, once approved by the board of supervisors, would be integrated into the 2020 update of the *Marin County Climate Action Plan*.⁵⁵ In July 2020, Drawdown: Marin issued a draft strategic plan that summarized 29 climate change solutions proposed by the stakeholder collaboratives, including 7 solutions that were endorsed by the steering committee for immediate implementation.⁵⁶ Drawdown: Marin also has a Community Partnership Council to engage people throughout the county in its efforts.

Implementation of Mitigation Programs

A major step in moving beyond planning and actually implementing mitigation measures was the 2010 launch of Marin Clean Energy, a joint powers authority that was California’s first community choice aggregation (CCA) program. Authorized by the California legislature in 2002 under Assembly Bill 117, CCA programs allow communities to choose their electricity sources. Marin Clean Energy’s initial participants were unincorporated Marin County and seven Marin cities and towns. It was explicitly created to help reduce greenhouse gas emissions:

The purposes for the Initial Participants . . . entering into this Agreement include addressing climate change by reducing energy related greenhouse gas emissions and securing energy supply and price stability, energy efficiencies and local economic benefits. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar and wind energy production.⁵⁷

The remaining four Marin municipalities joined in 2011. Now calling itself MCE, the program has since added 22 municipalities and unincorporated areas in Contra Costa, Napa, and Solano Counties. PG&E provides electric delivery services, and customers in MCE’s service areas are

⁵⁴ Marin County Board of Supervisors, Resolution No. 2017-104, October 3, 2017, https://marin.granicus.com/MetaViewer.php?view_id=36&clip_id=8757&meta_id=917217.

⁵⁵ “Drawdown: Marin Roadmap,” June 2019 update, https://www.marincounty.org/-/media/files/departments/cd/planning/sustainability/climate-and-adaptation/drawdown-marin/drawdown-roadmap_updated-june-2019.pdf?la=en.

⁵⁶ County of Marin Sustainability Team, *Drawdown: Marin Strategic Plan*, draft, July 2020, <https://www.marincounty.org/-/media/files/departments/cd/planning/sustainability/climate-and-adaptation/drawdown-marin/strategic-plan/draft-drawdown-marin-strategic-plan.pdf?la=en>.

⁵⁷ Marin Energy Authority, Joint Powers Agreement, as amended through April 21, 2016, https://www.mcecleanenergy.org/wp-content/uploads/2017/03/JPA-Agreement-24-Communities_Updated-3.21.17.pdf.

automatically enrolled in the CCA unless they opt out. According to MCE, 60 percent of the electricity obtained through its default “Light Green” option is generated from renewable sources including solar, wind, bioenergy, geothermal, and small hydro. It says that its “Deep Green” option, which costs residential customers about \$5 a month extra, provides “100 percent non-polluting wind and solar power produced in California.” Half of the Deep Green premium supports local renewable energy projects such as solar farms and electric vehicle charging installations.⁵⁸ Climate action plans frequently promote Deep Green as a greenhouse gas reduction strategy.

The county government has also implemented programs to encourage residents to reduce their carbon footprint. Among them: Electrify Marin, a countywide program that provides financial incentives for residents to replace fossil-fuel appliances with high-efficiency electric appliances; the Marin Solar Project, which helps homeowners and businesses evaluate options for solar systems; and the Marin Energy Watch Partnership, which provides resources and incentive funds to help residents, businesses, and public agencies become more energy efficient. County agencies and many cities and towns have partnered with Resilient Neighborhoods, which conducts workshops to educate and motivate community members to reduce their household greenhouse gas emissions. Other actions taken by the county government and municipalities include installation of charging stations for electric vehicles.

⁵⁸ “Residential,” MCE, accessed June 2, 2020, <https://www.mcecleanenergy.org/residential/#>.

APPENDIX B. CURRENT AND RECOMMENDED ENTITIES AND PROGRAMS REFERENCED IN THIS REPORT

The following is a brief description of the primary governmental organizations and programs in Marin involved in climate change mitigation and adaptation, or affected by climate change:

Name	Description
Marin County Community Development Agency	A department within county government responsible for planning, and land use and building regulation. The department also manages the C-SMART program.
Marin County Department of Public Works	A department within county government responsible for county roads and public works projects on county lands. The department also manages the BayWAVE program and provides all staff support to the Marin County Flood Control and Water Conservation District.
Marin County Department of Health and Human Services	A department within county government responsible for public health, behavioral health and recovery, and social services across the county.
Marin County Flood Control and Water Conservation District	The district manages flood control and water conservation efforts within eight geographical districts within the county funded by ad valorem taxes paid by property owners.
Marin County Parks Department	A department within county government responsible for managing public parks on county lands. The department also provides all staff support to the Marin Open Space District.
Drawdown: Marin	A program approved by the county in 2017 to work with community members to develop innovative climate change mitigation programs that can be implemented by Marin's governments.
BayWAVE	A program launched by the county in 2015 to assess the vulnerability of the county's eastern shore to sea level rise. The program is managed by the Marin County Department of Public Works.

Name	Description
C-SMART	A program launched by the county in 2014 to assess the vulnerability of the county's ocean shoreline to sea level rise. The program is managed by the Marin County Community Development Agency.
Marin Climate & Energy Partnership	A collaboration among Marin's cities and towns, MCE, Transportation Authority of Marin, and Marin Municipal Water District to assist members with their climate action plans and associated greenhouse gas inventories. The partnership was also involved in the formation of MCE and the development of associated energy efficiency programs. It is a program managed by the Marin General Services Authority.
Sustainability Team	A seven-person team within the Marin County Community Development Agency to manage climate change mitigation efforts within county government. It also provides support to Drawdown: Marin.

The following are new organizations to be formed as recommended by this report:

Name	Description
Marin Climate Adaptation Task Force	A task force to create a countywide adaptation plan that can be adopted by cities, towns and other agencies throughout the county.
Marin County Office of Sustainability and Resilience	An office reporting either to the County Administrator or the board of supervisors to unify mitigation and adaptation efforts within county government.

RESPONSE TO GRAND JURY REPORT FORM

Report Title: Climate Change: How Will Marin Adapt?
Report Date: September 11, 2020

Response By: San Rafael City Council
Title: Mayor and City Council

FINDINGS:

- We agree with the findings numbered F1, F2, F3, F5
- We disagree wholly or partially with the findings numbered F4, F7
(See Attachment A)

RECOMMENDATIONS:

- Recommendations numbered R6 have been implemented.
- Recommendations numbered _____ have not yet been implemented but will be implemented in the future.
- Recommendations numbered R1 & R4 require further analysis. (See Attachment A)
- Recommendations numbered _____ will not be implemented because they are not warranted or are not reasonable.

DATED: _____

Signed: _____
GARY O. PHILLIPS, Mayor

ATTEST: _____
Lindsay Lara, City Clerk

Number of pages attached: 4

**ATTACHMENT A: RESPONSE OF THE CITY OF SAN RAFAEL TO GRAND JURY
REPORT “CLIMATE CHANGE: HOW WILL MARIN RESPOND?”**

FINDINGS AND RESPONSES

The responses below have been made from the perspective of the City of San Rafael’s experience with planning for the effects of climate change. Although we work cross-jurisdictionally and are members of the Marin Climate and Energy Partnership, we do not have full insight or influence on the planning practices of other local government agencies in Marin County.

F1. Climate change mitigation efforts by Marin governments have been notably effective in meeting their goals to reduce greenhouse gas emissions.

Response: Agree

The City of San Rafael has worked with the County, other Marin cities and towns, as well as other local partners and community members to collaborate on mitigation efforts. We’ve been successful in reducing greenhouse gas (GHG) emissions in San Rafael thus far to 25% below 2005 baseline levels. However, GHG emission reductions will be more challenging as deeper reductions are required, and we will need to redouble our efforts to get to a 40% reduction below 1990 levels by 2030.

F4. The existing adaptation efforts across the county pay insufficient attention to the other potential effects of climate change, including impacts on public health, ecosystems, and social equity.

Response: Partially Disagree

In 2017, the City of San Rafael prepared and adopted a Local Hazard Mitigation Plan that addresses all hazards, as well as hazards associated with climate change. In 2018, the City participated in the working group of Marin’s county and municipal planners that helped develop a countywide, multi-jurisdictional Local Hazard Mitigation Plan that was subsequently adopted by the San Rafael City Council and the Board of Supervisors (referenced on p. 18 of the Grand Jury Report). The City continues to participate in this working group, which is collaborating to help integrate climate adaptation planning in all the planning efforts of the local jurisdictions.

Subsequently, the City of San Rafael has integrated much of this work into a just-released Draft General Plan 2040, which includes a State-mandated Equity, Diversity and Inclusion Element and a Safety and Resilience Element addressing climate impacts. The Draft General Plan 2040 also includes two supportive documents to begin San Rafael’s adaptation efforts: a Flood Risk and Sea Level Rise Adaptation Report and Sea Level Rise Adaptation Technical Guidance Study, conducted by ESA. In addition, there are two ecosystem related climate adaptation projects in San Rafael: the San Francisco Estuary Institute’s eel grass and oyster bed restoration project in the Bay off Shoreline Path, and the Tiscornia Marsh Restoration Project, proposed outboard of Pickleweed Park. The City is the lead agency for this restoration project.

Although public health has not been addressed explicitly in San Rafael, the City has supported a student project assessing extreme heat effects and solutions, and the City supports a number of programs related to food security such as ExtraFood.org and COVID-19 related food pantries. In addition, the City

is currently working with the County of Marin on a Prop 68 Ocean Protection Council grant to develop an equitably-driven climate resilience project in the greater Canal area of San Rafael, which centers the work in social equity and collaborative decision-making.

F7. Cross-jurisdictional collaboration and coordination will be required for successful adaptation efforts, but Marin lacks any overarching organizational or governance structure to facilitate this.

Response: Partially Disagree

Although no one overarching organizational or governance structure currently exists to address all aspects of climate change impacts, it is unclear if this is the best approach moving forward. There are numerous types of climate impacts, some which overlap with other natural or human-made disasters or threats, each requiring different sets of solutions across a multitude of stakeholders and regulatory structures.

And as noted in the report, there are several other major collaboration and coordination efforts already happening in the County that address some of the most pressing impacts related to climate change. First is the Marin Wildfire Protection Authority, a county-wide Joint Powers Authority approach to fire prevention which is a model worth exploring for adaptation approaches to other hazards. The issues and solutions are clear and discernable, and the coordination effort has dedicated funding. Second, there is a County-led Sea Level Rise program based on the BayWAVE vulnerability assessment. The issues and solutions are less clear and discernable at this point, but the coalescing around flood risk and sea level rise is significant. In addition, the DRAWDOWN: Marin effort addresses both climate change mitigation and adaptation and resilience. This program is being developed and finalized and could be an overarching organizational structure to work from. There is also a county-wide Community Development Directors group meeting to synchronize planning efforts around the county specific to general plan policies and adaptation efforts, and a County-wide Local Hazard Mitigation Plan that provides and organizational structure to work from.

RECOMMENDATIONS AND RESPONSES

R1. The board of supervisors, in collaboration with the municipalities and other agencies affected by climate change, should convene a multi-jurisdictional task force (referred to in this report as the Marin Climate Adaptation Task Force) charged with developing a single, comprehensive, multi-jurisdictional adaptation strategy for all of Marin.

Response: This recommendation requires further analysis.

As noted above, much coordination has already been done around the county with regard to climate change. It is unclear whether a single, comprehensive, multi-jurisdictional adaptation strategy for all of Marin is the best way to approach the various impacts of climate change. There is already a county-wide Local Hazard Mitigation Plan, which all Marin jurisdictions are party to, which includes climate impacts as well as threats from other non-climate specific hazards. It may be that an approach like this is better suited to developing a coordinated strategy or approach. It may also be that the best way to address climate threats is through sector or threat-specific coordination efforts such as the Marin Wildfire Prevention Authority and the BayWAVE sea level rise program since each of these threats is specific,

complex and requires significant stakeholder involvement, regulatory approaches, expertise and solutions. The City's Draft General Plan 2040 Policy S-3.6: Resilience to Tidal Flooding contains a program specific to countywide coordination regarding sea level rise and flooding. Program S-3.6C: Countywide Agency/Joint Powers Authority states *"Work with the County of Marin to facilitate the formation of a centralized countywide agency or joint powers authority to oversee adaptation planning, financing, and implementation."*

In addition, DRAWDOWN: Marin is in the process of formalization and may be a venue for further coordination or exploration around climate adaptation planning. This is a broad-based and inclusive effort that the City applauds and has been part of. Importantly this effort includes community leaders, nonprofits, business leaders and others. It will be essential to conduct robust community engagement from all sectors to put in place any countywide effort to address adaptation. A climate adaptation task force or exploration could fit within or without either of these current efforts depending on the outcomes of DRAWDOWN: Marin.

Finally, there is a significant amount of work being done around the Bay Area region through the San Francisco Bay Conservation and Development Commission's (BCDC) Bay Adapt program and the Bay Area Climate Adaptation Network, which both City and County staff participate in. These two efforts are looking at the challenges and solutions to county-wide and regional adaptation planning, specifically with regard to decision-making, permitting, and governance. There is widespread agreement that there is no clear best way to address cross-jurisdictional organization or governance at this time, but the two are conducting research and analyses to help local governments understand and make good choices in these regards.

The City of San Rafael looks forward to working with the County and Board of Supervisors to explore the best approaches to coordinate around the myriad of threats and vulnerabilities due to climate change and other potential natural and human-caused disasters. Currently the City is embarking on adaptation planning and has begun to explore and apply for grants in partnership with the County to proceed from assessment mode to adaptation planning in a coordinated fashion. The City will review the Grand Jury's recommendation through this collaboration with the County. In addition, the City will review the recommendation in the process of adopting San Rafael's new General Plan 2040 and will consider any pertinent outcomes of our analysis in the Implementing Programs sometime in the spring of 2021.

R4. Each member of the Marin Climate & Energy Partnership, should declare its support for broadening the partnership's mission and increasing its funding as necessary to enable it to support overall climate change planning efforts, including both mitigation and adaptation in cities, towns, and other member agencies throughout the county.

Recommendation numbered R4 requires further analysis.

The Marin Climate and Energy Partnership (MCEP) has been a very successful collaboration specific to its current purview and activities. Through MCEP, all of the cities and the County have benefitted from consistent and coordinated climate action plans, annual greenhouse gas inventories, and implementation of priority mitigation projects from the climate action plans. These include actions and projects such as electric vehicle charging, permit streamlining, and Resilient Neighborhoods funding and promotion. Each local jurisdiction contributes a small annual financial amount, which results in significant benefits. Additional contributions could translate into additional coordinated mitigation projects. MCEP has conducted some minimal efforts around adaptation planning. It could also be that

there would be some benefit to additional funding for adaptation-related projects, but it would require further analysis because one of the things that makes MCEP work so well is having a small, dedicated team of staff from the various agencies, including our local public utilities.

Expansion of MCEP's purview would also require expansion of staff involved and there is also the risk of duplication with efforts already in the works such as the Marin Planning Directors Working Group, BayWAVE, DRAWDOWN: Marin, and the countywide Local Hazard Mitigation Plan. The City will work with the other member agencies of MCEP and the Marin General Services Agency to determine the appropriate role of MCEP in relation to adaptation planning and will report back to the City Manager in the spring of 2021.

R6. Each city and town, if it does not have a full-time sustainability coordinator (or similar position), should appoint a committee or commission charged with monitoring and reporting on its climate change mitigation and adaptation efforts.

Response: This recommendation has been implemented.

The City of San Rafael has a full time Sustainability Program Manager and conducts quarterly community forums which provide updates on implementation of our Climate Change Action Plan. The Sustainability Program Manager reports to the City Council on mitigation and adaptation efforts formally on an annual basis as well as informally through the City Council Sustainability Liaison.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE THE CITY OF SAN RAFAEL'S RESPONSE TO THE 2019-2020 MARIN COUNTY CIVIL GRAND JURY REPORT ENTITLED, "CLIMATE CHANGE: HOW WILL MARIN ADAPT?"

WHEREAS, pursuant to Penal Code section 933, a public agency which receives a Grand Jury Report addressing aspects of the public agency's operations must, within ninety (90) days, provide a written response to the Presiding Judge of the Superior Court, with a copy to the Foreperson of the Grand Jury, responding to the Report's findings and recommendations; and

WHEREAS, Penal Code section 933 specifically requires that the "governing body" of the public agency provide said response and, in order to lawfully comply, the governing body must consider and adopt the response at a noticed public meeting pursuant to the Brown Act; and

WHEREAS, the City Council of the City of San Rafael has received and reviewed the Marin County Grand Jury Report, dated September 11, 2020, entitled "Climate Change: How Will Marin Adapt?", and has added the discussion of this report to the November 16, 2020 City Council meeting agenda to consider the City's response.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of San Rafael hereby:

1. Approves and authorizes the Mayor to execute the City's response to the Marin County Grand Jury's September 11, 2020 report, entitled "Climate Change: How Will Marin Adapt?", a copy of which is attached hereto and incorporated herein by reference.
2. Directs the City Clerk to forward the City's response forthwith to the Presiding Judge of the Marin County Superior Court and to the Foreperson of the Marin County Grand Jury.

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 16th day of November 2020, by the following vote to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

LINDSAY LARA, City Clerk



MARIN CLIMATE ACTION NETWORK

October 22, 2020

Mayor and City Council
City Hall
1400 Fifth Avenue
San Rafael, CA 94901

Honorable Mayor and Councilmembers,

The Marin Climate Action Network, or MCAN, is a group of environmental leaders from organizations across Marin that first conceived of DRAWDOWN Marin. We are pleased that DRAWDOWN Marin's Strategic Plan is being finalized this fall. We believe that the governing body of this comprehensive, countywide, public/private campaign to confront Climate Change could play a pivotal role in the reorganized and reinvigorated climate efforts recommended by the Marin Grand Jury's September 11 Report.

We urge you to include the following actions in your response to the Grand Jury:

1. In response to Grand Jury Finding F1, we ask that you emphasize to the Grand Jury that continued and enhanced support for climate 'mitigation' programs is essential for the success of climate 'adaptation.' Although San Rafael, the County, and other jurisdictions and agencies have set impressive goals for reducing Greenhouse gas emissions, achieving those goals in the timeline necessary is a daunting task that must remain central to climate action countywide. 'Adaptation' efforts must start with 'mitigation', that is, effective steps to reduce the causes of the impacts triggering 'adaptive' measures.

2. In response to Grand Jury Recommendation R1, we ask that you urge the Board of Supervisors, in collaboration with municipalities, agencies, regional groups and state guidelines to convene a countywide Climate Resilience Task Force focused on developing a Marin Climate Resilience Plan to address all climate impacts, including flooding, sea level rise, wildfire, heat, drought, health, air quality, and additional results of warming conditions. The task force should draw upon the expertise and work of ongoing efforts like BayWAVE, C-SMART, the Multi-Jurisdictional Local Hazard Mitigation Plan, and the Marin Wildfire Prevention Authority. To assure integration of the specific concerns of the San Rafael community into this countywide process, we urge you to initiate the local adaptation planning process called for in the City's Climate Change Action Plan 2030 and General Plan 2040.

Further, we ask that you urge the Board to complement the countywide Resilience Task Force by completing formation of DRAWDOWN Marin to provide countywide leadership to achieve the climate protection ('mitigation') goal of net zero greenhouse gas emissions and a thriving community, and to assure that government and community initiatives throughout the county take place within a comprehensive framework for addressing climate change.

As a nonprofit public/private partnership that guides and supports solutions to climate change, the DRAWDOWN Marin Board of Directors (now being formed) is designed to be broad-based and inclusive. It is comprised of community, agency and elected leaders, including members from climate-vulnerable and other underrepresented communities, businesses, Marin Climate & Energy Partnership, the Board of Supervisors, Council of Mayors & Councilmembers, key agency directors, and others. It is ideally suited to foster the countywide collaboration needed to address both climate mitigation and climate impacts.

Further, we ask that you urge the Board to staff and support the Resilience Task Force within a consolidated multi-departmental and multi-disciplinary Climate and Resilience Team in the County Administrator's Office (R-2), bringing together staff expertise to implement climate mitigation and adaptation efforts, including these additional key tasks:

- Initiation of a Flood District Feasibility Study to assess broadening the district's governance to include all jurisdictions and broadening its scope to include sea level rise.
- Ongoing improvement and implementation of the County's Climate Action Plan.
- Coordination and implementation of climate-related programs throughout County government, including Public Works, Open Space, Community Development, Health & Human Services, and others.
- Continued support for core DRAWDOWN Marin capacities, including start-up fundraising, outreach, and administrative support.

3. In response to Grand Jury Recommendation R4, we ask that you confirm the City's commitment to work to strengthen funding and organizational support for the Marin Climate and Energy Partnership, including its proposed role on the Board of DRAWDOWN Marin, to increase assistance to cities and towns in implementing coordinated Climate Action Plans and programs throughout the county, addressing both climate protection ('mitigation') and climate resilience ('adaptation'). We urge you to express the priority the City places on coordinated climate solutions by scheduling regular staff updates on its participation in MCEP.

To help support the broadened MCEP scope and capacity, endorse a centralized grant-seeking function for climate protection and resilience within the Office of Climate and Resilience (R3), as well as consideration of pro-rata distribution to all jurisdictions of a portion of funds derived from any future measures enacted to support climate protection and resilience.

4. In response to Grand Jury Recommendation R6, we ask that you agree to continue the City's full-time sustainability coordinator and to adjust its Climate Change Action Plan goals and solutions to align with those now adopted by DRAWDOWN Marin and proposed in the revised County CAP, furthering coordinated and effective climate action countywide.

5. Finally, we ask that you convey to the Grand Jury and to other jurisdictions the importance of engaging the skills and resources of the business community by requesting the ongoing involvement of Marin Recovers, Marin Economic Forum, and other business interests in addressing climate solutions, in addition to the proposed role of business on the Board of DRAWDOWN Marin. The rapid development of a local clean energy economy, green building rehabilitation, regenerative agriculture and land management, and workforce development for adaptation strategies could be crucial to the current economic recovery.

Likewise, the efficiencies gained from the recommended consolidation and coordination of climate actions throughout Marin could be especially important during these challenging times of health, economic, budgetary, equity, and climate crises.

In 2020, Marin has experienced the urgency of the climate crisis firsthand, in intense heat, unhealthy air, uncertain rainfall, and ‘Armageddon skies.’ The Grand Jury has done a timely service in suggesting ways in which Marin can meet this growing crisis, coping with its impacts while continuing to reduce the pollution driving the crisis. As the Report emphasizes, we must do both together, and we will only succeed if we act together as a whole community. Building that cohesion is at the root of these recommendations and essential to meeting the existential threat now confronting us with bold, immediate, and effective action.

We ask that you include our recommendations in your response to the Grand Jury. Thank you.

Sincerely,

The Marin Climate Action Network:

Leslie Alden	Robert Gould	Kiki LaPorta
William Carney	David Haskell	Doug Wilson
Carleen Cullen	Wendi Kallins	Chris Yalonis
Belle Cole	David Kunhardt	

Attachments:

Marin Climate Action Ecosystem

Key Recommended Responses to Marin Grand Jury

Copies:

Jim Schutz
Cristine Alilovich
Cory Bytof
Paul Jensen
Bill Guerin
Danielle O’Leary

Marin Climate Action Ecosystem



Re-Imagining Marin's Climate Action Ecosystem:

Summary of Key Recommended Responses to Grand Jury

MARIN COUNTY OFFICE OF CLIMATE & RESILIENCE (new)

CONSOLIDATE a multi-departmental & multi-disciplinary team within the County Administrator's Office, bringing together staff expertise to collaborate, integrate, and implement climate adaptation and mitigation efforts.

Climate & Resilience Officer. Staff from Community Development, Public Works, Health & Human Services, Parks & Open Space, etc.

- Countywide Resilience Task Force and Plan
- Flood & SLR Feasibility Study & Reorganization
- Climate Action Plan & Sustainability Programs
- Open Space Restoration & Carbon Sequestration
- Land Use Planning
- Preparedness for Climate Impacts on Health

MARIN CLIMATE & ENERGY PARTNERSHIP 2.0

STRENGTHEN membership, funding, and focus of this multi-jurisdictional partnership that coordinates and supports staff to analyze and implement Climate Action Plans, climate policies, and climate programs across all jurisdictions.

MCEP Executive Officer. Staff from member agencies (and others that may be added): cities, towns, special districts, climate-related agencies including MCE, TAM, MMWD, Zero Waste Marin. Continue and increase funding commitment from members, augmented by grants and other sources.

DRAWDOWN Marin 2.0

COLLABORATE countywide by finalizing formation of this non-profit public/private partnership to provide leadership and support solutions to achieve net zero greenhouse gas emissions and a thriving community, grounding government and community initiatives throughout Marin within a comprehensive framework for addressing climate change.

Executive Director. Broad-based non-profit Board composed of community, business, agency, and elected leaders.

MARIN BUSINESS CLIMATE ACTION NETWORK (new)

ENGAGE full range and resources of the business community in climate solutions through a collaborative of companies and related organizations. Create and execute economic recovery and ongoing development strategy with clean energy, electrification of transportation and buildings, and low carbon solutions. Drive workforce development with clean economy job creation and capacity building.

Group meets regularly with a rotating chair, collaborates, co-promotes, supports innovation and investment, advises policy makers on clean economy initiatives. Reports out impact metrics, sustainable business activities, programs and accomplishments.