

CITY OF PACIFICA CITY COUNCIL AGENDA

MAYOR PETE DEJARNATT
MAYOR PRO TEM JIM VREELAND
COUNCILMEMBER CALVIN HINTON
COUNCILMEMBER JULIE LANCELLE
COUNCILMEMBER SUE DIGRE

CITY COUNCIL CHAMBERS
2212 BEACH BOULEVARD
PACIFICA, CALIFORNIA 94044

May 29, 2007 (Tuesday)

www.cityofpacifica.org

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6:30 P.M. CLOSED SESSION

1. **Public Employment Pursuant to Government Code Section 54957: City Manager**

7:00 p.m. REGULAR COUNCIL MEETING

Call to Order
Roll Call
Salute to the Flag led by Councilmember Sue Digre
Commission Liaisons: Commissioner None
Chamber of Commerce Liaison: None
Closed Session Report:

CONSENT CALENDAR

In a single motion, the City Council will consider and act upon Items 1 through 9.

1. Approval of disbursements dated 04/12/07 to 05/11/07 in the amount of \$354,203.93. Regular and quick checks numbered 81611, 81613, 81616 to 81618, 116128 to 116132, and 116134 to 116274 (**Proposed action:** approve)
2. Approval of Minutes of Regular City Council Meeting of May 14, 2007 (**Proposed action:** approve)
3. Authorize Public Works Department Reorganization (**Proposed action:** authorize the Public Works Management reorganization as shown on the attached Management Organization Chart)
4. Notice of Completion for the Emergency Protective Measures for 304 Olympian Way, 217 Ramona Avenue and 222 Winona Avenue Project (**Proposed action:** adopt the resolution next in order, entitled "A Resolution of the City Council of the City of Pacifica Accepting Completion and Directing the City Manager to File Notice of Completion for Emergency Protective Measures for 304 Olympian Way, 217 Ramona Avenue and 222 Winona Avenue Project)
5. Public Employee Retirement System (PERS) Health Resolution for City Councilmembers (**Proposed action:** adopt resolution electing to be subject to Public Employees' Medical and Hospital Care Act for the City Councilmembers)
6. A Resolution Establishing a Compensation Range for the Part-time Position of Program Manager (**Proposed action:** adopt the resolution establishing a compensation range for the part-time position of Program Manager)

7. Growth Management Ordinance: Extension of Previously Issued Allocations (**Proposed action:** grant the twenty-three (23) extensions, per the May 29, 2007 Council Agenda Summary Report)
8. Side Letter to the Memorandum of Understanding with Pacifica Police Supervisors Association for Participation in Retirement Health Savings Program (**Proposed action:** approve the Side Letter between the City of Pacifica and the Pacifica Police Supervisors Association for participation in Retirement Health Savings Program)
9. Budget Adjustment Request (**Proposed action:** approve budget increase to support the Capital Improvement Legal Cost for Fiscal Year 2006-2007 in the amount of \$100,000 and an additional amount of \$57,500 for the cost of a recent litigation settlement)

SPECIAL PRESENTATION

- ❖ Proclamation – Pacifica Community Television

COUNCIL COMMUNICATIONS

The purpose of Council Communications is for Councilmembers to inform each other of items of potential interest to other Councilmembers, such as interagency meetings. Each councilmember is allotted three minutes.

ORAL COMMUNICATIONS

This portion of the Agenda is available for the public to address the City Council on any issue that is not on the Agenda. A maximum time of three minutes will be allowed for any speaker.

PUBLIC HEARING

During public hearings, an applicant or their agent and appellants have ten minutes for their opening presentation and three minutes for rebuttal before the public hearing is closed. Members of the public are limited to three minutes.

10. Introduction of Ordinance and Adoption of Resolution Submitting the Ordinance Amending the Zoning Code Extending the Growth Control Ordinance No. 604 C.S. to the Coastal Commission for Certification Upon Adoption of the Ordinance (**Proposed action:** 1) move that the ordinance next in order, entitled “An Ordinance of the City Council of the City of Pacifica Amending Chapter 5 of Title 9 of the Pacifica Municipal Code: Article 11. Relating to Growth Control: Termination (TA-95-07)”, be read by title only and that further reading be waived; 2) move introduction of the ordinance; 3) move that the City Council adopt the resolution next in order, entitled “A Resolution of the City Council of the City of Pacifica Submitting the Ordinance Amending the Zoning Code Extending the Growth Control Ordinance No. 604 C.S. to the Coastal Commission for Certification Upon Adoption of the Ordinance)

CONSIDERATION

11. Support for the Reclaimed Water System to be Installed by North Coast County Water District (**Proposed action:** by motion express support for the Water Recycling Program with the North Coast County Water District)
12. Adoption of Resolution Establishing Inclusionary Housing In-Lieu Payment. Direction to Staff to Conduct In-Lieu Fee Study. Adoption of Resolution Submitting Inclusionary Zoning Ordinance to Coastal Commission for Certification (**Proposed action:** 1) move that the City Council ADOPT the resolution next in order, entitled, “A Resolution of the City Council of the City of Pacifica Establishing a Schedule for Payments in Lieu of Providing Below Market Rate Units Under the Inclusionary Zoning Program”; 2) move that the City Council direct staff to proceed with the In-Lieu Payment study at a cost of \$5,000.00 and authorize necessary budget authority; 3) move that the City Council of the City of Pacifica Submit Ordinance No. 746-C.S. to the Coastal Commission for Certification”)

13. An Ordinance Containing a Description of the Redevelopment Agency's Program to Acquire Real Property by Eminent Domain in the Rockaway Beach Redevelopment Area (**Proposed action:** 1) move that the ordinance be read by title only and waive reading beyond the title; 2) introduce the ordinance; 3) direct the City Clerk to record the revised notice of adoption of the Rockaway Beach Redevelopment Plan after adoption of this Ordinance but prior to December 31, 2007)
14. Sewer Connection Fee Study (**Proposed action:** approve the contract with Parsons & Associates and give the City Manager authority to authorize this expenditure and execute the necessary documents)
15. Sewer Fund Cash Flow (**Proposed action:** direction to staff)
16. Resolution Authorizing Short-Term Borrowing for Wastewater Treatment Plant Operations, and the Approval of a Contract of Purchase of Tax and Revenue Anticipation Notes, if Necessary, Between the City of Pacifica and Piper Jaffray (the City's underwriter) (**Proposed action:** approve staff going forward with the option of short-term debt financing to cover the cash shortfall in the Enterprise Fund)

ADJOURNMENT

* * * * *

NOTICE: If you challenge a city's zoning, planning or other decision in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to, the public hearing. Judicial review of any city administrative decision may be had only if a petition is filed with the court not later than the 90th day following the date upon which the decision becomes final. Judicial review of environmental determinations may be subject to a shorter time period for litigation, in certain cases 30 days following the date of final decision.

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The Pacifica Municipal Code is available on line at the City's website (www.cityofpacifica.org); at the website, scroll down to find the Link.

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HOW TO REACH YOUR LEGISLATORS

- Governor Arnold Schwarzenegger, State Capitol Building, Sacramento CA 95814 (916) 445-2841
- State Senator Leland Yee, 400 So. El Camino Real, Ste. 630, San Mateo, CA 94402 (650) 340-8840
- Assemblymember Gene Mullin, 1528 So. El Camino Real, Ste 302, San Mateo CA 94402 (650) 341-4319
- Congressman Tom Lantos, 400 So. El Camino Real, Ste 410, San Mateo CA 94402 (650) 342-0300
- Senator Barbara Boxer, 1700 Montgomery Street, Ste 240, San Francisco CA 94111 (415) 403-0100
- Senator Dianne Feinstein, #1 Post Street, Ste 2450, San Francisco CA 94104 (415) 393-0710

**CITY OF PACIFICA
COUNCIL AGENDA SUMMARY REPORT
May 29, 2007**

SUBJECT:

Authorize Public Works Department Reorganization

AGENDA ITEM NO. 3

ORIGINATED BY:

Public Works Department

DISCUSSION:

A part of the proposed budget, the Public Works Director Position will remain unfilled from January 1, 2008 through June 30, 2008. Leaving this position unfilled will save the general fund approximately \$62,000. The proposed Organization calls for two acting Deputy Director Positions, Wastewater Deputy Director and Public Works Deputy Director. These positions will fill in for Director Position.

FISCAL IMPACTS:

Leaving the Director Position open will save approximately \$62,000. By not filling the Director position, at least four employees will have to receive increases as per their union contracts. These represent a cost of approximately \$20,000.00. The second acting position is offset by the savings by not filling one Assistant Superintendent Position. The proposed organization shows not filling the Two Assistant Superintendent positions for approximately a year for a savings of approximately \$130,000 for the wastewater budget. The net savings for the General Fund is approximately \$54,500. The savings for the Wastewater Division is approximately \$130,000 by not filling the Assistant Superintendent Position.

ATTACHMENTS:

Management Organizational Chart

COUNCIL ACTION REQUESTED:

Authorize the Public Works Management reorganization as shown on the attached Management Organization Chart.

CITY OF PACIFICA
COUNCIL AGENDA SUMMARY REPORT
MAY 29, 2007

AGENDA ITEM NO. 4

SUBJECT:

Notice of Completion for the Emergency Protective Measures for 304 Olympian Way, 217 Ramona Avenue and 222 Winona Avenue Project

ORIGINATED BY:

Engineering Division
Public Works Department

BACKGROUND/DISCUSSION:

On November 13, 2006, Council authorized award of contract to Templeton Engineering Contractors for the Emergency Protective Measures for 304 Olympian Way, 217 Ramona Avenue and 222 Winona Avenue Project. The project consisted of installation of pile and lagging retaining walls in areas that have experienced soil movement due to heavy rains. Work also included the installation of additional facilities to control the surface runoff of storm water. The project was performed in a satisfactory manner and within budget.

As the project is now complete, it is appropriate to record the formal Notice of Completion. This recorded document is the legal notice that the city considers the project complete and that we intend to pay the contractor for the full and complete contract price. This puts all subcontractors and suppliers on notice that if they have any claims for payment from the contractor, they have 30 days to file claims for payment against the city. This provision of contract law protects subcontractors from contractors who may not pay them properly. It also protects the city from claims against us for any nonpayment on the part of the contractor. The city withholds 10% on the contract amount to make sure that all subcontractors have been paid.

The work for the Emergency Protective Measures for 304 Olympian Way, 217 Ramona Avenue and 222 Winona Avenue Project is covered by a one (1) year guarantee from date of filing of the Notice of Completion.

FISCAL IMPACT:

There is no fiscal impact related to filing the Notice of Completion.

ATTACHMENTS:

1. A Resolution of the City Council of the City of Pacifica Accepting Completion and Directing the City Manager to File Notice of Completion for Emergency Protective Measures for 304 Olympian Way, 217 Ramona Avenue and 222 Winona Avenue Project.
2. Notice of Completion.

Council Agenda Summary Report

Notice of Completion for Emergency Protective Measures for 304 Olympian Way, 217 Ramona Avenue and 222 Winona Avenue Project

May 29, 2007

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COUNCIL ACTION REQUESTED:

Adopt the resolution next in order A Resolution of the City Council of the City of Pacifica accepting completion and directing the City Manager to file Notice of Completion for Emergency Protective Measures for 304 Olympian Way, 217 Ramona Avenue and 222 Winona Avenue Project.

CITY OF PACIFICA
CITY COUNCIL AGENDA SUMMARY REPORT

May 29, 2007

AGENDA ITEM NO. 5

SUBJECT:

PERS Health Resolution for City Councilmembers

ORIGINATED BY:

Human Resources Department

DISCUSSION:

The current health plan for the City Council has recently increased by \$220 per month and continues to be more expensive than other options. The majority of the City's employees are covered under the California Public Employees Retirement Health Plan, which has seen increases, but at a lower rate than the City's small business plan. In order to reduce the cost of the health plan for Council members and to continue to bring all City of Pacifica employees into the CalPERS program, staff is recommending adopting a resolution allowing for City Councilmembers to participate in CalPERS Health program.

The City currently has four bargaining units (Police, Waste Water, Management & Confidential and Firefighters) participating in this benefit program. The plan allows eligible members to select from several health plans and to continue, at their own expense, with the program after retirement.

FISCAL IMPACT:

The City will contribute the mandatory employer's enrollment fee for all bargaining members. This fee is currently \$80.80 per member per month. The remaining premium of the health plan chosen by each individual will be paid by the individual's flexible benefit options. The City is obligated to pay the enrollment fee for both active employees and any retiree that opts to participate. The CalPERS program offers a cost savings of approximately \$150 per month (depending on plan selected and number covered) in comparison to the existing small business plan

ATTACHMENTS:

Resolution electing to be subject to Public Employees' Medical and Hospital Care Act only with respect to the members of a specific employee organization and fixing the employer's contribution at an amount at or greater than the prescribed by Section 22892(b) of the Government Code.

COUNCIL ACTION REQUESTED:

Adopt Resolution Electing to subject to Public Employees' Medical and Hospital Care Act for the City Councilmembers.

CITY OF PACIFICA
COUNCIL AGENDA SUMMARY REPORT
May 29, 2007

AGENDA ITEM NO. 6

SUBJECT:

A resolution establishing a compensation range for the part-time position of Program Manager.

ORIGINATED BY:

Human Resources Department

DISCUSSION:

With the retirement of several managers, the City wants to establish a part-time position of Program Manager to allow individuals to come back and work for the City in a part-time capacity. The attached resolution reflects a recommendation for a salary of \$40.00 to \$50.00 per hour.

FISCAL IMPACTS:

The proposed is less than most managers made prior to retirement and any part-time position would be subject to available budget. It should also be noted that retirees are limited to 960 hours per year. No additional budget authority is required.

ATTACHMENTS:

Resolution

COUNCIL ACTIONS REQUESTED:

Adopt the resolution establishing a compensation range for the part-time position of Program Manager.

CITY OF PACIFICA
 COUNCIL AGENDA SUMMARY REPORT
 May 29, 2007

AGENDA ITEM NO. 7

SUBJECT:

Growth Management Ordinance: Extension of Previously Issued Allocations

ORIGINATED BY:

Planning and Economic Development Department

DISCUSSION:

Near the end of each fiscal year, the City Council reviews the status of the allocation of building permits pursuant to the Growth Management Ordinance. During the last fiscal year of 2006/2007 the annual maximum of 70 units was automatically added to the "pool," and Council granted another 23 total allocations for incremental requests received and approved an extension for 90 previously approved allocations. The resulting balance of allocations available for issuance at the close of the last fiscal year (06/07) is 864.

No new allocations have been requested at this time. For future reference, the maximum number of permits that can be allocated to any one project in a fiscal year is 20% of the available annual allocations.

Extension Requests – All allocations granted last year for fiscal year 2006/2007 will expire on June 30, 2007, unless building permits or further extensions are issued. A notice to this effect was sent to the past recipients of unused allocations and the following extension requests were received:

<u>Project/Developer</u>	<u>Location</u>	<u>Total</u> <u>units</u>	<u>Previous Bldg.</u> <u>Alloc's</u>	<u>Permits</u> <u>Issued</u>	<u>UNUSED</u> <u>ALLOC'S</u> <u>(Expiring)</u>	<u>EXTENSIONS</u> <u>Requested</u>
23 s.f. homes (Connemara)	900 Oceana	23	23	0	23	23

TOTAL EXTENSIONS REQUESTED 23

Two (2) other allocations (1165 Linda Mar – 2 s.f. homes) will expire on June 30, 2007. It should be noted that expired permits are reusable and return to the "pool" for future reallocation.

With the 23 extensions, and two (2) expirations, the available balance will be 864 units. On July 1, 2007, another 70 units will be automatically added to the total, bringing the available balance

to 934 units for fiscal year 2007/2008. The distribution of allocations for fiscal year 2007/2008 can be scheduled as needed.

FISCAL IMPACT:

None

ATTACHMENTS:

None

COUNCIL ACTION REQUESTED:

Grant the 23 extensions, per the May 29, 2007 Council Agenda Summary report.

CITY OF PACIFICA
COUNCIL AGENDA SUMMARY REPORT
May 29, 2007

AGENDA ITEM NO. 8

SUBJECT:

Side Letter to the Memorandum of Understanding with Pacifica Police Supervisors Association for Participation in Retirement Health Savings Program

ORIGINATED BY:

Human Resources

DISCUSSION:

The City of Pacifica has met with the Pacifica Police Supervisors Association to establish criteria for participation in the City's ICMA-RC Vantagecare Retirement Health Savings Program.

With recent decisions by the Internal Revenue Service (IRS), each bargaining unit participating in the program must establish mandatory contract wording for all members of the unit. The PPSA has established the following language:

1. At the time of retirement or separation from employment with the City of Pacifica, members of the bargaining unit shall contribute the balances of all accrued vacation and compensation to the ICMA-RC Vantagecare Plan.
2. Members shall contribute a specified amount from each paycheck to the plan, based on the following:
 - 45+ years of age \$100 per paycheck
 - 40-44 years of age \$75 per paycheck
 - 21-39 years of age \$75 per paycheck

FISCAL IMPACTS:

There is no financial impact, as this is an employee paid benefit program.

ATTACHMENTS:

Side Letter Adding ICMA-RC Retirement Health Savings Program to Section 23. Retirement Plan.

COUNCIL ACTIONS REQUESTED:

Approve the Side Letter between the City of Pacifica and the Pacifica Police Supervisors Association for participation in Retirement Health Savings Program

CITY OF PACIFICA
COUNCIL AGENDA SUMMARY REPORT
May 29, 2007

AGENDA ITEM NO. 9

SUBJECT:

Budget Adjustment Request

ORIGINATED BY:

Finance Department

DISCUSSION:

The Capital Improvement Fund 22 projects oftentimes require legal costs to support the facilitation of the project. The majority of Fund 22 projects are grant reimbursed, but grants normally do not reimburse attorneys fees. Currently, in this fiscal year, there is \$75,000 of outside contractual legal fees that have been charged to Fund 22 with no budget support, or less than 2% of the approximate \$5.5 million dollar CIP budget. These legal services facilitated, among other things, the City's receipt of \$467,000 in Rule 20A funds, and the City obtaining a credit of \$2.2 million in lieu of a requirement to pay that amount in cash to the Army Corps for the Flood Control Project. Budget authority in the General Fund in the amount of \$100,000 is requested to support these legal costs.

The cost of these anticipated legal services are difficult to estimate. In the future, the City Attorney will review all of the capital improvement projects during budget preparation and provide an estimate of legal costs that will be required for budgeting purposes. These legal costs will be budgeted in the Non-departmental section of the general fund budget for transfer to the Capital Improvement Fund 22 as the expenses are incurred and paid.

In addition, staff request budget adjustment in the General Fund in the amount of \$57,500.00 to pay for the cost of a recent litigation settlement.

FISCAL IMPACT:

\$100,000 Estimated for Capital Improvement legal costs for Fiscal Year 2006-2007
\$57,500.000 cost to the General Fund

ATTACHMENTS:

None

COUNCIL ACTION REQUESTED:

Approve budget increase to support the Capital Improvement legal costs for fiscal year 2006-2007 in the amount of \$100,000 and \$57,500.00 of costs in the General Fund.

CITY OF PACIFICA
COUNCIL AGENDA SUMMARY REPORT
May 29, 2007

Agenda Item No. 10

SUBJECT:

Adoption of Resolution Adopting an Ordinance Amending Growth Management Ordinance to Extend it for Five Years and Submitting the Ordinance to the Coastal Commission

ORIGINATED BY:

Planning and Economic Development Department

DISCUSSION:

The City's Growth Management Ordinance is due to expire on June 30, 2007. In staff's opinion, the ordinance has served its purpose well. The ordinance helps the City to control the timing of growth so that City services are not over burdened, while at the same time allowing for orderly growth consistent with the City's plans and policies. In particular, the current unused building permit balance combined with the annual allotment of 70 additional permits per year and various exemptions will not prevent the City from continuing to meet its regional fair share of housing needs. Therefore, staff proposes to extend the ordinance for another five years.

FISCAL IMPACT:

None.

ATTACHMENTS:

- a. Resolution w/ attached Ordinance

COUNCIL ACTION REQUESTED:

1. Move that the ordinance next in order, entitled "An Ordinance of the City Council of the City of Pacifica Amending Chapter 5 of Title 9 of the Pacifica Municipal Code: Article 11. Relating to Growth Control: Termination (TA-95-07)", be read by title only and that further reading be waived.
2. Move introduction of the ordinance.
3. Move that the City Council adopt the resolution next in order, entitled "A Resolution of the City Council of the City of Pacifica Submitting the Ordinance Amending the Zoning Code Extending the Growth Management Ordinance No. 604 C.S. to the Coastal Commission for Certification upon Adoption of the Ordinance".

**CITY OF PACIFICA
COUNCIL AGENDA SUMMARY REPORT
May 29, 2007**

AGENDA ITEM NO. 11

SUBJECT:

Support for the Reclaimed Water System to be installed by North Coast County Water District.

ORIGINATED BY:

Public Works

DISCUSSION:

This item came before the City Council at their regular meeting on May 14, 2007. By motion it was continued to the May 29th City Council meeting.

The City entered into a Cooperative Agreement with the North Coast County Water District regarding recycled water on May 13, 2003 and is attached for review.

The Calera Creek Water Recycling Plant produces 3 million gallons of recycled water available to City and Water District as a water resource. The City and the Water District have been working together to make this resource available. The Water District is the purveyor of water and has taken the lead in the distribution system for recycled water. They have currently obtained a SRF loan and financial commitments from the San Francisco PUC to finance the construction of the project. The proposed project will house a pumping system and reservoir at the Calera Creek Water Recycling Plant and provide a distribution system to the Sharp Park Golf Course and the northern portions of the city.

Staff recommends approval in concept of a water recycling program and return with a more detailed analysis of the project when available.

FISCAL IMPACTS:

None.

ATTACHMENTS:

Agreement

COUNCIL ACTION REQUESTED:

By motion express support for the Water Recycling Program with the North Coast County Water District.

CITY OF PACIFICA
COUNCIL AGENDA SUMMARY REPORT
May 29, 2007

AGENDA ITEM NO. 12

SUBJECT:

- a) Adoption of Resolution Establishing Inclusionary Housing In-Lieu Payment
- b) Direction to staff to conduct In-Lieu Fee study
- c) Adoption of Resolution Submitting Inclusionary Zoning Ordinance to Coastal Commission for Certification

ORIGINATED BY:

Planning and Economic Development Department



DISCUSSION:

In-Lieu Payment Resolution: On April 9, 2007, the City Council, by a 5-0 vote, adopted an Inclusionary Zoning Ordinance. The ordinance would require that all new residential construction, residential subdivisions, or condominium conversions of 8 or more units include at least fifteen (15%) percent of the units/lots for below market rate (BMR) occupancy. A copy of the adopted ordinance is attached.

The ordinance contains a provision to allow a developer to make a cash payment to the City "in-lieu" of providing the required BMR (below market rate) unit or units, subject to approval by the Planning Commission. The amount of the in-lieu payment is to be established by resolution of the City Council. The proposed resolution is attached hereto. (As discussed further below, staff seeks direction from Council to conduct a formal study to establish the in-lieu payment amount. In the interim, staff believes the proposed payment formula adequately meets the intent of the Inclusionary Zoning Ordinance.) Following is a summary of how staff arrived at the proposed in-lieu payment amounts.

Although there are a variety of possible approaches to formulating in-lieu payments, one of the City's goals is to maximize the in-lieu payment in order to ensure that those payments are adequate to compensate for omitted BMR units and to enable the City to otherwise provide needed BMR units and build up a housing fund to assist eligible home buyers.

The attached spreadsheets show possible in-lieu payments for both for-sale and rental units, at various income levels within each of the lower income and moderate income levels as defined under the Ordinance. (No in-lieu payments are permitted for very low income BMRs as such units are required only in the City's Redevelopment Project Area.)

For purposes of calculating in-lieu payments, staff has used the Health & Safety Code definition of "area median income" (AMI), which is median income for the applicable geographic region as estimated by the U.S. Department of Housing and Urban Development ("HUD") as adjusted or otherwise defined by the California Department of Housing and Community Development ("HCD"). HCD figures for 2006 are published at 25 California Code of Regulations section 6932; 2007 figures are not yet available. (The term "area median income" is used in both the

Ordinance and under the Health and Safety Code, but its use in the Ordinance is limited to certain resale restriction calculations at Ordinance section 9-4.4703(b)(2).)

Definitions of Lower Income Households per California Health & Safety Code section 50079.5 and of Moderate Income Households per California Health & Safety Code section 50093 are further modified in 25 California Code of Regulations sections 6928 and 6930, respectively. 25 California Code of Regulations sections 6916 and 6920, respectively, set forth additional costs to account for such as utilities, property taxes, insurance, and the like. For purposes of the attached in-lieu payment calculations, utility allowances determined by HUD for Freddie Mac, updated as of December 6, 2006, were used.

California Health & Safety Code sets forth methods for calculating "affordable housing cost" and "affordable rent" (Cal. H&S Code sections 50052.5 and 50053). Different levels are set for Lower Income Households and Moderate Income Households. For for-sale units, California Health & Safety Code section 50052.5(c) allows HCD to set other criteria and limits, which HCD has done at 25 California Code of Regulations sections 6924 and 6932. For for-sale units, a 5% down payment was assumed as that appears to be the current California standard. For rental units, section 50053(c) of the California Health & Safety Code allows HCD to set other limits where necessary to be consistent with federal regulations governing federally assisted rental housing, which it has done at 25 California Code of Regulations sections 6916, 6922, and 6932. Because most affordable rental housing is financed to some extent with federal monies (tax credit or otherwise), those criteria were used.

The regulations referenced above are outlined below:

Affordable Housing Cost, For-Sale Units, Lower Income Households - California Health & Safety Code Section 50052.5(b)(3) -- 30% times 70% of AMI for lower income households with gross incomes between maximum income for very low income households and 70% AMI. 30% times gross income is an optional ceiling for lower income households with gross incomes above 70% AMI.

25 California Code of Regulations sections 6920, 6924 – Housing payment is not to exceed 25% of gross income, taking into account construction costs, mortgage loans, HOA dues, similar items, and a reasonable down payment.

Affordable Housing Cost, For-Sale Units, Moderate Income Households - California Health & Safety Code Section 50052.5(b)(4) -- a floor of 28% of the gross income of the household and a ceiling of 35% times 110% of AMI. 35% times gross income is an optional ceiling for moderate income households with gross incomes above 110% AMI.

Affordable Rent, For-Rent Units, Lower Income Households - California Health & Safety Code Section 50053(b)(3) -- 30% times 60% of AMI for lower income households with gross incomes above the maximum income for very low income households. 30% times gross income is an optional ceiling for lower income households with gross incomes above 60% AMI.

25 California Code of Regulations sections 6918, 6922 – Housing payment is not to exceed 25% of monthly net income, but no less than 15% of monthly gross income, taking into account utilities and similar charges.

Affordable Rent, For-Rent Units, Moderate Income Households - California Health & Safety Code Section 50053(b)(4)-- 30% times 110% of AMI. 30% times gross income is an optional

ceiling for moderate income households with gross incomes above 110% AMI. The California Code of Regulations does not set alternative limits for moderate income households.

To calculate the in-lieu payment, staff used the bottom of the income range to ensure that at least some in-lieu payment was generated; otherwise, some scenarios result in no in-lieu payment for moderate income BMR units, which would be contrary to the intent of the Inclusionary Zoning Ordinance. The proposed in-lieu payments are as follows (proposed payments are set out in detail in the attached resolution):

For a BMR Unit affordable to a Lower Income Household:

Rental Unit:	\$205,416
For Sale Unit:	
Detached Single Family:	\$561,910
Condominium/Townhouse:	\$356,910

For a BMR Unit affordable to a Moderate Income Household

Rental Unit:	\$ 26,732
For Sale Unit:	
Detached Single Family:	\$465,023
Condominium/Townhouse:	\$260,023

In-Lieu Payment Study: As mentioned above, staff requests direction from Council to hire a consultant to perform a formal study to establish in-lieu payments associated with the Inclusionary Zoning Ordinance. A number of cities choose to conduct such studies because it usually results in higher in-lieu payments and provides solid background data to justify such payments. Although staff believes the payments proposed in the attached resolution are sufficient to accomplish the intent of the Inclusionary Zoning Ordinance and are well justified, a formal study would likely result in higher in-lieu payments. We have an initial estimate from an experienced consultant to conduct such a study for \$5,000. If such a study results in increased in-lieu payments that could potentially help more families obtain housing, this could be money well spent.

Coastal Commission Resolution: We have been informed by the Coastal Commission that that an amendment to the City's Local Coastal Program (LCP) is required to certify that the Inclusionary Zoning Ordinance will affect the entire City, including the Coastal Zone area covered under the City's certified LCP. Therefore, a resolution transmitting the ordinance to the Coastal Commission for certification is attached.

FISCAL IMPACT:

Five Thousand dollars (\$5,000) to conduct the in-lieu fee payment study.

ATTACHMENTS:

- a. In-Lieu Payment Resolution
- b. Lower Income and Moderate Income Spreadsheets
- c. Single family and condo/townhome sales figures for 2004-2006
- d. San Mateo County Housing Needs Study (w/ background info).
- e. Resolution Submitting Inclusionary Zoning Ordinance to Coastal Commission

COUNCIL ACTION REQUESTED:

1. Move that the City Council ADOPT the resolution next in order entitled, "A Resolution of the City Council of the City of Pacifica Establishing a Schedule for Payments In Lieu of Providing Below Market Rate Units Under the Inclusionary Program."
2. Move that the City Council direct staff to proceed with the In-Lieu Payment study at a cost of \$5,000 and authorize necessary budget authority.
3. Move that the City Council ADOPT the resolution next in order entitled, "A Resolution of the City Council of the City of Pacifica Submitting Ordinance No. 746-C.S. to the Coastal Commission for Certification."

**City Council Agenda
May 29, 2007**

AGENDA ITEM NO. 13

SUBJECT

An Ordinance Containing a Description of the Redevelopment Agency's Program to Acquire Real Property by Eminent Domain in the Rockaway Beach Redevelopment Area

DISCUSSION

The purpose of this Ordinance is to implement two new pieces of state legislation, Senate Bill 53 and Senate Bill 1809, pertaining to eminent domain that affects both new and existing redevelopment plans.

The Pacifica City Council adopted the Redevelopment Plan for the Rockaway Beach Redevelopment Area ("Redevelopment Plan") in 1986, and amended the Redevelopment Plan in 1999. The Redevelopment Agency has been designated as the official redevelopment agency for the City to carry out the Community Redevelopment Law (Health and Safety Code Sections 33000 et. seq.) and to implement the Redevelopment Plan. Part VI.B of the Redevelopment Plan contains Agency authority to acquire property by eminent domain.

Senate Bill 53 took effect on January 1, 2007. It amends Health and Safety Code Section 33342.7 to require that a legislative body that adopted a redevelopment plan containing eminent domain authority before January 1, 2007 adopt an ordinance on or before July 1, 2007 containing a description of the Agency's program to acquire real property by eminent domain. In addition, Senate Bill 1809, which also took effect on January 1, 2007, requires a legislative body that adopted a redevelopment plan containing eminent domain authority before January 1, 2007 record with the County Recorder a revised statement containing a description of the land within the project area and a general description of the scope of the agency's eminent domain authority prior to December 31, 2007.

This Ordinance does not alter, modify or expand the existing authority set forth in the Redevelopment Plan, which has been in place since 1986, and was last modified in 1999.

FISCAL IMPACT

None

ACTION REQUESTED

1. Read the ordinance by title only and waive reading beyond the title
2. Introduce the ordinance.
3. Direct the City Clerk to record the revised notice of adoption of the Rockaway Beach Redevelopment Plan after adoption of this Ordinance but prior to December 31, 2007.

CITY OF PACIFICA
COUNCIL AGENDA SUMMARY REPORT
May 29, 2007

AGENDA ITEM NO. 14

SUBJECT:

Sewer Connection Fee Study

ORIGINATED BY:

Finance Department

DISCUSSION:

The City has initiated a request for proposal for a sewer connection fee study. Three contractors were contacted for a proposal, but only one responded and is available to perform the study immediately; Parsons & Associates, Municipal Financial Consultants located in San Ramon, California. This company has 30 years of experience in the field of sewer rates and sewer connection fees. The objective of the study will be to determine equitable sewer connection fees for new customers that will pass legal review in compliance with the Proposition 218 provisions for sewer impact or connections fees and be in compliance with AB1600 developer fee guidelines.

The study is projected to be completed within 40 days.

FISCAL IMPACT:

The cost for this contract is \$29,290 and is within the current budget authority.

ATTACHMENTS:

Parsons & Associates Proposal and Contract

COUNCIL ACTION REQUESTED:

Approve the contract with Parsons & Associates and give the City Manager authority to authorize this expenditure and sign the contract

CITY OF PACIFICA
COUNCIL AGENDA SUMMARY REPORT
May 29, 2007

AGENDA ITEM NO. 15

SUBJECT:

Sewer Fund Cash Flow

ORIGINATED BY:

Finance Department

DISCUSSION:

The Sewer Fund has a cash flow issue at the end of every fiscal year that is subsidized by the General Fund. The fiscal year budget is for revenues and expenditures that take place within that fiscal year: July 1 through June 30. The sewer fees are placed on the property tax bills with distribution to the City only twice per year: on December 15 and April 15. The last distribution of sewer fees received within any given fiscal year is April 15, which means that by the end of the fiscal year, June 30, the sewer fund has substantially depleted its anticipated revenue against the expenditures. Consequently, every year the General Fund subsidizes the Sewer Fund in the amount of approximately \$5 million dollars waiting for that December distribution from the County to arrive. This pushes the general fund to the limit of its resources each year, with a serious cash flow depletion.

The City Council asked Staff to provide some recommendations on how this cash flow problem can be addressed. The following are options which the City may consider:

- 1) The City could possibly issue a Tax Revenue Anticipation Note (TRAN) annually at the beginning of the fiscal year to be repaid when the December sewer fee distribution is received by the County. A TRAN is a very quick and inexpensive method that cities use to cover short-term cash flow problems in anticipation of tax revenue. The City must qualify for the TRAN by demonstrating cash flow deficit at the end of a fiscal year. Pacifica's cash flow deficit does not surface until closer to October, so may not qualify. This would be a temporary solution rather than a permanent solution.
- 2) The Enterprise Fund could issue approximately \$4 million in bonds for the purpose of addressing capital improvements that need to be completed at the Plant and Pump Stations projected out into the future. The enterprise fund has been using one years worth of revenue to provide capital improvements with a life of 20+ years, which doesn't make sense. Issuing long term debt for long term capital investment would allow the Enterprise Fund to build reserve and dissolve the cash flow problem.
- 3) The City is in the process of purchasing new financial/human resources software. Pacifica could solve the cash flow problem by purchasing a utility billing module along with our new financial software. San Mateo County

charges the City approximately \$50,000 per year to place the sewer fees on the property tax bills. The City could purchase the software for approximately \$12,000 as a one-time expenditure and utilize a part-time employee to generate monthly sewer fee invoices and to process the revenue. This would cure the cash flow problem with a steady stream of monthly or bi-monthly revenue to cover the monthly expenditures. This option would not be available until full implementation of the new software and may take as much as a year. This option could be used in conjunction with either of the above two options.

- 4) The Interim City Manager has asked North Coast County Water District to provide a quote on processing sewer fees on the same invoice as the water bills. NCCWD's General Manager is analyzing the costs and will prepare a response for the City to consider. This method may have flaws to work out because the Water District attains its customers by enrollment, meaning that the customer may be a renter rather than an owner. The City uses the property tax rolls as its data base and would only invoice property owners not renters...so the databases may be too different to be efficient.

FISCAL IMPACT:

None identified at this time

ATTACHMENTS:

None

COUNCIL ACTION REQUESTED:

Provide direction to Staff

CITY OF PACIFICA
COUNCIL AGENDA SUMMARY REPORT
May 29, 2007

AGENDA ITEM NO. 16

SUBJECT:

Resolution authorizing short-term borrowing for Wastewater Treatment Plant Operations, and the approval of a Contract of Purchase of Tax and Revenue Anticipation Notes, if necessary, between the City of Pacifica and Piper Jaffray (the City's underwriter)

ORIGINATED BY:

Finance Department
City Manager's Office

DISCUSSION:

The Wastewater Treatment Plant Fund (WWTP) not only incurred expenditures beyond its means during Fiscal Year 2006-2007 due to odor control issues, it is continuing to accumulate additional unfunded expenditures during the current fiscal year. The WWTP began the fiscal year of 05-06 with (\$388,267) and is projected to end fiscal year 2006-07 to be (\$159,000). This means that the General Fund will subsidize the Enterprise Fund for approximately \$5,000,000 between June 30, 2007 and December 15, 2007, when the first property tax distribution is received by the City. This shortfall is an annual occurrence caused by the timing of the property tax distributions by the County. A more permanent rectification should also be implemented per the recommendations presented to the City Council. We should also remember that this type of situation is not unique to the City of Pacifica. Every year, many cities throughout the State and the Country utilize short-term financing to cover the fluctuations between incoming revenues and outgoing expenditures that are inherent with municipal governments that rely as heavily as we do on the timing of property tax distributions. Expenditures generally will occur on a fairly regular basis throughout the year, but revenues on the other hand are very cyclical in nature. The WWTP receives almost 80% of its annual revenue in the combined months of December and April along with the City's regular property tax payments in December and April.

It appears that the City may need to issue short-term debt to cover the operational shortfall and to also consider a long-term portion to cover the future improvements to the sewer plant such as: Lateral Replacement Program \$3 million; Power Efficient UV System for Disinfectant \$3 million.

We did not have time to put all of the numbers together for this meeting and a future meeting will be necessary to approve whatever strategy is decided upon.

FISCAL IMPACT:

None at this time

ATTACHMENTS:

Resolution for Tax Revenue Anticipation Note

COUNCIL ACTION REQUESTED:

Consider and approve Staff going forward with the option of short-term debt financing to cover the cash shortfall in the Enterprise Fund.