



**CITY COUNCIL AGENDA  
REGULAR MEETING  
CITY OF HALF MOON BAY**

**TUESDAY, DECEMBER 3, 2019**

**Adcock Community Senior Center, 535 Kelly  
Avenue, Half Moon Bay, California 94019**

**Harvey Rarback, Mayor  
Adam Eisen, Vice Mayor  
Robert Brownstone, Councilmember  
Deborah Penrose, Councilmember  
Debbie Ruddock, Councilmember**

**7:00 PM**

This agenda contains a brief description of each item to be considered. Those wishing to address the City Council on any matter not listed on the Agenda, but within the jurisdiction of the City Council to resolve, may come forward to the podium during the Public Forum portion of the Agenda and will have a maximum of three minutes to discuss their item. Those wishing to speak on a Public Hearing matter will be called forward at the appropriate time during the Public Hearing consideration.

**Please Note: Anyone wishing to present materials to the City Council, please submit seven copies to the City Clerk.**

Copies of written documentation relating to each item of business on the Agenda are on file in the Office of the City Clerk at City Hall and the Half Moon Bay Library where they are available for public inspection. If requested, the agenda shall be available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132.) Information may be obtained by calling 650-726-8271.

In compliance with the Americans with Disabilities Act, special assistance for participation in this meeting can be obtained by contacting the City Clerk's Office at 650-726-8271. A 48-hour notification will enable the City to make reasonable accommodations to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).

<http://hmbcity.com/>

**MEETING WILL CONCLUDE BY 11:00 PM UNLESS OTHERWISE EXTENDED BY COUNCIL VOTE**

**ROLL CALL / PLEDGE OF ALLEGIANCE**

**PUBLIC FORUM**

**APPROVAL OF AGENDA**

**PROCLAMATIONS AND PRESENTATIONS**

**MAYOR'S ANNOUNCEMENTS OF COMMUNITY ACTIVITIES AND COMMUNITY SERVICE**

**REPORT OUT FROM RECENT CLOSED SESSION MEETINGS**

**CITY MANAGER UPDATES TO COUNCIL**

**1. CONSENT CALENDAR**

**1.A WAIVE READING OF RESOLUTIONS AND ORDINANCES**

**1.B APPROVAL OF MINUTES**

**Staff Recommendation:** Approve meeting minutes for the October 1, 2019 City Council meetings.

[MINUTES FOR APPROVAL](#)

**1.C 2020 RESIDENTIAL DWELLING UNIT ALLOCATION PURSUANT TO HALF MOON BAY MUNICIPAL CODE CHAPTER 17.06 (MEASURE D)**

**Staff Recommendation:** Adopt a resolution setting the 2020 Residential Dwelling Unit Allocation and Administration System pursuant to Half Moon Bay Municipal Code Chapter 17.06 for 69 residential dwelling units, 46 units for the downtown and 23 units outside of the Downtown.

[STAFF REPORT](#)

[RESOLUTION](#)

[ATTACHMENT 2](#)

**1.D AFFORDABLE HOUSING FUND ALLOCATION GUIDELINES**

**Staff Recommendation:** Adopt a resolution adopting Affordable Housing Fund Allocation Guidelines.

[STAFF REPORT](#)

[RESOLUTION](#)

**1.E AB 1600 REPORT ON DEVELOPMENT IMPACT FEES FOR FISCAL YEAR ENDED JUNE 30, 2019**

**Staff Recommendation:** Accept the AB 1600 Report on Development Impact Fees for fiscal year ended June 30, 2019.

[STAFF REPORT](#)

**1.F APPROVAL OF BUILDING SAFETY INSPECTION PROGRAM MUTUAL AID AGREEMENT BETWEEN THE CITY OF HALF MOON BAY AND THE CITIES WITHIN AND COUNTY OF SAN MATEO**

**Staff Recommendation:** Adopt a resolution authorizing the City Manager to execute a ten-year agreement establishing a Building Safety Inspection Program Mutual Aid Agreement with the cities within and the County of San Mateo.

[STAFF REPORT](#)

[RESOLUTION](#)

[ATTACHMENT 1](#)

[ATTACHMENT 2](#)

**2. ORDINANCES AND PUBLIC HEARINGS**

**2.A PROPOSED ENACTMENT OF CITY ORDINANCE REGARDING RESIDENTIAL RENTAL SECURITY MEASURES**

**Staff Recommendation:** Conduct a public hearing, waive first reading, and introduce an ordinance enacting Chapter 7.70 (Residential Rental Security Measures) as part of the Half Moon Bay Municipal Code.

[STAFF REPORT](#)

[ORDINANCE](#)

**3. RESOLUTIONS AND STAFF REPORTS**

**3.A LOAN OF AFFORDABLE HOUSING FUNDS FOR PROPOSED ABUNDANT GRACE WORKFORCE DEVELOPMENT CENTER AT 515 KELLY AVENUE**

**Staff Recommendation:** Adopt a resolution authorizing a loan of Affordable Housing Funds, not to exceed \$300,000, to Abundant Grace Coastside Worker, to contribute toward the purchase of property to be used for a Workforce Development Center and authorizing the City Manager to execute the loan agreement.

[STAFF REPORT](#)

[RESOLUTION](#)

**CITY COMMISSION / COMMITTEE UPDATES**

**FOR FUTURE DISCUSSION / POSSIBLE AGENDA ITEMS**

**CITY COUNCIL REPORTS**

**ADJOURNMENT**



## **MINUTES**

### **CITY OF HALF MOON BAY CITY COUNCIL**

**TUESDAY, OCTOBER 1, 2019**

**ADCOCK COMMUNITY CENTER, 535 KELLY AVENUE**

#### **CONVENE SPECIAL MEETING**

Mayor Rarback called the meeting to order at 5:30 p.m.

#### **ROLL CALL**

PRESENT: Councilmembers Brownstone, Penrose and Ruddock, Vice Mayor Eisen and Mayor Rarback.

#### **CLOSED SESSION**

PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Govt. Code Section 54957)  
Annual performance evaluation of City Manager Bob Nisbet

#### **ADJOURN SPECIAL MEETING**

Mayor Rarback adjourned the special meeting at 6:41 p.m.

Respectfully Submitted:

Approved:

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Jessica Blair, City Clerk

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Harvey Rarback, Mayor



## **MINUTES**

### **CITY OF HALF MOON BAY CITY COUNCIL**

**TUESDAY, OCTOBER 1, 2019**

**ADCOCK COMMUNITY/SENIOR CENTER, 535 KELLY AVENUE**

#### **CONVENE REGULAR MEETING**

Mayor Rarback called the meeting to order at 7:06 p.m. and led the pledge of allegiance.

#### **ROLL CALL**

PRESENT: Councilmembers Brownstone, Penrose, and Ruddock, Vice Mayor Eisen and Mayor Rarback.

#### **PUBLIC FORUM**

The following individuals addressed the City Council:

- Justin Stockman

#### **PROCLAMATIONS AND PRESENTATIONS**

##### **LGBTQ HISTORY MONTH PROCLAMATION**

Communications Director/City Clerk Blair presented the proclamation to Jeanne Vargas, Coast Pride.

##### **CENSUS 2020 PRESENTATION**

Megan Gosh, San Mateo County Manager's Office of Community Affairs, presented an overview of Census 2020.

#### **MAYOR'S ANNOUNCEMENTS OF COMMUNITY ACTIVITIES AND COMMUNITY SERVICE**

None.

## **REPORT OUT FROM RECENT CLOSED SESSION MEETINGS**

City Attorney Engberg announced the items discussed in Closed Session and indicated there was no reportable action.

## **CITY MANAGER UPDATES TO COUNCIL**

Deputy City Manager Chidester reported on the closure of Bay City Flowers and announced the Community Services Job Fair to be held on October 3.

City Engineer Bozorginia provided updates on Caltrans Highway 1 Paving and the Highway 1 South Improvements Project.

Public Works Director Doughty announced the Summer Clean Out Recycling event.

Communications Director/City Clerk Blair discussed the Elections Night Out event.

City Manager Nisbet introduced Lisa Lopez, Director of Administrative Services.

Administrative Services Director Lopez expressed her excitement for joining the team.

### **1. CONSENT CALENDAR**

- 1.A WAIVE READING OF RESOLUTIONS AND ORDINANCES**
- 1.B WARRANTS FOR THE MONTH OF AUGUST 2019**
- 1.C FOURTH QUARTER FINANCIAL REPORT FOR FISCAL YEAR 2018-19**
- 1.D ORDINANCE AMENDING CHAPTER 1.30 "CONTRIBUTION AND LOANS TO CITY CANDIDATE CAMPAIGNS" OF THE HALF MOON BAY MUNICIPAL CODE – SECOND READING**

### **MOTION**

Councilmember Penrose moved and Vice Mayor Eisen seconded a motion to approve the Consent Calendar. The motion carried unanimously.

### **2. ORDINANCES AND PUBLIC HEARINGS**

- 2.A. APPEAL OF ACTING TAX ADMINISTRATOR NOTICE OF DETERMINATION OF PAST DUE TRANSIENT OCCUPANCY TAXES – 1430 CABRILLO HIGHWAY N, HALF MOON BAY, CA 94019**

### **MOTION**

Councilmember Penrose moved and Councilmember Brownstone seconded a motion to continue the item to November 5, 2019. The motion carried unanimously.

### **3. RESOLUTIONS AND STAFF REPORTS**

#### **3.A LETTERS OF INTENT RELATED TO TRAIL ACCESS ON THE JOHNSTON HOUSE PROPERTY**

City Manager Nisbet presented the staff report.

The following individuals addressed the City Council:

- Mike Williams, Mid-Penninsula Open Space District

The Council discussed the item and asked questions of staff.

#### **MOTION**

Councilmember Ruddock moved and Councilmember Brownstone seconded a motion to authorize the City Manager to execute two non-binding Letters of Intent related to trail access, agriculture access, and future park planning at the Johnstone House property. The motion carried unanimously.

#### **3.B CONSIDERATION OF SUPPORT FOR MEASURE I – CABRILLO UNIFIED SCHOOL DISTRICT PARCEL TAX MEASURE**

Communications Director/City Clerk Blair presented the staff report.

The following individuals addressed the City Council:

- Sean McPheteridge, Superintendent of Cabrillo Unified School District

The Council discussed the item and asked questions of staff.

#### **MOTION**

Vice Mayor Eisen moved and Councilmember Penrose seconded a motion to adopt a resolution supporting Measure I – the Cabrillo Unified School district Parcel Tax Measure on the November 5, 2019 ballot. The question was called and the motion carried unanimously.

#### **3.C AWARD OF CONSTRUCTION CONTRACT FOR THE 2019 OCEAN VIEW RESTROOM REPLACEMENT PROJECT (PROJECT 610)**

Public Works Director Doughty presented the staff report.

The Council discussed the item and asked questions of staff.

#### **MOTION**

Councilmember Ruddock moved and Vice Mayor Eisen seconded a motion to adopt a resolution: 1) authorizing the City Manager to award and execute a construction contract for the 2019 Ocean View Park Restroom Replacement Project (Project 610) to the lowest responsive and responsible bidder, Andreini Brothers of Half Moon Bay, California in the total bid amount of \$506,686 and approve an additional contingency amount not exceeding 10 percent or \$50,686 of the contract amount; and 2) augmenting the FY 2019-20 Capital Improvement Budget by \$115,000 for the ocean View Park-permanent Restrooms and Park Improvements (total \$600,000) The motion carried unanimously.

#### **3.D BUDGET AMENDMENT FOR THE CARTER PARK RENOVATION PROJECT AND AMENDMENT TO AGREEMENT WITH ELS ARCHITECTURE AND URBAN DESIGN, INC.**

Deputy City Manager Chidester, Senior Manager Analyst Decker, and Mark Schatz, ELS Architecture and Urban Design, Inc. presented the staff report.

The Council discussed the item and asked questions of staff.

#### **MOTION**

Vice Mayor Eisen moved and Council Member Ruddock seconded a motion to receive an update on the Carter park Renovation Project (Phase III) and adopt a resolution: 1) approving an amendment to the FY 2019-20 Capital Improvement Plan Budget and augmentation of the Carter Park Improvement Project line item in the amount of an additional \$100,000, to be transferred from General Fund Reserves, for a total amount of \$400,000; and 2) authorizing the City Manager to execute an amendment to the agreement with ELS Architecture and Urban Design (ELS+), increasing the budget by \$269,000 to total amount of \$450,000, for completion of construction documents and bid specifications for the Carter Park Renovation Project. The motion carried unanimously.

#### **COMMISSION / COMMITTEE UPDATES**

Deputy City Manager Chidester reported on the recent Recreation Commission meeting.

#### **FOR FUTURE DISCUSSION / POSSIBLE AGENDA ITEMS**

None.



**ADJOURNMENT**

Mayor Rarback adjourned the meeting at 9:28 p.m.

Respectfully Submitted:

Approved:

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Jessica Blair, City Clerk

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Harvey Rarback, Mayor

**BUSINESS OF THE CITY OF HALF MOON BAY CITY COUNCIL**

**AGENDA REPORT**

For the Meeting of: **December 3, 2019**

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**TO:** Honorable Mayor and City Council

**VIA:** Robert Nisbet, City Manager

**FROM:** Jill Ekas, Community Development Director  
Scott Phillips, Associate Planner

**TITLE:** **2020 RESIDENTIAL DWELLING UNIT ALLOCATION PURSUANT TO HALF MOON BAY MUNICIPAL CODE CHAPTER 17.06 (MEASURE D)**

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**RECOMMENDATION:**

Adopt a resolution setting the 2020 Residential Dwelling Unit Allocation and Administration System pursuant to Half Moon Bay Municipal Code Chapter 17.06 for 69 residential dwelling units, 46 units for the downtown and 23 units outside of the Downtown.

**FISCAL IMPACT:**

There is no fiscal impact associated with the annual allocation of allowable residential building permits as the Measure D allocation application fees cover the costs of administering the program.

**STRATEGIC ELEMENT:**

This action supports all Elements of the Strategic Plan (Infrastructure and Environment, Healthy Communities and Public Safety, Fiscal Sustainability, and Inclusive Governance).

**BACKGROUND:**

In 1991, Measure A was adopted by City voters establishing a 3 percent annual growth limit. In 1999, Measure D amended the Residential Growth Limitation Ordinance reducing the allowable percentage increase of residential population from 3 percent to 1 percent, with an additional 0.5 percent for residential development in the "Downtown Area." On December 1, 2010, the City Council adopted an ordinance amending Chapter 17.06 of the Half Moon Bay Municipal Code entitled "Residential Dwelling Unit Allocation System." Measure D mandates that "the City shall allocate permissible dwelling units among applications on the basis of the existing allocation system or a subsequently modified system." Measure D allocations are reviewed and authorized annually by the City Council per the Municipal Code.

This report provides an update on the annual Measure D allocations and recommends 69 total allowable residential unit allocations for 2020.

**DISCUSSION:**

Chapter 17.06 of the Municipal Code establishes the methodology for determining the annual maximum number of residential dwelling unit allocations, or “Measure D Certificates.” The ordinance specifies that the most recent U.S. Census data must be used for determining the average number of persons per household. The most recent Census data as presented by American Community Survey for 2013-2017 indicates an average of 2.59 persons per household (PPH) in Half Moon Bay. Table 1 presents the methodology and calculations for determining the annual allocation.

**Table 1 – Allocation Calculations**

Year <sup>1</sup>	Projected Population <sup>1</sup>	New Units <sup>2</sup>	Persons Per Household	Calculated Additional Population <sup>3</sup>	New Projected Population <sup>1</sup>	Base Allocation <sup>4</sup>	Allocation Distribution		Total Annual Allocation
							Downtown <sup>5</sup>	Outside Downtown	
2016	11,560	17	2.65	45	11,605	44	44	22	66
2017	11,605	28	2.63	74	11,679	44	44	22	66
2018	11,679	16	2.49	40	11,719	47	47	24	71
2019	11,719	24	2.59	62	11,781	46	46	23	69

<sup>1</sup>2010 U.S. Census Population was utilized for 2011 baseline from which the calculated additional population is added to each year.

<sup>2</sup>Number of Building Permits issued through December of each year.

<sup>3</sup>Most current US Census PPH data (2.59) multiplied by the number of building permits issued.

<sup>4</sup>1% of New Projected Population divided by average PPH.

<sup>5</sup>Includes an additional 0.5% in the downtown area per Section 17.06.020(B).

The “new projected population” estimate is used to calculate the total number of units within the City at year-end. The equation for establishing the “new projected population” involves multiplying the number of new units constructed during the calendar year by the average persons per household (2.59 for 2013-2017), then adding the result to the projected population from the previous year.

The base allocation of 1% is split evenly between downtown and outside downtown. As discussed earlier in “Background,” Measure D included a 0.5% increase in residential allocations for the Downtown Area, which consists of the City’s former Redevelopment Area (please see Attachment 3, Downtown Area map). Attachment 4 presents additional allocation method details specified by 17.06. It is of note that “Additional allocations granted for the downtown area as provided in Section 17.06.020 shall not be transferred to projects located outside the boundaries of the downtown area.”

Section 17.06.020(F) establishes the methodology for rounding fractions of dwelling unit allocations. Any fraction of a dwelling unit more than 0.5 is rounded to the next whole number. The projected population increased modestly in 2019 (65 persons). Persons per household also increased by 0.10 persons. The increase in persons per households results in a decrease in number of units allowed compared to the number of dwelling units allowed in 2019. As summarized in Table 2, the methodology provides for a maximum of 69 new dwelling unit allocations, reserving a total of 46 dwelling unit allocations for the Downtown Area, and 23 dwelling unit allocations outside Downtown.

**Table 2: Dwelling Unit Allocation – 2020**

Total Allocation	Downtown Area	Outside Downtown
69 dwelling unit allocations	46 dwelling unit allocations (1.0%)	23 dwelling unit allocations (0.5%)

Municipal Code Section 17.06.020 – “Establishment of number of residential dwelling unit allocations to be authorized annually” sets forth the procedures for establishing the residential allocations. In particular, Section 17.06.020.G specifies that the City Council shall consider the following when establishing the number of Dwelling Unit Allocations in the upcoming year:

1. The number of residential dwelling units allocated in the current year;
2. The number of residential dwelling units allocated in the preceding year, but not necessarily issued building permits;
3. The number of future residential dwelling unit allocations awarded in accordance with a development phasing plan and agreement as provided for in Section 17.06.055;
4. The information and data contained in the annual fiscal impact analysis as provided for in Section 17.06.045 Fiscal Impact Analysis Required.

The following discussion presents information pertinent to the above four considerations.

**Residential Dwelling Units Allocated in Current and Preceding Year:** Table 3 presents the number of Measure D certificates and building permits issued each year from 2010 through 2019. Since amending the Measure D allocation system in 2010, new residential development from 2010 through 2013 was especially slow as the City recovered from the great recession. From 2014 on, growth has increased modestly, but remains low due to a lack of larger-scale developments other than phase one of Pacific Ridge. 2019 saw a distinct increase in issuance of both Measure D certificates and building permits. Accessory Dwelling Units (ADU) account for much of this increase. Following City adoption of the new ADU ordinance in December 2018, ADU activity increased from about three ADUs per year in the previous three years to over twenty in 2019.

In September of 2019, a Measure D status report was presented to the City Council. The primary matter for Council consideration was the potential transfer of unused base allocations for the Downtown area to outside Downtown. Council authorized the transfer of twelve Downtown Measure D Allocations to be used only for ADUs. Of the twelve, eight were issued for additional ADUs.

**Table 3: Residential Building Permits Issued**

<b>Year</b>	<b>Measure D Certificates Issued</b>	<b>Residential Building Permits Issued</b>
2019	31	25
2018	22	16
2017	22	14
2016	16	17
2015	14	16
2014	20	18
2013	7	14
2012	8	9
2011	6	9
2010	8	8
<b>Average</b>	<b>15</b>	<b>15</b>

**Development Phasing Plans and Unit Prioritization:** The City has not received applications for development phasing plans for Measure D allocations for several years. Also, because allocations have been less than the maximum available, procedures for rating and prioritizing allocations have not been implemented.

Before submitting an application for a Coastal Development Permit (CDP) for new residential development, an applicant is required to obtain one Measure D allocation for each unit (per Section 17.06.010.B – Applicability). Measure D certificates are valid for one year (per Section 17.06.050.A. - Timing of building permits issued pursuant to this chapter), but may be extended if other approvals such as a CDP, are required (per Section 17.06.050.F). There is a more detailed comparative process for evaluating and ranking subdivisions (Section 17.06.215 – Evaluation procedures for subdivisions for residential development based upon design and amenity criteria and contribution to public facilities), but as previously noted, that process has not been triggered.

In the case that there is an increase in residential development activity beyond available allocations, Sections 17.06.120 and 17.06.275 – “Review of Points awarded and residential units allocated” establishes the criteria to evaluate applications and distribute residential dwelling unit allocations. The Measure D Allocation System is structured to prioritize projects in January of each year to evaluate and prioritize applications based upon competitive rating criteria (Sections 17.06.120 and 17.06.275).

**Fiscal Impact Analysis:** Section 17.06.045 requires the City to prepare an annual report identifying the effects of new residential development on City finances and the City’s ability to provide services to the residents. The fiscal impact analysis spreadsheet was prepared by Applied Development Economics and is included as Attachment 2. The fiscal impact analysis indicates the new units and residents would generate about \$42,454 per year in General Fund revenues and require nearly \$58,303 in General Fund expenditures, for a modest annual deficit of \$15,849.

**ATTACHMENTS:**

1. Resolution Establishing the Residential Dwelling Unit Allocation For 2020
2. Fiscal Impact Analysis Spreadsheet of New Residential Development, prepared by Applied Development Economics, November 2019

**RESOLUTION NO. C-2019-\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY  
ESTABLISHING THE RESIDENTIAL DWELLING UNIT ALLOCATION FOR 2018**

**WHEREAS**, in November of 1999, the electorate of the City of Half Moon Bay adopted a new Residential Growth Initiative (Measure D) establishing that the number of residential dwelling units for which the City may authorize allocations each calendar year shall not exceed the number of units that would result in a growth of 1% of the City's population, plus an additional 0.5% for additional dwelling units in the area defined by Measure D as the "Downtown Area;" and

**WHEREAS**, Measure D has been adopted into the Local Coastal Program and certified by the California Coastal Commission; and

**WHEREAS**, in December of 2010, to implement Measure D, the City Council adopted the Residential Dwelling Unit Permit Allocation System Ordinance, Chapter 17.06 of the Half Moon Bay Municipal Code; and

**WHEREAS**, Section 17.06.020 of the Municipal Code requires the City Council to adopt the annual residential dwelling unit allocation for the upcoming year by December 31<sup>st</sup> of each year; and

**WHEREAS**, Section 17.06.020.G of the Municipal Code describes factors the Council may take into account in establishing the annual allocation, including the number of Residential Dwelling Units allocated in the current year; the number of Residential Dwelling Units allocated in the preceding year but not necessarily issued, the number of future Residential Dwelling Unit allocations awarded in accordance with a Development Phasing Plan and Agreement, and the information and data contained in the Annual Fiscal Impact analysis as provided for in Section 17.06.045.

**NOW, THEREFORE BE IT RESOLVED THAT** the City Council of the City of Half Moon Bay hereby finds and determines as follows:

**Section 1: Findings**

In accordance with HMBMC Section 17.06.020.G:

- A. **Current Year Allocations:** In the current year (2019), a total of 32 Measure D allocations were issued; while 25 new residential Building Permits were issued.
- B. **Preceding Year Allocations:** In the preceding year (2018), a total of 22 Measure D allocations were issued; while 16 new residential Building Permit units were issued.

- C. **Future Residential Dwelling Unit Allocations:** There are no future residential unit allocations awarded in previous years from this year’s allocation as the result of a Development Phasing Plan and Agreement provided for in Section 17.06.055.
- D. **Annual Fiscal Impact Analysis:** Costs for administering the Measure D program are covered by Measure D application fees. Development Impact Fees, Residential Impact Fees for Affordable Housing, and Measure D application fees have been evaluated in an updated Fiscal Impact Analysis prepared by Applied Development Economics.

**Section 2: Total Allocation for Calendar Year 2020**

Based on the methodology established in Chapter 17.06 of the Half Moon Bay Municipal Code and the findings set forth in Section 1 above, and in order to ensure that the annual population growth in the City does not exceed 1%, plus an additional 0.5% in the Downtown Area, the total allocations for residential dwelling units for the 2020 calendar year shall be 69 units.

- A. **Assignment of Allocation to “Downtown” and “Outside Downtown” Areas:** The total allocation of 69 residential units shall be distributed as follows: twenty-three (23) units to the projects outside the Downtown area, and forty-six (46) units to projects within the Downtown area.

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I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 3<sup>rd</sup> day of December, 2019 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSTAIN, Councilmembers:

ABSENT, Councilmembers:

ATTEST:

APPROVED:

\_\_\_\_\_  
Jessica Blair, City Clerk

\_\_\_\_\_  
Harvey Rarback, Mayor



ATTACHMENT 2

**Fiscal Impact of New Residential Units (2019)**

<b>GENERAL FUND REVENUES</b>	<b>2019 Project Residents</b>
<b>Property Tax (City Share)</b>	\$12,454
<b>VLF Prop Tax Swap</b>	\$11,242
<b>Real Prop Transfer tax</b>	\$12,454
<b>Sales &amp; Use Tax</b>	\$7,933
<b>Transient Occupancy Tax</b>	\$0
<b>Franchise Taxes</b>	\$2,538
<b>Other Taxes</b>	\$0
<b>Permits</b>	\$0
<b>Intergovernmental Subventions</b>	\$29
<b>Planning and Engineering Fees</b>	\$0
<b>Fines and Police Services</b>	\$492
<b>Recreations Services Fees</b>	\$276
<b>Other Revenues</b>	\$7,490
<b>SUBTOTAL</b>	<b>\$42,454</b>
<b>GENERAL FUND EXPENDITURES</b>	
<b>General Government</b>	\$13,995
<b>Police</b>	\$14,448
<b>Public Works</b>	\$9,867
<b>Recreation</b>	\$626
<b>Community Development</b>	\$3,748
<b>Subtotal Direct General Fund Expenditures</b>	<b>\$42,683</b>
<b>Capital Improvements</b>	\$15,620
<b>TOTAL</b>	<b>\$58,303</b>
<b>Net Surplus/(Deficit)</b>	<b>(\$15,849)</b>

Source: ADE, Inc., based on City of Half Moon Bay, Fiscal year 2019-20 Budget

**BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY**

**AGENDA REPORT**

For meeting of: **December 3, 2019**

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**TO:** Honorable Mayor and City Council  
**VIA:** Bob Nisbet, City Manager  
**FROM:** Jill Ekas, Community Development Director  
**TITLE:** **AFFORDABLE HOUSING FUND ALLOCATION GUIDELINES**

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**RECOMMENDATION:**

Adopt a resolution adopting Affordable Housing Fund Allocation Guidelines.

**FISCAL IMPACT:**

There is no immediate fiscal impact associated with this item; however, this action will establish a process for effectively allocating the City's \$2.5 million Affordable Housing Fund to help address the City's affordable housing needs. Program implementation will require City Attorney support, and in some cases consultants. At this time, the anticipated need for consultant services is expected to be covered by the Community Development Department's contract services budget.

**STRATEGIC ELEMENT:**

This action supports all of the Strategic Plan elements: Infrastructure and Environment, Healthy Communities and Public Safety, Fiscal Sustainability, and Inclusive Governance.

**BACKGROUND:**

The City of Half Moon Bay's Affordable Housing Fund (AHF) contains approximately \$2.47 million. The fund was first established with affordable housing in lieu fees contributed from the first three phases of the Carnoustie subdivision pursuant to a development agreement. The fund balance was about \$2.07 million at the end of FY 18-19. In the FY 19-20 budget, City Council approved \$400 thousand of general fund monies to increase the AHF, in line with its continued focus on affordable housing. Council confirmed that a priority for FY 19-20 was to establish means for allocating and replenishing the AHF over time.

**DISCUSSION:**

At its October 15, 2019 study session, City Council considered draft guidelines for allocating the AHF. Staff recommended that Council consider establishing guidelines that provide sufficient clarity of the Council's intentions for AHF utilization while preserving maximum flexibility for the City to respond to emerging opportunities. Council discussion indicated consensus support

for the draft guidelines. Council specifically expressed support for the AHF guidelines to be a living document intended to maintain flexibility.

The AHF Guidelines have been modestly amended from working draft format and readied for Council approval by resolution. The revisions also further emphasize Council's preference for flexibility. The guidelines cover the following:

- Guiding Principles
- Eligible Uses
- Funding Methods
- Fund Distribution
- Funding Amount
- Funding Approval Process

Regardless of funding method, funding amount, or selection of an eligible use, the funding approval process establishes that City Council will approve all funding allocations by resolution based on findings consistent with the AHF Allocation Guidelines guiding principles.

Council has also indicated its interest in replenishing the AHF over time. The following options are currently available or being pursued:

- In-Lieu Fees – Currently Available Option: Monies collected as a condition of market rate housing development in compliance with the City's Below Market Rate ordinance established the AHF. Council will continue to have discretion to approve in-lieu fees instead of affordable housing production in market rate projects on a case-by-case basis based on findings.
- Loans – Currently Available Option: Future allocations of the AHF for development of new housing, or purchase of existing housing that will be converted to affordable deed restricted units, will typically be structured as long-term loans that may be repaid to the AHF such that the fund monies would be revolving to some extent over time.
- Commercial Linkage Fees – Pending Option: The City is participating in a multi-jurisdictional fee study that will establish a commercial linkage fee rate for future City Council consideration. The study is scheduled for completion in early 2020.

Once the AHF Allocation Guidelines are adopted, City Council will be asked to direct use of the AHF for the upcoming fiscal year as part of its priority setting and budget process. Staff will also bring opportunities forward to Council as they become available.

**ATTACHMENT:**

Resolution (Exhibit A. Affordable Housing Fund Allocation Policy and Guidelines)

**Resolution No. C-2019-\_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY  
TO APPROVE AFFORDABLE HOUSING FUND ALLOCATION GUIDELINES**

**WHEREAS**, Half Moon Bay Municipal Code Section 18.35.030 (Below Market Rate Housing, Establishment of an affordable housing fund.) provides for the City Council to establish an affordable housing fund for the purposes of accepting in-lieu contributions; and

**WHEREAS**, Half Moon Bay Municipal Code Section 18.35.035 (Below Market Rate Housing, Affordable housing fund accumulation and disbursement.) further establishes that administration of the affordable housing fund shall be carried out based on guidelines established by the City Council and that priorities for disbursement of funds shall be established by the City Council as part of the annual budget approval process; and

**WHEREAS**, the affordable housing fund has been subsequently established from payment of affordable housing in-lieu fees and a General Fund allocation; and

**WHEREAS**, Program 2-7 (Utilization of Affordable Housing Fund) of the Half Moon Bay Housing Element, certified in 2015, directs implementation of Housing Element policy through utilization of the Affordable Housing Fund; and

**WHEREAS**, City Council has identified affordable housing, including support for the production of such housing, homelessness prevention and other matters related to housing insecurity and affordability important to the City of Half Moon Bay; and

**WHEREAS**, the City has not yet utilized the Affordable Housing Fund, nor does it have a method to evaluate eligible projects and implement funding allocations; and

**WHEREAS**, for fiscal year 2019-2020, as part of its multi-year prioritization of affordable housing, City Council directed the development of flexible funding allocation guidance; and

**WHEREAS**, City Council considered draft funding allocation guidelines at their meeting on October 15, 2019 and provided consensus direction for finalizing the guidelines, with the intention that the guidelines provide flexibility and may be amended from time-to-time; and

**WHEREAS**, the Affordable Housing Fund Allocation Guidelines have been prepared in response to City Council direction and are provided in Exhibit A;

**NOW, THEREFORE, BE IT RESOLVED THAT** the City Council of the City of Half Moon Bay hereby approves the Affordable Housing Fund Guidelines provided in Exhibit A.

\*\*\*\*\*

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 3<sup>rd</sup> day of December, 2019 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

APPROVED:

\_\_\_\_\_  
Jessica Blair, City Clerk

\_\_\_\_\_  
Harvey Rarback, Mayor

## City of Half Moon Bay Affordable Housing Fund Allocation Guidelines

Allocation of the Affordable Housing Fund is grounded in guiding principles and its use is to be limited to specified eligible uses. Exceptions to the guidelines may be considered on a case-by-case basis to ensure that City has flexibility to invest funds in affordable housing and other related eligible activities when exceptional opportunities arise. In all cases, final approving authority is the City Council. The Affordable Housing Fund Allocation Guidelines are a living document that is expected to be updated from time-to-time to ensure that it is current and relevant with respect to City housing needs, the City's Housing Element, and other changing policies and priorities.

### Guiding Principles

**Increased Availability:** Create and preserve the greatest number of affordable housing units in appropriate places, especially the City's Town Center.

**Deepen Affordability:** Increase the percentage of affordable units at the most deeply affordable levels.

**Local Critical Work Force:** Increase the ability to provide housing at affordable levels for service and agricultural workers; as well as for teachers and other school personnel, emergency and law enforcement personnel.

**High Leverage:** Give preference to uses that have the ability to supplement project funding with other local, state and federal sources.

**Supportive:** Increase the ability to serve high-risk populations such as senior or disabled or homeless households.

**Homelessness Prevention:** Increase housing security for renters and homeowners at risk of homelessness through the use of emergency aid.

**Successful Implementation:** Support eligible uses with demonstrated high probability of successful implementation.

## Eligible Uses

**New Affordable Housing:** These uses of funds support development of new affordable housing, typically by a non-profit affordable housing developer. In no case may these funds be used to subsidize or otherwise supplement the requirements of market rate residential development to contribute affordable housing (housing units and/or in-lieu fees) pursuant to the City's Below Market Rate ordinance or other agreement associated with the project and/or its entitlements.

- Purchase Land for Affordable Housing: Purchase land directly (land banking) or provide funding to affordable housing developers or community land trusts to purchase suitable sites.
- Support Construction of Affordable Housing: Provide funding for pre-development and construction expenses necessary to create new affordable housing.

**Existing Housing:** These uses of funds would improve the quality of existing housing stock and would require deed restrictions to secure affordability of the units in perpetuity.

- Rehabilitation: Provide funding for purchase and/or rehabilitation of existing multifamily housing for conversion to deed restricted affordable housing.

**Additional Opportunities Consistent with the Guiding Principles:** Funds may potentially be used for other uses related to homelessness, special needs populations, or other opportunities if consistent with the guiding principles.

- Support Homelessness Prevention: Provide funding to local service providers for homelessness prevention efforts.
- Other: Other opportunities as they may arise that are fully consistent with the Guiding Principles.

## Funding Methods

Various funding methods are available. They are defined below and the eligible uses most consistent with the method are listed:

### Notice of Funding Availability (NOFA)

- A formal NOFA is useful when a significant amount of funding is available for a well-defined purpose that is expected to be of interest to several providers who wish to compete for funds. The NOFA will indicate how loaned funds may be recovered over time or forgiven appropriately upon successful realization of the project and its intended use.
- Eligible Uses: Can be restricted to any particular category; e.g. only to be used for projects that will create new affordable housing.

### Request for Proposals (RFP) and Request for Qualifications (RFQ)

- Less formal than a NOFA, the RFP is typically used to select a provider of services, conceptual design work or rehabilitation work. An RFQ is typically used to select a project developer.
- Eligible Uses: Potentially helpful for rehabilitation. Also applicable if the City has purchased property suitable for affordable housing as a means to select an appropriate affordable housing developer.

### Over-the-Counter (OTC)

- This is a simple process that allows projects to seek funding when they are ready for it without responding to a NOFA, RFP or RFQ. City Council defined funding guidance allows City staff to work with potential applicants to ensure their use is eligible in advance of City Council approval of the funding allocation.
- Eligible Uses: Most applicable eligible uses are smaller projects including construction of new units or rehabilitation of existing units.

### Direct Land Purchase for Banking

- Land banking is a strategy that local agencies use to assist affordable housing developers in future development. Local agencies with banked land may eventually use an RFQ process to select the most qualified affordable housing developer for the site. The site may then be donated, sold or leased to the developer, typically for a very below market amount.
- Eligible Uses: In the case that the City identifies an opportunity to acquire property suitable for future development of affordable housing or other eligible uses, the AHF may be used to fund the purchase.



## Fund Distribution

Distribution of the funds to various types of projects can be predetermined by City Council year to year, and/or stand as a guideline. Approaches to funding distribution consistent with the Guiding Principles include:

By type of eligible use:

- Will result in new units
- Will improve existing units, or support another eligible use

By affordability level:

- Extremely low and very low income
- Low income

By project scale:

- Contribution to a large project (e.g. land-banking or large projects to be funded through RFP and/or NOFA)
- Available to fund smaller eligible projects (e.g. OTC projects)

## Funding Amount Guidance

The AHF needs to be used prudently to most effectively leverage eligible uses. The City Council may choose to spend the entire fund on one large project; or may wish to reserve some of the fund for a large project while allowing more frequent distribution of the remainder of the fund to smaller eligible projects. Guidance with respect to amount per use or unit will be needed for consistent allocation through any of the funding methods. Such guidance will be especially important for City staff to working with with applicants on smaller projects through an OTC process.

The following example is illustrative of scaling of funds per unit depending on the type of project and affordability levels involved:

### Construction of New Affordable Housing Units in Small Projects

Unit Affordability Level	Funding per unit*
Extremely Low	\$XXX
Very Low	\$XX
Low	\$X

*\* If requested by City Council, recommended levels of funding per unit will be established as guidance as part of Council's consideration of its annual budget or when RFQ/RFP or NOFA processes are enacted.*

## Funding Approval Process

### Annual Funding Distribution and Funding Amount Guidelines:

Annually, City Council will confirm AHF funding priorities and amounts. Staff will determine the most appropriate award process(es) consistent with these Guidelines, analyze applications, and make recommendations to Council for its consideration.

- NOFA: Council will determine their interest in pursuing a large project through a NOFA. This will depend upon prior knowledge by staff of large project funding needs. Non-profit developers will typically approach the City early in their pre-development stage.
- RFP/RFQ: If the City has land suitable for affordable housing development, Council may also direct an RFP/RFQ. It may also direct an RFP for needed rehabilitation projects.
- OTC: If Council approves OTC funding, it will also respond to future funding amount guidelines.

### Application:

For all cases, an application for funding shall be submitted to the City, reviewed by City staff, and prepared for City Council consideration:

- Applications through the OTC, RFP/RFQ, or NOFA funding methods
- Evaluation by staff
- Report to City Council
  - Status of the Affordable Housing Fund
  - Consistency with the Guiding Principles
  - Analysis of eligibility
  - Documentation, pro forma, etc. demonstrating readiness and capability

### City Council Consideration for Approval:

Following staff review, eligible uses with conforming and complete applications shall be brought forward to City Council. Approvals will be made by resolution in which Council shall:

- Acknowledgement of the Affordable Housing Fund status and the impact that the allocation will have on the fund
- Consistency with Guiding Principles
- Confirmation of eligibility
- Confidence that the funded use will be realized

**BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY**

**AGENDA REPORT**

For meeting of: **December 17, 2019**

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**TO:** Honorable Mayor and City Council

**VIA:** Robert Nisbet, City Manager

**FROM:** Lisa Lopez, Administrative Services Director

**TITLE: AB1600 REPORT ON DEVELOPMENT IMPACT FEES FOR FISCAL YEAR ENDED  
JUNE 30, 2019**

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**RECOMMENDATION:**

Accept the AB 1600 Report on Development Impact Fees for fiscal year ended June 30, 2019.

**FISCAL IMPACT:**

There is no fiscal impact associated with this item. All development impact fees collected to date were committed or expended within five years as of June 30, 2019 and are not subject to refund.

**STRATEGIC ELEMENT:**

This recommendation supports the Inclusive Governance, Fiscal Sustainability and Infrastructure and Environment Elements.

**BACKGROUND:**

Every year the City prepares an annual report for each fund established to account for public facilities fees, in accordance with the provisions of the State of California and Government Code Section 66006, which requires the City to make available to the public certain information regarding development impact fees for each fund within 180 days after the end of each fiscal year. The report must include the beginning and ending balances by public facility type for the fiscal year and the amount of fees, interest, other income, and expenditures for each fund.

Cities and counties often charge fees on new development to mitigate their impacts on public facilities. For example, traffic mitigation fees are used to mitigate traffic impacts by improving streets, bike lanes, and sidewalks. These fees are commonly known as development impact fees. Assembly Bill (AB) 1600, enacted in 1987, applies to development fees established, increased, or imposed on or after January 1, 1989. AB 1600 enacts Government Code Sections 66000-66003 that generally contain four requirements:

1. A local jurisdiction must follow the process set forth in the bill and make certain determinations regarding the purpose and use of the fees and to establish a “nexus” or connection between a development project or class of projects and the public improvement being financed with the fee.
2. The fee revenue must be segregated from the general fund in order to avoid commingling of public improvement fees and the general fund.
3. If a local jurisdiction has had possession of a development fee for five years or more and has not committed that money to a project or actually spent that money, then it must make findings describing the continuing need for that money each fiscal year after the five years has expired.
4. If a local jurisdiction cannot make the findings required under paragraph 3, then the City must go through a refund procedure.

**DISCUSSION:**

The storm drainage fees, traffic mitigation fees, park facility fees, sewer connection fees, and capital outlay fees that the City of Half Moon Bay collects qualify as development impact fees; and therefore, must comply with the above referenced Government Code Sections. As required by law, these fees are segregated and accounted for in funds separate from the General Fund. The sections below provide detailed project discussion, analysis, and financial data tables by fund.

**Traffic Mitigation Fees (Accounted for in Fund 13 - Traffic Mitigation Fund)**

Traffic mitigation fees are used to construct improvements to mitigate the City’s traffic and transportation impacts resulting from new developments occurring in Half Moon Bay. These funds are used by the City to reduce traffic congestion and to provide for traffic safety and street improvements such as signals, lighting, and signage within the city.

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>FUND 13 Beginning Fund Balance</b>	512,357	237,672	380,980	850,093	1,655,380
<b>Revenue</b>					
Citywide Impact Fees (421)	1 92,597	218,108	2 82,784	854,344	2,411,632
Interest (431)	1,169	2,445	4,487	15,197	49,125
Transfers In from Other Funds (499)			220,000		
<b>Total Revenues</b>					
<b>Expense</b>	193,766	2 20,553	507,271	8 69,541	2,460,757
Other Expenditures (652)					
	23,451	30,903	31,155	31,481	31,475

Projects					
Traffic Signal Coordination (0570)		45,730	(20,500)		
Hwy 1/Kelly Avenue Intersection Improvements (0571)		612	27,503	32,773	11,328
Transfers Out to Other Funds (790)	445,000	-	-	-	-
<b>Total Expenditures</b>	468,451	77,245	38,158	64,254	42,803
<b>FUND 13 Ending Fund Balance</b>	237,672	380,980	850,093	1,655,380	4,073,334

Analysis:

The funds generated by the traffic mitigation fees have averaged \$806K annually over the last five years. They will be used in connection with the Five-Year Capital Improvement (CIP) Plan. In FY 2018-19 the funds were primarily used to provide pedestrian, circulation, and drainage improvements at the intersection of Highway 1 and Kelly Avenue. Late in the year, the City received \$2,350,000 developer funds for the Highway 1 North project. This project will extend through FY2021-22 and is budgeted to cost \$9M.

**Storm Drain Fees (Accounted for in Fund 14 – Storm Drain Improvements)**

Storm Drain Improvement fees are assessed against new or remodeled construction projects and are used for drainage improvements.

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>FUND 14 Beginning Fund Balance</b>	528,783	578,654	555,431	836,220	
<b>Revenue</b>					1,292,064
Citywide Impact Fees (420)	7,319	5,817	11,687	6,643	5,134
Grants	23,143				
Interest (431)	3,394	3,604	4,430	5,472	33,098
Transfers In from Other Funds (499)	109,400	200,000	462,700	535,000	292,495
<b>Total Revenues</b>	143,256	209,420	478,817	547,115	330,727
<b>Expense</b>					
Other Expenditures (5XX & misc)			94,061	20,617	76,736
Projects					
Kehoe Ditch Implementation		83,355			
Storm Drain Master Plan - Phase 2 (0563)		149,288	32,109	42,495	9,230
Stormwater Trash Reduction (0558)			4,170		

Seymour Ditch Erosion Project (0592)			63,000	25,000	
Channel Flow	93,385				
Transfers Out to Other Funds (790)			4,689	3,161	
					2,292
<b>Total Expenditures</b>	<u>93,385</u>	<u>232,643</u>	<u>198,029</u>	<u>91,273</u>	<u>88,258</u>
<b>FUND 14 Ending Fund Balance</b>	<u>578,654</u>	<u>555,431</u>	<u>836,220</u>	<u>1,292,064</u>	<u>1,534,533</u>

Analysis:

The funds generated from the storm drain fees have averaged \$7.3K annually over the last five years. They are used to fund various capital improvement projects for drainage improvements as outlined in the Five-Year Capital Improvement Plan. These projects are ongoing with funds budgeted for FY 2019-2020.

**Park Fees (Accounted for in Fund 17 - Park Development Fund)**

The City uses new development fees to fund the acquisition, development, and capital improvements of the City's parks, recreation areas, and bicycle trails. Every subdivider shall be required to dedicate a portion of land, or pay a fee in lieu thereof, for the purpose of providing park and/or recreational space/facilities.

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>FUND 17 Beginning Fund Balance</b>	379,323	553,656	406,711	1,014,840	1,514,105
<b>Revenue</b>					
Citywide Impact Fees (422, 424)	104,780	106,014	562,822	122,282	289,261
Grants	104,169	1,293,156	4,735		
Miscellaneous (482)	116,060	10,000	(5,000)	5,000	5,000
Interest (431)	4,337	790	-	12,886	48,949
Reimbursement - Non Govt (486)					479,055
Transfers In from Other Funds (499)	<u>693,000</u>	<u>45,000</u>	<u>882,890</u>	<u>541,324</u>	<u>804,000</u>
<b>Total Revenues</b>	<u>1,022,346</u>	<u>1,454,960</u>	<u>1,445,446</u>	<u>681,493</u>	<u>1,626,265</u>
<b>Expense</b>					
Other Expenditures (5XX)		53,762	13,872	18,181	24,767
Projects					
Seymour Bridge Replacement (0542)		39,322	608,595	3,032	
Smith Field Park Improvements	31,558				
Ocean View Park Playground Equipment					
Trails Master plan	5,553				
Mac Dutra Park Improvement	299,931	177,662			
Kehoe Drainage Improvements	270				

Skate Park Relocation (0548)	100,000	5,000	4,372		
Carter Park Access Study (0551)		105,268	6,875	1,286	
Memorial Bench Replacement	7,303				
Playground Equipment	19,698				
Pilarcitos Trail Bridge Replacement (0561)	233,701	1,220,890	6,276	5,802	2,157
Coastal Trail Erosion (0574)			87,334	1,988	
Bike and Ped Trail Master Plan (0580)			43,730	75,911	38,317
Parks Master Plan (0583)			62,062	66,764	74,295
Smith Field Tot Lot (0584)			3,420		
Rehab of Poplar Pedbike Path (0596)				8,647	138,837
Vertical Access at Poplar Beach (0597)					4,943
Parks Master Plan Implementation Program (0609)					456
Ocean View Park - Restrooms and Site Improvements (0610)					29,778
Carter Park Improvements (0611)					31,597
Poplar Beach Gateways Plan (0617)					882
Coastal Bluff Preservation (0618)					18,782
Transfers Out (790)	150,000		781	617	517
<b>Total Expenditures</b>	848,013	1,601,905	837,318	182,228	365,328
<b>FUND 17 Ending Fund Balance</b>	553,656	406,711	1,014,840	1,514,105	2,775,042

### Analysis:

The park in-lieu funds generated by development impact fees have averaged \$237K annually over the last five years. These funds are used for parks, trails and recreational improvements, as outlined in the Five-Year Capital Improvement Plan. New projects began in FY2019 including Carter Park Improvements, Ocean View Park Restrooms, and the Coast Bluff Preservation.

### **Sewer Connection Fees (Accounted for in Fund 06 - Sewer Capital Fund)**

The sewer connection fees are used to fund the future sewer system capital improvements of the City's sanitary sewer capacity network that include testing, evaluation, maintenance, and repairs.

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>FD 06 Beginning Fund Balance - Cash &amp; Investments</b>	8,229,656	10,050,542	11,656,781	13,534,684	14,298,032
<b>Revenue</b>					
Citywide Impact Fees (462)		1,79,393	281,040	1,16,068	39,223
Grants					
Other Revenue	6,413	34,397	16,669		3,915
Interest (431)	4,9973	73,166	108,202	181,730	2,98,320
Sewer Usage Fees (461)	1,954,692	1,700,000	1,700,000	1,700,000	51,259
<b>Total Revenues</b>	2,011,078	1,986,956	2,105,911	1,997,798	3,92,717
<b>Expense</b>					
Other Expenses (5XX)	(2,311)	1,6,753		(686) (130)	
Projects					
Routine Sewer Maintenance (0506)		4,0,217	52,451	36,521	22,484
Ocean Colony Pump Station (0507)		2,0,833	(491)	78,661	149,550
Sewer Service Rate Study (0515)		105,885	7,943	35,138	440
Seymour Ditch Erosion Assessment (0592)				595,317	1,4,039
Sewer Main Repair Program		8,040			
Flow Monitoring	1,7,992				
Sewer Main Video Inspection	8,1,685				
Sewer System Modeling/Mapping (0557)	1,7,826	30,255	3,690		169,997
Re-line Manholes	4,4,539	4,930			
Sewer Master Plan and Management (0557)	3,0,461	47,103	117,712	168,135	
Transfers Out to Other Funds (790) <sup>(2)</sup>		106,703	46,703	321,365	3,16,386
<b>Total Expenditures</b>	190,192	3,80,718	228,007	1,234,451	672,766
<b>FD 06 Ending Fund Balance - Cash &amp; Investments</b>	10,050,542	11,656,781	13,534,684	14,298,032	14,017,983

### Analysis:

The development impact revenues received from the sewer connection fees have averaged \$153.9K annually over the last five years. These funds are used in connection with the Five-Year Capital Improvement (CIP) Plan. The current CIP Plan outlines \$3.8 million of sewer projects in FY19-20 including programs for Sewer Maintenance and Repair as well as replacement for various pump stations.



### Capital Outlay Fees (Accounted for in Fund 61 - Vehicle Fund)

Capital outlay fees provide funds to meet an increased need for capital items (such as buildings, land, vehicles and equipment) to serve the increasing population of the city.

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>FUND 61 Beginning Fund Balance</b>	798,875	747,602	680,047	696,505	666,749
<b>Revenue</b>					
Capital Impact/Development Fees (422)	1,130	839	18,434	16,503	5,410
Interest (431)	3,533	3,961	4,234	6,000	9,744
Sale of Property (480)					
Transfers In from Other Funds (499)				11,015	-
<b>Total Revenues</b>	<u>4,663</u>	<u>4,800</u>	<u>22,668</u>	<u>33,518</u>	<u>15,154</u>
<b>Expense</b>					
Other Expenditures (5XX)	14,342	16,182	10,967		
Other Expenditures (611, 633)	19,835	28,412	20,147	36,038	31,256
Capitalize Equipment Operating (689)		(78,565)			
Vehicle Replacement (762)	(1)	80,902	(25,425)		122,635
Depreciation (699)	21,761	25,424		27,236	60,822
Transfers Out to Other Funds (790)			521		
<b>Total Expenditures</b>	<u>55,937</u>	<u>72,355</u>	<u>6,210</u>	<u>63,274</u>	<u>214,713</u>
<b>FUND 61 Ending Fund Balance</b>	<u>747,602</u>	<u>680,047</u>	<u>696,505</u>	<u>666,749</u>	<u>467,190</u>

#### Analysis:

Over the last five years, the capital outlay development impact fees have generated revenues averaging \$8.4K annually. Historically these funds have been used towards the purchase of vehicles to support the City's maintenance department staff.

#### **SUMMARY:**

Annual tracking of the fund activities and preparation of the compliance report are required per the California Government Code. Failure to report on activity and account balances per the applicable regulations could warrant challenges to the collection of the related fees in the future or repayment of previously collected fees. By bringing this report forward today, staff fulfills the legal obligations and compliance requirements, and provides the community with information on the status and use of fees collected under the Mitigation Fee Act (Government Code Sections 66000 et seq.), commonly called Impact Fees. Final numbers may vary slightly pending the completion of the Comprehensive Annual Financial Report.

**BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY**

**AGENDA REPORT**

For meeting of: **December 3, 2019**

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**TO:** Honorable Mayor and City Council

**VIA:** Bob Nisbet, City Manager

**FROM:** Lisa Lopez, Administrative Services Director  
Corie Stocker, Management Analyst

**TITLE: APPROVAL OF BUILDING SAFETY INSPECTION PROGRAM MUTUAL AID AGREEMENT BETWEEN CITIES WITHIN SAN MATEO COUNTY AND THE COUNTY OF SAN MATEO**

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**RECOMMENDATION:**

Adopt a resolution authorizing the City Manager to execute a ten-year agreement establishing a Building Safety Inspection Program Mutual Aid Agreement with the cities within San Mateo County and the County of San Mateo.

**FISCAL IMPACT:**

There is no fiscal impact associated with this action. Costs will only be incurred in the event of an emergency.

**BACKGROUND:**

The heavy winter storms of late 2012 and early 2013 affected several communities, with one of the most significant impacts being severe flooding in the City of East Palo Alto. During the storm event response, San Mateo County Office of Emergency Services (OES, acting in its capacity as the Operational Area) encountered significant difficulties in obtaining public works mutual aid assistance for the beleaguered cities. As a result, a new Public Works Mutual Aid Agreement was developed and approved by the County and Cities of San Mateo in summer of 2015.

Given the eventuality of some natural disaster or other occurrence impacting the County and region, Building Officials throughout the County initiated work on an agreement similar to that circulated and approved for Public Works in 2015.

The City of Half Moon Bay City Council authorized the City Manager to execute the Public Works Mutual Aid Agreement on July 21, 2015. This agreement remains in effect. As a result of the Public Works Mutual Aid Agreement, the Building Department Mutual Aide Agreement was developed. The City of Half Moon Bay City Council authorized the City Manager to execute the

Building Department Mutual Aid Agreement on April 18, 2017. This agreement remains in effect until terminated.

**DISCUSSION:**

The purpose of the Building Safety Inspection Program Mutual Aid Agreement is to provide an organized means of providing the interchange of building safety inspection services and resources, as well as voluntary mutual aid to neighboring entities during the event of a disaster. In many ways, this provision of aid is similar to what already exists amongst the police and fire services (with an exception being that Building Department and Public Works aid is not intended to be automatic). The language of the agreement and its accompanying Procedures Guide specifically envision establishing a “zone” concept of aid that mirrors existing and developing zones in police and fire mutual aid.

There is no requirement for a majority or all of the municipal entities of San Mateo County to enter into this agreement. Considering that no Building Officials have indicated resistance to the agreement and have actively worked on its development, there is a high likelihood that the majority (if not all) parties will enter into the agreement. Given the limited staffing availability in Half Moon Bay, the agreement would provide critical and beneficial support to the community in the event of a significant event coastside.

While the agreement requires that the “Requesting Party” reimburse the “Assisting Party” for all of its costs of providing assistance within six (6) months, this may be delayed if agreed upon by both Parties. Having this pre-arranged agreement will result in more prompt reimbursement from the State (i.e., California Disaster Assistance Act) and / or federal (i.e., Federal Emergency Management Agency) agencies.

**ATTACHMENTS:**

1. Resolution authorizing the City Manager to execute the Mutual Aid Agreement
2. Draft County of San Mateo – Building Safety Inspection Program Mutual Aid Agreement
3. Draft Procedures Guide – County of San Mateo Building Safety Inspection Program Mutual Aid Agreement

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY  
AUTHORIZING THE EXECUTION OF THE SAN MATEO COUNTY BUILDING SAFETY  
INSPECTION PROGRAM MUTUAL AID AGREEMENT**

**WHEREAS**, the County of San Mateo and the cities in San Mateo County have expressed a mutual interest in the establishment of a plan to encourage building inspection related mutual aid agreement; and

**WHEREAS**, the City Council has determined that it would be in the City’s best interest to participate in the Building Safety Inspection Program Mutual Aid Agreement; and

**WHEREAS**, Section 8630 et seq. of the State of California Government Code grants local agencies full power to provide mutual aid pursuant to established agreements; and

**WHEREAS**, a draft form of agreement for building inspection programs mutual aid and related procedures has been presented to this Council and considered;

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Half Moon Bay hereby authorizes the City Manager to execute the Building Safety Inspection Program Mutual Aid Agreement with San Mateo County and other cities within the County to provide a more effective means of providing timely building and safety related assistance to jurisdiction(s) impacted by disaster.

\* \* \* \*

I, the undersigned, hereby certify that the foregoing resolution was duly passed and adopted on the 3rd day of December, 2019 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

APPROVED:

\_\_\_\_\_  
Jessica Blair, City Clerk

\_\_\_\_\_  
Harvey Rarback, Mayor

**SAN MATEO COUNTY OPERATIONAL AREA  
BUILDING SAFETY INSPECTION PROGRAM MUTUAL AID AGREEMENT**

This Building Safety Inspection Program Mutual Aid Agreement (“Agreement” or “Mutual Aid Agreement”) is made and entered into as of the Effective Date by and between the parties set forth below (hereinafter individually referred to as “Party” or collectively referred to as the “Parties” to this Agreement).

WHEREAS, it is desirable and necessary for the protection of life, property and the environment that each of the parties hereto voluntarily aid and assist each other by the interchange of building safety inspection services and resources in the event of an emergency; and

WHEREAS, many building officials in San Mateo County have expressed an interest in the establishment of a plan to facilitate and encourage mutual aid agreements among building officials throughout San Mateo County; and

WHEREAS, the Parties have determined that it would be in their best interests to enter into a mutual aid agreement that implements a plan and sets forth procedures and responsibilities of the Parties whenever emergency personnel, equipment, and facility assistance is provided from one Party’s building official to the other; and

WHEREAS, no Party should be in a position of unreasonably depleting its own resources, facilities, or services by providing such mutual aid; and

WHEREAS, such an agreement is in accord with the California Emergency Services Act (“Act”) (California Government Code Section 8550 *et seq.*) and specifically Section 8631 of the Act; and

WHEREAS, all Parties must use protocols established in the Standardized Emergency Management System (“SEMS”) and the National Incident Management System (“NIMS”) to be eligible for possible State or federal reimbursement of response-related personnel and resource costs.

In consideration of the conditions and covenants contained herein, the Parties agree as follows:

**SECTION 1 - DEFINITIONS**

For this Agreement, the following terms shall be ascribed the following meanings:

- A. “Assisting Party” shall mean the Party to this Agreement that is providing mutual aid.
- B. “Coordinator” shall mean the Coordinator of a Party (the local jurisdiction) providing mutual aid. This will typically be the Local Building Official. The Coordinator for each Party is responsible for all matters relative to building safety inspection mutual aid, to include but not be limited to requests, responses, and reimbursement.

- C. “Local Building Official” shall mean the individual or designee who fulfills the functionally equivalent role of a city or town Building Official.
- D. “Local Emergency” shall mean the actual or threatened existence of conditions of disaster or extreme peril to the safety of persons or property within the territorial limits of one of the Parties caused by human or natural conditions such as air pollution, fire, flood, storm, wind, earthquake, explosion, transportation accident, hazardous material problem, tsunami, sudden or severe energy shortage, epidemic, riot or other occurrences, other than conditions resulting from a labor controversy, which occurrences, or the immediate threat thereof, are likely to be beyond the control of the personnel, equipment, or facilities of that Party to this Agreement and which personnel, equipment or facilities of the other Party are therefore desired to combat.
- E. “Operational Area” shall mean San Mateo County and all the jurisdictions within the County that are Parties to this Agreement. Consistent with SEMS and NIMS, the Operational Area is an intermediate level of the State emergency services organization, which serves as a link in the systems of communications and coordination between the political subdivisions comprising the Operational Area and the Regional or State Emergency Operations Center(s).
- F. “Operational Area Coordinator” shall mean the San Mateo County Office of Emergency Services (“OES”) Director or their designee, who shall coordinate the Local Building Officials for the Safety Assessment Program (“SAP”).
- G. “Requesting Coordinator” shall mean the Coordinator of a Party requesting mutual aid.
- H. “Requesting Party” shall mean the Party to this Agreement that is requesting mutual aid.
- I. “Safety Assessment Program” or “SAP” shall mean the California OES program that provides professional engineers and architects and certified building inspectors to assist local governments in safety evaluation of their built environment in the aftermath of disaster.

## **SECTION 2 – DESIGNATION OF COORDINATOR**

Coordinators shall be designated by each Party. The title, name, address, and phone number of the Coordinator shall be provided to the Operational Area Coordinator. If the designated coordinator changes, the Parties shall notify the Operational Area Coordinator as soon as practical after the appointment has been made.

## **SECTION 3 – MUTUAL AID**

When a Local Emergency has been proclaimed by a Party’s governing body or authorized official, the Requesting Coordinator may request assistance from the Parties in accordance with the Procedures Guide attached as Exhibit A to this Agreement. In situations where extreme

imminent threat to life, property, or the environment exists, the San Mateo County Manager or the President of the San Mateo County Board of Supervisors may waive the requirement for a proclamation before providing assistance upon request from a City Manager of the affected jurisdiction and under the presumption that such a proclamation will be made in accordance with all local and State regulations as promptly as reasonably possible.

#### **SECTION 4 – TERM**

The term of this Agreement is for ten years, from November 1, 2019 to November 1, 2029.

#### **SECTION 5 – AVAILABILITY**

The Parties agree that the mutual aid extended under this Agreement is to be available and furnished in all cases of Local Emergencies regardless of type, provided that such mutual aid does not compromise any Party's ability or capacity to respond to calls for service within its own jurisdiction. When a request for assistance is received, the Coordinator offering assistance will promptly advise of the extent of their response, and provide whatever personnel, equipment, and facilities are available without jeopardizing the safety of persons or property within their jurisdiction. No Party receiving a request for assistance shall be under any obligation to provide assistance or incur any liability for not complying with the request.

#### **SECTION 6 – RETURN OF RESOURCES**

When the Assisting Party's personnel, equipment, or facilities are no longer required, or when the Assisting Party advises that the resources are required within their own jurisdiction, the Requesting Coordinator shall immediately arrange for the return of those resources.

#### **SECTION 7 – SAFEKEEPING OF RESOURCES**

The Requesting Party shall be responsible for the safekeeping of the resources provided by the Assisting Party. The Requesting Coordinator shall remain in charge of the incident or occurrence and shall maintain control and direction of the resources provided by the Assisting Party. The Requesting Party may include a request for the provision of supervisory personnel to take direct charge of the resources provided by the Assisting Party, under the general direction of the Requesting Coordinator. The Requesting Party shall make arrangements for feeding and/or assisting personnel, and for fueling, servicing, and repair of equipment unless the Coordinator providing the assistance agrees that these arrangements are not necessary or are to be provided by the Assisting Party.

**SECTION 8 – EMPLOYMENT STATUS**

The Assisting Party’s personnel who participate in the response shall not be deemed employees of the Requesting Party, nor shall any personnel of the Requesting Party be deemed employees of the Assisting Party. However, while acting under this Agreement, and solely for the purposes of indemnification and immunity, the Assisting Party’s personnel shall be considered special employees on a temporary basis and authorized agents of the Requesting Party.

**SECTION 9 – WORKER’S COMPENSATION**

Each Party shall provide, at its sole expense, the required worker’s compensation insurance coverage necessary for its own employees. In the event that any employee or employees of an Assisting Party alleges in a worker's compensation claim that they are special employees on a temporary basis of the Requesting Party, the Assisting Party agrees to indemnify, defend (with counsel acceptable to Requesting Party), and hold harmless the Requesting Party against the claims, and all expenses, losses, damages, costs, and judgments (including attorneys’ fees) relating to or arising out of the alleged special employee status. Nothing herein requires the Assisting Party to indemnify, defend, or hold harmless the Requesting Party against any worker’s compensation claim or portion of the claim unrelated to the alleged special employee status.

**SECTION 10 – INSURANCE**

Each Party shall maintain during the term of this Agreement such bodily injury liability and property damage liability insurance as shall protect Party and all of its employees/officers/agents while providing aid pursuant to this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from Party’s actions under this Agreement, whether such actions be by the Party, any subcontractor, anyone directly or indirectly employed by either of them, or an agent of either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall not be less than the amounts specified below. Self-insurance shall be acceptable to meet this requirement.

- Comprehensive General Liability: \$2,000,000
- Automobile Liability: \$1,000,000

All Parties agree to furnish verification of coverage with original certificates and applicable endorsements or copies of applicable policy language upon request by any Party.

**SECTION 11 – MUTUAL AID COSTS**

The Requesting Party agrees to pay all reasonable direct, indirect, administrative, and contracted costs incurred by the Assisting Party as a result of providing assistance under this Agreement,



based upon the standard rates applicable to the Assisting Party's internal operations. Any Assisting Party must obtain approval from the Requesting Party prior to purchase of any goods or equipment in order to be eligible for reimbursement. The Requesting Party shall pay such costs as soon as reasonable after receipt of a detailed invoice. Payment shall occur within six (6) months but may be delayed if agreed upon by both Parties. The Requesting Party shall not assume any liability for the direct payment of any salary or wages to any officer, employee, or agent of the Assisting Party.

## **SECTION 12 – DEFENSE AND INDEMNIFICATION**

12.1 Claims Arising from Sole Acts or Omissions of a Party. Each Party to this Agreement hereby agrees to defend and indemnify the other Parties to this Agreement, their agents, officers and employees, from any claim, action or proceeding against another Party, to the extent arising out of its own acts or omissions in the performance of this Agreement. At each Party's sole discretion, each Party may participate at its own expense in the defense of any claim, action or proceeding, but such participation shall not relieve any Party of any obligation imposed by this Agreement. Parties shall notify each other promptly of any claim, action or proceeding and cooperate fully in the defense.

12.2 Claims Arising from Concurrent Acts or Omissions. The Parties hereby agree to defend themselves from any claim, action, or proceeding arising out of the concurrent acts or omissions of the Parties. In such cases, the Parties agree to retain their own legal counsel, if necessary, bear their own defense costs, and waive their right to seek reimbursement of such costs, except as provided in Subsection 12.3 and/or Subsection 12.4, below.

12.3 Joint Defense. Notwithstanding Subsection 12.2 above, in cases where Parties agree in writing to a joint defense, Parties may appoint joint defense counsel to defend the claim, action, or proceeding arising out of the concurrent acts or omissions of Parties. Joint defense counsel shall be selected by mutual agreement of said Parties. Parties agree to share the costs of such joint defense and any agreed settlement in equal amounts, except as provided in Subsection 12.4 below. Parties further agree that no Party may bind the others to a settlement agreement without the written consent of the others.

12.4 Reimbursement and/or Reallocation. Where a trial verdict allocates or determines the comparative fault of the Parties, those Parties may seek reimbursement and/or reallocation of defense costs, settlement payments, judgments and awards, consistent with such comparative fault. The Parties expressly waive pro rata allocation off liability under Government Code Section 895.6.

## **SECTION 13 – NO WAIVER**

This Agreement shall in no way abrogate or waive any of the immunities available under Federal, State, and local law and regulations, including but not limited to the California

Emergency Services Act, Government Code Section 8655 *et seq.*, and the California Government Claims Act, Government Code Section 810 *et seq.*

#### **SECTION 14 – RECORDS**

When mutual aid is provided, the Requesting and Assisting Parties will keep account records of the personnel, equipment, mileage, and materials provided as required by Federal and State law, the California Disaster Assistance Act, and Federal Emergency Management Agency (“FEMA”) guidelines to maximize the possibility of Federal and State disaster reimbursement. Each Party shall have access to another Party’s records for this purpose upon reasonable request.

#### **SECTION 15 – EFFECTIVE DATE**

This Agreement shall take effect immediately upon its execution by the President of the County of San Mateo Board of Supervisors and one or more other Parties.

#### **SECTION 16 – WITHDRAWAL**

Any Party may withdraw from this Agreement, with or without cause, upon delivery of one-hundred twenty (120) days prior written notice to the Operational Area Coordinator.

#### **SECTION 17 – PRIOR AGREEMENTS**

To the extent that they are inconsistent with this Agreement, all prior agreements for building department mutual aid between the Parties are hereby null and void. This Agreement does not preclude any routine or shared services which the Parties may provide, may already have contracted for, or may contract for in the future.

#### **SECTION 18 – MULTIPLE REQUESTS**

When more than one city is impacted by an emergency, requests for building safety inspection mutual aid under this Agreement will be channeled through the Operational Area Coordinator to ensure maximum effectiveness in allocating resources to the Party with the highest priority needs.

#### **SECTION 19 – MEDIATION**

Should any dispute arise out of this Agreement, any Party may request that it be submitted to mediation. The Parties involved in the dispute shall meet in mediation within 30 days of a

request. The mediator shall be agreed to by the mediating Parties; in the absence of an agreement, the Parties shall each submit one name from mediators listed by either the American Arbitration Association, the State Mediation and Conciliation Service, or other agreed-upon service. The mediator shall be selected by a blind draw.

### **SECTION 20 – OPERATIONAL AREA COORDINATOR**

The Operational Area Coordinator shall be responsible for:

- A. Receipt of new members to the Agreement.
- B. Maintaining a current list of signatory Parties.
- C. Establishing and maintaining a list of Coordinators.
- D. Circulating annually a list of all Parties and Coordinators to all signatory Parties.
- E. Arranging for amendments to the Agreement as may be necessary.
- F. Allocating resources in the event of multiple requests as provided in Section 18.

### **SECTION 21 – EXECUTION**

All Parties agree that any other qualified public agency may become a Party to this Agreement by executing a duplicate copy of this Agreement and sending same to the Operational Area Coordinator, addressed as follows:

San Mateo County Office of Emergency Services  
400 County Center  
Redwood City, CA 94063-1665

### **SECTION 22 – AUTHORITY TO ENTER INTO AGREEMENT**

Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and to bind each respective Party.

### **SECTION 23 – THIRD PARTY BENEFICIARIES**

Nothing set forth in this Agreement shall create, nor is it intended to create, third party beneficiaries with rights to enforce any clause, condition or term of this Agreement, or assert a claim or cause of action for breach of this Agreement.

**SECTION 24 – SEVERABILITY**

Should any term or provision of this Agreement be determined to be illegal or in conflict with any law, the validity of the remaining portions or provisions shall not be affected thereby. Each term or provision of this Agreement shall be valid and enforced as written to the fullest extent permitted by law.

\* \* \*

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

IN WITNESS WHEREOF, and in agreement with this Agreement’s terms, the Parties, by their duly authorized representatives, affix their respective signatures:

<b>Jurisdiction</b>	<b>Signature</b>	<b>Print Name and Title</b>	<b>Date</b>
Atherton			
Belmont			
Brisbane			
Burlingame			
Colma			
Daly City			
East Palo Alto			
Foster City			
Half Moon Bay			
Hillsborough			
Menlo Park			
Millbrae			
Pacifica			
Portola Valley			
Redwood City			
San Bruno			
San Carlos			
San Mateo			
South San Francisco			
Woodside			
County of San Mateo			

**EXHIBIT A**  
**SAN MATEO COUNTY OPERATIONAL AREA**  
**BUILDING SAFETY INSPECTION PROGRAM MUTUAL AID AGREEMENT**  
**PROCEDURES GUIDE**

**I. PURPOSE**

The purpose of this Procedures Guide is to provide Parties to the San Mateo County Operational Area Building Safety Inspection Program Mutual Aid Agreement with a practical set of guidelines on how to effectively provide and receive building safety inspection assistance. The terms of the Agreement shall govern in the event there is any actual or apparent conflict between this Procedures Guide and the Agreement. The following provisions are suggested guidelines only and not binding on any agency, except to the extent an agency wishes to request assistance pursuant to this Agreement, in which case these guidelines shall be followed. These provisions should be modified and expanded as necessary by an Amendment to the Agreement to meet the unique needs, emergency organizational structure, and working relationships of each operational and regional area.

**II. TENETS OF OPERATIONAL AREA BUILDING SAFETY INSPECTION MUTUAL AID**

1. The most effective means of providing timely assistance to a jurisdiction impacted by a disaster is to have agreements in place in advance of the disaster.
2. Assistance is voluntary.
3. Assistance provided shall be reimbursed by the requesting jurisdiction.
4. Jurisdictions should reasonably commit their own resources before requesting mutual aid.
5. A Proclamation of a Local Emergency is necessary to activate the Agreement, unless waived per Section 3 of the Agreement.
6. Cooperative planning and training are desirable to enhance the effectiveness of providing mutual aid when needed.

**III. PROCEDURES FOR BUILDING SAFETY INSPECTION MUTUAL AID**

1. Designated Building Official Coordinator

The Agreement specifies that the “Coordinator” shall mean the person designated by each Party to act on behalf of that Party on all matters relative to building safety inspection mutual aid, including but not limited to requests, responses, and reimbursement.

The Coordinator should be a person who during a disaster would be authorized to request Safety Assessment Program (“SAP”) resources. The Coordinator should also be in a position to authorize the providing agency to release personnel and equipment to the agency impacted by the disaster.

Alternate coordinators should be designated in case the primary coordinator is unavailable during the disaster. Each Party should submit the name and contact information of the Coordinator and alternate to the Operational Area Coordinator, and keep that information up-to-date.

## 2. WebEOC Communication

To obtain building safety inspection assistance, a planned method of communicating requests is essential. This includes using WebEOC as the primary means to process the request and maintain lines of communication. WebEOC should be used to request assistance using the Resource Task (ICS-213RR). Communication via telephone, radio, microwave, etc. may be necessary in the early phases of an incident to ensure requests are being received and processed in a timely manner, and may also be used as secondary communication channels.

## 3. Resource Lists and Contacts

It is strongly recommended that lists of building safety inspector resources (including quantity and type of personnel, equipment, and materials) be developed for each participating agency in the Operational Area. Each Coordinator should upload their resource list to WebEOC, and provide a copy to the Operational Area Coordinator. The Operational Area Coordinator will populate the list in the resources section of the County WebEOC. Coordinators should regularly review and update their lists and provide updated information to the Operational Area Coordinator. Such lists are essential for the Operational Area Coordinator to quickly identify which agencies have the particular types of resources needed by the requesting agency.

SMCAAlert will be used to notify all Building Officials/designated Coordinators in the Operational Area of a resource request.

## 4. Arrange Care for Assisting Forces

The Agreement requires that the Requesting Party be responsible for the safekeeping of the resources provided by the Assisting Party.

## 5. Documentation for Reimbursement

In accordance with the Agreement, each Requesting and Assisting Party is required to keep accounting records of the personnel, equipment, and materials provided under the Agreement as required by the Federal Stafford Act administered by the Federal Emergency Management Administration (FEMA) and State guidelines. This requirement is to maximize the Requesting Party’s ability to receive reimbursement for costs expended to receive mutual aid.

## 6. Proclamation of Emergency

The Agreement requires that a Local Emergency be proclaimed by an authorized official or the governing body of the impacted jurisdiction prior to requesting resources, unless the requirement

is waived pursuant to Section 3 of the Agreement. A State of Emergency should also be requested through the Operational Area for approval by the Governor to authorize State reimbursement and, if warranted, a request for a Presidential Proclamation of Emergency to authorize federal reimbursement. Each Party should include in their emergency plan a provision to seek a proclamation from the authorized official in their jurisdiction as soon as they can reasonably determine that the disaster will be beyond the scope of mutual aid assistance. Because cumulative estimates of damage across the County may be combined to establish a basis for reimbursement from the State and a gubernatorial declaration of emergency, the collection and provision of damage estimates to the Operational Area Coordinator for any incident that might have Countywide implication is important in obtaining external resources.

#### 7. Agency in Charge

The Agreement provides that the Requesting Coordinator shall remain in charge of the incident and provide direction to and control of the resources provided by the Assisting Party. The Requesting Party may also request that the Assisting Party provide supervisory personnel to take direct charge of the resources provided under the overall direction of the Requesting Coordinator. The Assisting Party should comply with all reasonable directions from the Requesting Coordinator. However, the Assisting Party should not be obligated to perform any work that it reasonably believes would unduly jeopardize the safety of its employees.

#### 8. Checklists for Requesting Mutual Aid

Each Party to the Agreement is encouraged to develop checklists for their Coordinator to use in assuring that all required steps are followed to properly and effectively seek and provide building safety inspection mutual aid for the benefit of the impacted area and protection of the Assisting Party. These checklists should establish who is to carry out each essential function both internally to the agency and externally, and contact numbers and means for reaching those individuals.

Exhibit A-1 (San Mateo County Operational Area Building Safety Inspection Program Checklist for Mutual Aid Assistance) is a sample checklist.



## EXHIBIT A-1

### SAN MATEO COUNTY BUILDING SAFETY INSPECTION PROGRAM CHECKLIST FOR MUTUAL AID ASSISTANCE

#### I. Pre-Event

Develop procedures at the Operational Area to carry out mutual aid including checklists of actions, resource lists, etc.

#### II. Post Event

1. Agency experiencing event quickly assesses estimated extent of damage and availability of local resources to respond.
2. If it is apparent that outside resources will be needed to effectively deal with the emergency, promptly request a proclamation of Local Emergency.
3. Upon a proclamation of Local Emergency (or waiver under Section 3 of the Agreement), request mutual aid assistance via WebEOC from the Operational Area Coordinator according to pre-established procedures in WebEOC.
4. Ensure request is specific as to type and quantity of resources needed, when to report, who to report to, how long resources may be needed, and type of work to be performed.

Once an Assisting Party is located to satisfy the resource request, the Operational Area Coordinator will determine how quickly these resources can be made available and notify the Requesting Party.

5. The Requesting Party will make all necessary arrangements to care for the Assisting Party's personnel and equipment if needed.
6. The Requesting Party will carefully document all costs for each specific damage site according to State and Federal procedures for eligible reimbursement. Carefully record the names of assisting personnel and equipment at each site, hours worked, and mileage. Parties should ensure that expenses and activities are documented on the required forms, which include:
  - a. ICS Form 214 Unit Log
  - b. FEMA 90127 Force Account Labor Summary
  - c. FEMA 90128 Force Account Equipment Summary

7. The Requesting Party should return the Assisting Party's resources as soon as possible.

**BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY**

**AGENDA REPORT**

For meeting of: **December 3, 2019**

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**TO:** Honorable Mayor and City Council

**FROM:** Jill Ekas, Director of Community Development  
Sara Clark, Deputy City Attorney

**TITLE: PROPOSED ENACTMENT OF CITY ORDINANCE REGARDING RESIDENTIAL RENTAL SECURITY MEASURES**

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**RECOMMENDATION:**

Conduct a public hearing, waive first reading, and introduce an ordinance enacting Chapter 7.70 (Residential Rental Security Measures) as part of the Half Moon Bay Municipal Code.

**FISCAL IMPACT:**

Part of the proposed amendments regulate the relationship between landlords and tenants in the City of Half Moon Bay. These amendments are not anticipated to have an impact on City finances. The remainder of the amendments establish a City-funded mediation program for landlords and tenants. Having conferred with staff in other cities, it is anticipated that the cost of mediation services can be covered by either Community Development or Community Services budgets. If the expense is unexpectedly higher than these budgets can support, it is possible for City Council to allocate monies from the Affordable Housing Fund to support this activity as an eligible use of that fund; however, staff recommends not drawing down the Affordable Housing Fund for such programmatic activities unless absolutely necessary.

**STRATEGIC ELEMENT:**

This action supports Healthy Communities and Public Safety, as well as the Inclusive Governance elements of the Strategic Plan.

**BACKGROUND:**

*City's Existing Code:* The Half Moon Bay Municipal Code does not currently provide residential rental security measures, except in two limited circumstances. First, pursuant to Chapter 18.30, mobile home park residents are provided relocation assistance and other rights in the event of a mobile home park conversion. Second, pursuant to Chapter 17.62, owners wishing to convert a building to condominiums must provide existing tenants with advanced notice of the conversion, the right to purchase the converted unit, and relocation assistance.

*Previous City Consideration:* In July and October 2018, the City convened two “Community Conversations about Housing” to learn and talk about housing and related issues in Half Moon Bay. These conversations were developed out of a partnership between the City and the County-led Home for All Initiative to help broaden and deepen the community’s understanding of housing conditions and needs. These conversations also built on City Council Listening Sessions in Spring 2018 where community members identified that housing affordability and security should be a City priority.

One of the strategies identified through these discussions is the addition of residential tenant protection measures to the City’s Code. The City currently lacks such protection measures, leaving tenants vulnerable to housing insecurity and increased rental costs. As a follow up to the Community Conversation in July, at their September 4, 2018 session, Council considered near, mid, and long-term options for inclusion in a Housing Work Plan. Council provided direction to maintain the Work Plan as a living document which could evolve over additional discussions. However, Council also identified work plan actions that could be taken to address immediate needs, including tenant protection measures. The September 4 staff report noted that tenant protection measures are well developed in other jurisdictions, and that staff would look into those established in elsewhere in San Mateo County and the Bay Area.

As a result, on November 20, 2018, Council considered four possible tenant protection measures: minimum lease terms, enhanced notice provisions, relocation assistance, and tenant-landlord mediation. After hearing community input, Council requested that staff prepare a draft ordinance. Staff presented a draft ordinance on January 15, 2019 for City Council’s consideration. Based on community feedback, the City Council directed staff to conduct additional outreach.

In Spring and Summer 2019, it became clear that the State Legislature might enact some form of statewide rent control. Given the potential for overlap, the City paused work on the Ordinance to await the state decision.

#### *Tenant Protection Action of 2019 (AB 1482)*

On October 8, 2019, Governor Newsom signed the Tenant Protection Act of 2019 into law. Effective January 1, 2020, this new law gives tenants statewide three rights: (1) just cause eviction standards, (2) relocation benefits, and (3) caps on rent increases.

First, the just cause eviction standards impose requirements on landlords regarding the termination of a tenancy. If a tenant has occupied a rental unit for more than one year, the tenancy cannot be terminated without just cause. “Just cause” is specified in the statute, and includes failure to pay rent, breach of lease terms, nuisance or waste, failure to reenter a new lease on similar terms after the expiration of an existing written lease, and criminal or unlawful activities.

In addition, the statute outlines “no-fault just causes.” These include owner or owner’s family move-in, withdrawal of the unit from the rental market, certain habitability repairs, and demolition or substantial remodeling. For no-fault just cause evictions, the landlord must then pay the tenant either one month’s rent in relocation assistance, or waive payment of the rent due for the final month of the tenancy.

Second, the Tenant Protection Act imposes certain caps on rent increases. Specifically, landlords are prohibited from increasing rental rates for existing tenants by more than 5 percent plus the change in the cost of living, or 10 percent, whichever is lower in any given 12 month period. This provision is retroactive, reaching back to rent increases after March 15, 2019, in order to prevent rent gouging before the law becomes effective.

Importantly, the Tenant Protection Act exempts certain units. These include units built within the last 15 years; single-family homes or condos that are not owned by a real-estate investment trust or corporation; deed-restricted affordable housing; duplexes (where the owner occupies one unit); and dormitories. In addition, the just cause eviction standards do not apply to hotels, care facilities, or units or single-family residences shared between tenants and owners.

The Tenant Protection Act will sunset on January 1, 2030.

#### **DISCUSSION:**

Staff has evaluated the prior residential rental protection measures considered by the City Council (minimum lease terms, enhanced notice requirements for termination of tenancies, relocation assistance, and mediation) in light of the Tenant Protection Act and the results of outreach to affected communities. Given these new statewide protections, especially protections to reduce evictions and their impacts, the proposed Ordinance does not include enhanced notice requirements or relocation assistance. Instead, the proposed Ordinance focuses on minimum lease terms and mediation.

#### **Minimum Lease Terms**

First, the ordinance requires that landlords offer potential tenants a minimum lease term of one year, both upon initial rental and any renewal. The landlord retains the discretion to set the price and other terms and the tenant may accept or reject the one-year lease. Other jurisdictions have adopted similar measures to provide additional stability to renters, who frequently have month-to-month leases under which rents may be raised at any time.

This provision aligns nicely with the Tenant Protection Act. Under that law, the just cause eviction standards, relocation assistance, and cap on rent increases only apply to tenants who have occupied a residence for more than one year. By requiring landlords to offer year long leases, the City can help ensure that more tenants qualify for the protections.

To ease implementation and avoid confusion, the proposed Ordinance mirrors the exemptions found in the Tenant Protection Act (i.e., units built within the last 15 years; single-family homes

or condos that are not owned by a real-estate investment trust or corporation, short-term rentals, certain accessory dwelling units, etc.). In addition, the proposed ordinance does not apply to existing leases, but does require that landlords offer one-year leases upon lease expiration, renewal, or rent increase. Finally, the proposed Ordinance exempts units that are rented as a condition of employment or to a corporation or entity.

The City has 4,716 housing units of all types of which 1,462 are rented and 3,254 are owner occupied. Among the rented units, 771 are in buildings with two or more units. Of these 771 rented units, 392 are already in buildings covered by deed restrictions for below market rents and minimum lease terms. Therefore, and taking into account these conditions, approximately 379 multi-family units are expected to be affected by the minimum lease term provision.<sup>1</sup>

### **Landlord-Tenant Mediation.**

Second, the proposed Ordinance would establish a City-sponsored mediation program. Pursuant to this section, any landlord or tenant could request that the City provide a mediator for a dispute involving rental rate increases, deposits, repairs and maintenance, utilities, occupants, parking and storage facilities, privacy, quiet enjoyment, or use of common areas.

Based on initial information from the parties, the city would retain the sole discretion to determine whether mediation is likely to be productive. If so, the city would assign each case to a third-party mediator to attempt to resolve the dispute. The parties would be required to attend the mediation and listen to the mediator's opening statement; however, the proposed ordinance does not otherwise bind the parties or guarantee any outcome. Mediation would be available for tenants and landlords of all rental units in the City.

Staff anticipates that the City will need to contract with a mediation service. Staff is currently researching options and will update Council in early 2020 once a contract is in place.

### **Enforcement.**

The proposed ordinance includes a variety of mechanisms to encourage compliance. Landlords are required to provide notice of these programs to their tenants to help ensure that tenants are aware of their new rights. Tenants are also provided specific remedies to enforce these obligations against their landlords, including the right to assert noncompliance with these provisions as a defense in an eviction action or rent payment dispute. Finally, the city is permitted to bring civil litigation to enforce these provisions against landlords, in its discretion.

### **Outreach.**

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#### <sup>1</sup> Sources:

- Number of households: Latest California Department of Finance E-5 report, 1/1/2019.
- Percentage of home occupation of owners and renters: U.S. Census American Community Survey.
- Number of deed restricted units: City of Half Moon Bay Housing Element.

At the study session in January, a number of speakers representing various real estate interests expressed concern about the draft tenant protection measures ordinance. Generally, they found mediation to be acceptable, but challenged all of the other measures. Some speakers suggested that renters' insurance could affordably cover relocation. Staff researched this claim and found no such equivalent insurance product.

Staff met with representatives from the California Apartment Association (CAA) and the San Mateo County Association of Realtors (SAMCAR) in late summer (before AB 1482 passed) to discuss their perspective on the draft ordinance presented to City Council in January 2019. They explained that they were displeased with the "tenant protection" terminology because they felt it painted landlords as threatening to their tenants. In response to this input, these measures were brought forward as "rental security." With respect to the potential measures, CAA and SAMCAR were pleased that the City had decided to not bring relocation forward. CAA and SAMCAR expressed that mediation was an acceptable measure. In recent communication with these two groups, SAMCAR indicated that they remain very concerned about minimum lease terms. The CAA was initially supportive of minimum lease terms but explained to staff that passage of AB 1482 changes their perspective. Staff has encouraged both groups to review the ordinance and provide written comments so that staff can convey any specific topics of concern to Council.

Passage of AB 1482 changed the landscape for establishing rental security measures. Relocation and enhanced notice are covered by AB 1482 and staff recommends conforming to it for those measures. Mediation was never a significant concern for the real estate community, and staff believes that it will be an affordable and helpful service that the City can sponsor, and Half Moon Bay renters will appreciate. Staff has not been able to identify an effective alternative to minimum lease terms that would fulfill City Council's direction and thus is bringing this measure forward, consistent and complimentary to AB 1482, despite anticipated concern from some stakeholders as noted above.

**CALIFORNIA ENVIRONMENTAL QUALITY ACT:** The Ordinance is not a project within the meaning of section 15379 of the California Environmental Quality Act ("CEQA") Guidelines because the Ordinance regulates relationships between individual tenants and landlords and therefore has no potential to result in a physical change in the environment, either directly or indirectly. Furthermore, in the event that this Ordinance is found to be project under CEQA, it is exempt pursuant to CEQA Guidelines section 15061(b)(3), as it can be seen with certainty that there is no possibility that the amendments may have a significant effect on the environment. The proposed amendments regulate relationships between individual tenants and landlords, and do not have the potential to change land use in a way that may result in physical changes to the environment.

**ATTACHMENTS:**

Draft Ordinance adding Chapter 7.70 "Residential Rental Security Measures" to the Half Moon Bay Municipal Code

**ORDINANCE NO. C-2019-\_\_\_\_\_**  
**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY**  
**ADDING CHAPTER 7.70 “RESIDENTIAL RENTAL SECURITY MEASURES” TO THE HALF MOON**  
**BAY MUNICIPAL CODE**

THE CITY COUNCIL OF THE CITY OF HALF MOON BAY DOES ORDAIN AS FOLLOWS:

**Section 1. Findings.** The City Council of the City of Half Moon Bay hereby adds Chapter 7.70 “Residential Rental Security Measures” to the Half Moon Bay Municipal Code (“Ordinance”). The City Council finds and declares as follows:

(a) In 2018, the City convened “Community Conversations on Housing” and City Council Listening Sessions, during which community members raised concerns about the lack of housing affordability and security, especially for tenants; and

(b) The City Council held study sessions in November 2018, January 2019, and July 2019 to consider policy options for implementing local residential rental security measures and to receive community input;

(c) The City does not currently provide residential rental security measures, except for limited protections during mobile home park and condominium conversions, leaving city tenants vulnerable to housing insecurity; and

(d) In 2019, the California Legislature started to address the growing housing affordability and security crisis in the state, in part by passing the “Tenant Protection Act of 2019” (AB 1482), which imposes certain just cause eviction standards and rent increase limitations statewide; and

(e) The City Council has evaluated the Tenant Protection Act of 2019, and has determined that implementation of the local rental security measures included in the Ordinance may increase its effectiveness, and that the Ordinance is therefore more protective than the Tenant Protection Act of 2019; and

(f) The City Council anticipates that the minimum lease term provision included in this Ordinance will apply to approximately one-third of the rental units that are not already subject to deed restrictions for below market rents and minimum lease terms. This application strikes an appropriate balance between protecting the City’s most vulnerable renters, who predominantly live in lower-cost multi-family units, and not creating excessive regulation for landlords. The mediation provisions will apply to all rental units in the City.

(g) The Ordinance is consistent with the City’s Housing Element, in that it supports Policy 4-A for the City to actively support fair housing opportunities; Policy 4-B for the City to seek appropriate enforcement action in the case of housing discrimination; and Policy 4-



C for the City to encourage and support public participation in the formulation and review of the City’s housing and development policies.

**Section 2. Amendments.** The Municipal Code is amended to add Chapter 7.70, as shown in Attachment A.

**Section 3. Severability.** If any section, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and adopted this Ordinance and each section, sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

**Section 4. CEQA.** The City Council finds that the Ordinance is not a project within the meaning of section 15379 of the California Environmental Quality Act (“CEQA”) Guidelines because the Ordinance regulates relationships between individual tenants and landlords and therefore has no potential to result in a physical change in the environment, either directly or indirectly. The City Council further finds that in the event that his Ordinance is found to be project under CEQA, it is exempt pursuant to CEQA Guidelines section 15061(b)(3), as it can be seen with certainty that that there is no possibility that the amendments may have a significant effect on the environment. The proposed amendments regulate relationships between individual tenants and landlords, and do not have the potential to change land use in a way that may result in physical changes to the environment.

**Section 5. Publication.** The City Clerk of the City of Half Moon Bay is hereby directed to publish this Ordinance pursuant to Government Code section 36933.

**Section 6. Effective date.** This Ordinance shall take effect and be in force on the thirtieth (30th) day from and after its final passage.

**INTRODUCED** at a regular meeting of the City Council of the City of Half Moon Bay, California, held on the 3rd of December, 2019.

**PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Half Moon Bay, California, held on the \_\_\_\_ of \_\_\_\_\_, 2020, by the following vote:

Ayes, Councilmembers: \_\_\_\_\_  
Noes, Councilmembers: \_\_\_\_\_  
Absent, Councilmembers: \_\_\_\_\_  
Abstain, Councilmembers: \_\_\_\_\_

ATTEST:

APPROVED:

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Jessica Blair, City Clerk

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Harvey Rarback, Mayor

## **Attachment A**

### **Chapter 7.70**

#### **Residential Rental Security Measures**

##### **Section 7.70.010 Definitions**

For purposes of this Chapter, the following definitions apply:

A. "Landlord" means an owner, lessor or sublessor, or the agent, representative or successor of any of the foregoing persons who receives, or is entitled to receive, rent for the use and occupancy of any rental unit or portion thereof. Landlord shall include the agent or representative of the landlord, provided that such agent or representative shall have full authority to answer for the landlord and enter into binding agreements on the landlord's behalf.

B. "Lease" means a written contract or oral agreement used to make a legal agreement governing the occupancy of the rental unit between landlord and tenant.

C. "Rent" means the amount of fixed periodic compensation paid by a tenant to a landlord, as defined by any agreement between the tenant and landlord for the possession and use of a rental unit. Rent shall not include payments for ancillary services including, but not limited to storage, additional parking or utility pass-throughs, or pet or security deposits.

D. "Rental unit" means a dwelling unit (as defined by Section 18.02.040) in the city, which is used as rental housing.

H. "Tenant" means any person having the legal responsibility for the payment of rent for a rental unit in the city. Tenant shall include the agent or representative of the tenant, provided that such agent or representative has full authority to answer for the tenant and enter into binding agreements on the tenant's behalf.

##### **Section 7.70.020 Minimum Lease Terms**

A. Offer. If a tenant or prospective tenant wishes to rent a rental unit from a landlord and the landlord wishes to rent the rental unit to the tenant or prospective tenant, the landlord must offer to the tenant or prospective tenant a written lease that has a minimum term of one (1) year. Offers must be made in writing.

B. Acceptance. If the tenant or prospective tenant accepts the offer of a written lease which has a minimum term of one (1) year, this acceptance must be in writing.

C. Rejection. If the tenant or prospective tenant rejects the offer for a written lease which has a minimum term of one (1) year, the landlord and tenant or prospective tenant may then enter into an agreement, oral or written, that provides for a rental term of less than one (1) year.

D. Rent. If the landlord and tenant enter into a written lease which has a minimum term of one (1) year, such lease must set the rent for the rental unit at a rate or rates certain and these rates shall not otherwise be modified during the term of such lease.

E. Renewal of Lease. Upon the expiration of any lease or lease renewal that has a minimum term of at least one (1) year, a lease shall be offered again in accordance with the procedures of subsections (A) – (D), so long as both the landlord and tenant wish to continue the rental relationship. If, however, either the landlord or tenant does not wish to continue the rental relationship, then there shall be no obligation for the landlord to offer, or for the tenant to accept, any renewal of the lease, unless required by state law. This subsection shall not apply to a rental unit that is rented subject to a written lease of less than one (1) year.

F. Applicability. This section shall not apply to:

1. A unit which is rented on or before the effective date of this section, provided that:
  - a. if the unit is rented subject to a written lease with a minimum term of at least one (1) year, when the lease in effect for such unit expires, the ordinance codified in this chapter shall then apply; and
  - b. if the unit is rented without a written lease, the landlord shall offer a written lease to the tenant in accordance with this section, at the time of lease renewal or any rent increase.
2. Transient hotel occupancy as defined in Section 3.12.020.
3. Housing accommodations in a nonprofit hospital, religious facility, extended care facility, licensed residential care facility for the elderly (as defined in Health and Safety Code section 1569.2) or an adult residential facility (as defined in Chapter 6 of Division 6 of Title 22 of the Manual of Policies and Procedures published by the State Department of Social Services).
4. Dormitories owned and operated by an institution of higher education or a kindergarten and grades 1 to 12, inclusive, school.
5. Rental units in which the tenant shares bathroom or kitchen facilities with the owner who maintains their principal residence at the residential real property.
6. Single-family owner-occupied residences, including a residence in which the owner-occupant rents or leases no more than two units or bedrooms, including, but not limited to, an accessory dwelling unit or a junior accessory dwelling unit.

7. A duplex in which the owner occupies one of the units as the owner's principal place of residence at the beginning of the tenancy, so long as the owner continues in occupancy.

8. Housing that has been issued a certificate of occupancy within the previous 15 years.

9. Residential real property that is alienable separate from the title to any other dwelling unit, provided that the owner is not any of the following: (a) A real estate investment trust, as defined in Internal Revenue Code section 856; (b) A corporation, or (c) A limited liability company in which at least one member is a corporation.

10. Housing restricted by deed, regulatory restriction contained in an agreement with a government agency, or other recorded document as affordable housing for persons and families of very low, low, or moderate income, as defined in Health and Safety Code section 50093, or subject to an agreement that provides housing subsidies for affordable housing for persons and families of very low, low, or moderate income, as defined in Health and Safety Code section 50093 or comparable federal statutes.

11. A rental unit where the tenancy is an express condition of, or consideration for, employment under a written rental agreement or contract; or

12. A rental unit leased to an entity other than a natural person or persons.

### **Section 7.70.030 Landlord and Tenant Dispute Resolution.**

A. Mandatory discussion of rental housing disputes. All landlords and tenants shall participate in the conciliation and mediation of rental unit disputes as provided in this section. A rental unit dispute means a fact-based grievance raised by any tenant or landlord regarding the occupancy or use of a rental unit limited to rental rate increases, deposits, repairs and maintenance, utilities, occupants, parking and storage facilities, privacy, quiet enjoyment, or use of common areas.

B. Procedure.

1. Any tenant or landlord may request mandatory discussion of a rental unit dispute by filing a written request for dispute resolution within twenty-one days of learning the facts that give rise to the dispute. The request must be filed with the City Manager and/or his or her designee, and must provide enough factual information to outline the basic issue or issues being raised.

2. Within seven days of receiving a written request for dispute resolution, the City Manager and/or his or her designee will notify both tenant and landlord if a case has been opened and will provide a copy of the request to the responding party. The City

Manager and/or his or her designee will also initiate a conciliation process before mediation is scheduled, by engaging in a confidential telephone call or other contact to attempt to resolve the dispute.

3. The City Manager and/or his or her designee will not open dispute resolution, or will order dispute resolution closed, when it is clear from the written request that there is no substantial factual basis for the dispute, or when the dispute involves the actions or behavior of persons, or conditions, that are not within the control or responsibility of the parties; or when the dispute is frivolous, malicious or vexatious; or when further proceedings are not, in the sole judgment of the City Manager and/or his or her designee, likely to be productive.

4. The City Manager and/or his or her designee will promptly assign the request to a mediator who will contact all relevant parties to mediate the dispute. The City Manager and/or his or her designee shall have the authority to combine different disputes or different parties in the interest of efficiently addressing the disputes, provided that any party may, for reasons of confidentiality or otherwise, opt out of a combined mediation involving more than one tenant or landlord by notifying the City Manager and/or his or her designee. All communications between the City Manager and/or his or her designee and the parties as well as between the mediator and the parties shall be confidential and subject to the confidentiality guarantees set forth in California Evidence Code Sections 703.5 and 1115 – 1128, as may be amended.

5. No mediation will be scheduled until at least fourteen days after the parties are notified in order to allow time for conciliation efforts before mediation. Unless all parties agree in writing to waive the time limit, the initial mediation session will be conducted within twenty-eight days of the date the written request for dispute resolution is filed.

6. If a mediation session is held, the mediator shall provide the parties with an opening statement explaining the nature of the process and the ground rules. Thereafter the mediator will determine the manner and course of the session.

7. The landlords and/or tenants involved in the dispute shall be obligated to personally appear at a mediation session scheduled by a mediator. All parties must participate in the mediation session until completion of the mediator's opening statement. All parties appearing must have the legal authority to resolve disputes arising under this chapter. Participation in mediation shall be voluntary in all respects after the opening statement. The mediator may, with the consent of all parties, schedule additional sessions as needed.

8. No party shall be obligated to reach any specific agreement, or to reach any agreement at all, as a result of participating in conciliation or mediation communications. If an agreement is reached, it will be stated in writing by the mediator

or by the parties. The City shall not be a party to or be obligated in any way under any agreement between a landlord and tenant.

#### **Section 7.70.040 Notice Requirements.**

A. Form. Landlords shall provide all tenants with notice summarizing the rights afforded by this section.

1. The notice regarding minimum lease terms shall be provided prior to entering any lease, written or oral, and shall contain substantially the following language:

The Half Moon Bay Municipal Code may provide you with the right to minimum lease terms. In certain situations, landlords must offer tenants the option to enter into a one (1) year written lease. It is the tenant's choice whether to enter into such a written lease with a landlord. Further information is available on the City's website or from the Community Development Director.

2. The notice regarding the mediation program shall be provided prior to entering any lease, written or oral, and shall contain substantially the following language:

The Half Moon Bay Municipal Code may provide you the right to mediation of disputes between landlord and tenant. You must request mediation within 21 days of learning about the facts that created the dispute. Further information is available on the City's website or from the Community Development Director.

B. Language. Landlords shall provide these notifications in English, Spanish, any other languages determined necessary by the City Manager or his or her designee.

C. Manner. All notices shall be in writing, shall provide the name, address and phone number of the landlord and shall be personally delivered to the tenant, mailed to the tenant at the address of the tenant's residential property, or transmitted by email. Service by mail shall be presumed complete within five (5) days of mailing. This presumption may be rebutted by the tenant. All notifications shall be in bold text and at least twelve (12) point font.

#### **Section 7.70.050 Tenant Remedies**

A. Defense to Action to Recover Possession. Failure of a landlord to comply with any of the provisions of sections 7.70.020 to .040 shall provide the tenant with a defense in any legal action brought by the landlord to recover possession of the rental unit.

B. Defense to Action to Collect Rent. Failure of a landlord to comply with any of the provisions of sections 7.70.020 to .040 shall provide the tenant with a defense in any legal action brought by the landlord to collect rent.

C. Injunctive Relief and Damages. A tenant may seek injunctive relief and/or damages on his or her own behalf and on behalf of other affected tenants to enjoin the landlord's violation of this chapter.

D. Remedies are Nonexclusive. The remedies provided for in this section shall be cumulative and not exclusive and shall not preclude a tenant from any other remedy or relief to which it otherwise would be entitled under law or equity.

E. Nonwaiver. Any waiver or purported waiver by a tenant of his or her rights under sections 7.70.020 to .040 prior to the time when such rights may be exercised, except a rejection of a one-year lease offered in accordance with section 7.70.020, shall be void as contrary to public policy.

#### **Section 7.70.060 City Enforcement**

A. Landlord's Obligation. Compliance with sections 7.70.020 to .040 is the obligation of the landlord of a rental unit.

B. City Action. The City Attorney shall be authorized to enforce the provisions sections 7.70.020 to .040 by civil action and any other proceeding or method permitted by law.

C. Remedies are Nonexclusive. The remedies provided for in this section shall be cumulative and not exclusive and shall not preclude the City from any other remedy or relief to which it otherwise would be entitled under law or equity.

#### **Section 7.70.070 Retaliation Prohibited**

Commencement of eviction proceedings against a tenant for exercising his or her rights under this Chapter shall be considered a retaliatory eviction. Under Civil Code Section 1942.5, as may be amended, it is illegal for a landlord to retaliate against a tenant for lawfully and peaceably exercising his or her legal rights.

1186002.2



**BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY**

**AGENDA REPORT**

For meeting of: **December 3, 2019**

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**TO:** Honorable Mayor and City Council

**VIA:** Bob Nisbet, City Manager

**FROM:** Matthew Chidester, Deputy City Manager

**TITLE: LOAN OF AFFORDABLE HOUSING FUNDS FOR PROPOSED ABUNDANT GRACE  
WORKFORCE DEVELOPMENT CENTER AT 515 KELLY AVENUE**

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**RECOMMENDATION:**

Adopt a resolution authorizing a loan of Affordable Housing Funds, not to exceed \$300,000, to Abundant Grace Coastside Worker, to contribute toward the purchase of property to be used for a Workforce Development Center and authorizing the City Manager to execute the loan agreement.

**FISCAL IMPACT:**

The City's Affordable Housing Fund has a current balance of \$2.47 million. If approved, the Fund would have \$2.17 million to be used towards supporting other eligible projects.

**STRATEGIC ELEMENT:**

This action supports the Infrastructure and Environment and Healthy Communities and Public Safety Elements of the Strategic Plan.

**BACKGROUND:**

The City of Half Moon Bay's Affordable Housing Fund (AHF) contains approximately \$2.47 million. The fund was first established with affordable housing in-lieu fees contributed from the first three phases of the Carnoustie subdivision pursuant to a development agreement. The fund balance was approximately \$2.07 million at the end of FY 18-19. In the FY 19-20 budget, City Council approved \$400 thousand from the General Fund to increase the AHF, in line with its continued focus on affordable housing. As part of the City Council Priorities for FY 19-20, the Council adopted AHF Allocation Guidelines including guiding principles, a summary of eligible uses of the AHF, funding methods, the funding approval process, and additional guidance for fund distribution. Relevant to this item, an eligible use of the AHF is homelessness prevention.

Abundant Grace Coastside Worker is a locally based non-profit that provides services to individuals and families experiencing poverty and homelessness on the coast, including coordination of a free community breakfast each Wednesday, a farm-work employment

program at Potrero Nuevo Farm, and the Coastside Clean Team, which provides employment cleaning local beaches and streets through a partnership with the City. The City has a strong relationship with Abundant Grace and works closely with them on any issues related to serving the local homeless population.

Abundant Grace has entered into escrow for the vacant property (formerly the Senior Coastsider thrift shop) located at 515 Kelly Avenue. If acquired, the building would be used as a Workforce Development Center to provide homeless individuals with employment programs, life-skills development, storage, simple meals, showers, and laundry. Lacking a home base, Abundant Grace has been conducting portions of this program in an ad-hoc manner. Even without centralized support facilities, several of Abundant Grace's clients have gained full employment and secured housing as a result of the workforce and life skills training programs.

Abundant Grace has requested financial assistance for the Property acquisition, renovation and Furniture, Fixtures and Equipment (FF&E). The cost of property purchase is \$925 thousand. Preliminary estimates place the cost of renovations and FF&E at approximately \$200 thousand for a total project initiation cost of \$1.125 million. Abundant Grace indicates it has already raised more than \$425 thousand in donations toward the project. On October 22, 2019, the County of San Mateo approved a loan for \$300 thousand towards the acquisition.

In addition to the request for funding from San Mateo County, Abundant Grace also sought financial assistance from the City. On October 15, 2019, the City Council discussed potential funding support and instructed staff to develop an agreement with Abundant Grace for a loan of \$300 thousand for consideration at a future meeting. Council's direction was contingent upon Abundant Grace conducting community engagement and securing planning permits. Abundant Grace conducted extensive community outreach on the proposed use of the property, including presentations to the City Council, Cabrillo Unified School District (CUSD) School Board, Cunha Parent Teacher Organization and others. They have also conferred with the Sheriff on safety and security measures.

On November 12, 2019, the Planning Commission held a public hearing and approved a Coastal Development Permit, Use Permit and Parking Exception for Abundant Grace's proposed use of the Property. The Planning Commission approval includes conditions specific to site security, limits the use to a workforce development center without overnight use, and otherwise incorporates standard City conditions of approval. The Planning Commission's actions were not appealed, with the appeal period having ended at 5:00 PM, Tuesday November 26, 2019.

**DISCUSSION:**

Having fulfilled City Council's direction to conduct community outreach and secure permits, staff is now bringing forward Abundant Grace's request for funding support. In order to allocate the AHF, City Council must make findings per the AHF Allocation Guidelines, as summarized below and included in the attached Resolution:

- *Affordable Housing Fund Status:* City Council shall acknowledge the status of the AHF and the impact that the proposed allocation will have on the fund. In this case, the fund balance of \$2.47 million would be reduced by \$300 thousand, leaving \$2.17 million. The remaining balance is adequate to support other eligible uses at City Council's direction.
- *Consistency with Guiding Principles:* City Council shall determine that the proposed use is consistent with the AHF Allocation Fund guiding principles. In this case, the proposed use would leverage other funding (San Mateo County, private fundraising), is supportive in that it supports a population at high-risk of remaining or becoming homeless, and is a program that has proven to be successful locally. Leveraging funding allocations, supporting high-risk populations, preventing homelessness, and ensuring successful implementation are consistent with AHF guiding principles.
- *Confirmation of Eligible Use:* Support for homelessness prevention is an AHF eligible use.
- *Confidence that the Funded Use will be Realized:* As previously described, Abundant Grace is already providing some of the services that intend to offer at their new workforce development center. With a centralized location, they will be able to offer more support services to their clients in a managed setting. City staff anticipates successful implementation and that outcomes will improve beyond their current and notable success.

The proposed loan incorporates similar terms as the loan from the County, and specifically is non-interest bearing with deferred repayment for an initial term of 15 years, at which time the entirety of the loan is due and payable. In addition, Abundant Grace would be required to repay the loan during the term in the event they sell the property, or otherwise stop providing the services described in this memo and specified in the loan. Special conditions of the loan agreement include providing additional services and education for clients around environmental stewardship, good neighbor training, and assisting the City with a future safe parking program. Additionally, the loan prohibits the use of the property for overnight sleeping and parking, for-profit activities, and requires Abundant Grace to work with potential employees on resolving outstanding warrants and other legal issues.

If approved, the City will execute a loan agreement with Abundant Grace and \$300 thousand from the AHF will be provided to an escrow account specifically for the purchase of the property at 515 Kelly Avenue.

**ATTACHMENT:**

Resolution authorizing a loan of Affordable Housing Funds, not to exceed \$300,000, to Abundant Grace Coastside Worker, to contribute toward the purchase of property to be used for a Workforce Development Center and authorizing the City Manager to execute the loan agreement

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY  
AUTHORIZING A LOAN OF AFFORDABLE HOUSING FUNDS, NOT TO EXCEED \$300,000,  
TO ABUNDANT GRACE COASTSIDE WORKER, TO CONTRIBUTE TOWARD THE PURCHASE OF  
PROPERTY TO BE USED FOR A WORKFORCE DEVELOPMENT CENTER AND AUTHORIZING THE  
CITY MANAGER TO EXECUTE THE LOAN AGREEMENT**

**WHEREAS**, the City of Half Moon Bay's Affordable Housing Fund (AHF) contains approximately \$2.47 million; and

**WHEREAS**, as part of the City Council Priorities for FY 19-20, the Council adopted AHF Allocation Guidelines including guiding principles, a summary of eligible uses of the AHF, funding methods, funding approval process, and additional guidance for fund distribution; and

**WHEREAS**, Abundant Grace Coastsides Worker has requested financial assistance from the City for the acquisition of 515 Kelly Avenue, to be used as a Workforce Development Center to provide homeless individuals with employment programs, life-skills development, storage, simple meals, showers, and laundry; and

**WHEREAS**, in order to allocate the AHF, City Council must make findings per the AHF Allocation Guidelines, which include acknowledgement of the AHF status, consistency with Guiding Principles, confirmation of eligible use, and confidence that the funded use will be realized; and

**WHEREAS**, the proposed Workforce Development Center will provide services and support that will result in re-homing currently homeless, including chronically homeless individuals, and those at acute risk of becoming homeless, consistent with the Guiding Principles of Affordable Housing Fund Allocation Guidelines because the funds will be leveraged and combined with other funding sources, the use supports high-risk populations, and the use contributes to homelessness prevention, and is thereby an eligible use of the Fund; and

**WHEREAS**, Abundant Grace has demonstrated past performance in its service to this high-risk population as well as due diligence by securing site control, obtaining land use entitlements, and conducting community engagement, and has secured other funding adequate to fully implement the Workforce Development Center, including entering into a similar agreement with the County for funding for the project.

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Half Moon Bay hereby authorizes the City Manager to execute a loan of Affordable Housing Funds, not to exceed \$300,000, to Abundant Grace Coastsides Worker, to contribute toward the purchase of property to be used for a Workforce Development Center.

\* \* \* \*

I, the undersigned, hereby certify that the foregoing resolution was duly passed and adopted on the 3<sup>rd</sup> day of December, 2019 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

APPROVED:

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Jessica Blair, City Clerk

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Harvey Rarback, Mayor