AGENDA

REGULAR CITY COUNCIL MEETING
JUNE 2, 2020 – 7:00 p.m.

Meeting Location:
Via Teleconference (for City Council and Staff Only)

Members:
Mayor Gregory B. Lyman
Mayor Pro Tem Paul Fadelli · Councilmember Janet Abelson
Councilmember Rochelle Pardue-Okimoto · Councilmember Gabriel Quinto

Pursuant to Executive Orders N-25-20 and N-39-20, Teleconference Restrictions of the Brown Act Have been Suspended, as Well as the Requirement to Provide a Physical Location for Members of the Public to Participate in the meeting.

Members of the Public will not be able to participate directly through the teleconference platform but can watch or listen to the meeting as follows:

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2. Radio Broadcast on FM 88.1 or 97.7
3. Livestream online at www.el-cerrito.org/CouncilMeetingMaterials

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Via Voicemail at 510-306-2558. The caller must start the message by stating Public Comments - Not on the Agenda OR Public Comments - Agenda Item # followed by their name and city of residence, followed by their comments.

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All comments received by the close of the public comment period will be available after the meeting as supplemental materials and will become part of the official meeting record.

Please note that all information provided in public comments including phone number called with, email addresses and any other personal information written or stated is subject to disclosure on the broadcast of the teleconferenced meeting. Comments posted online will not include personal information.

7:00 P.M. ROLL CALL – CONVENE REGULAR CITY COUNCIL MEETING

1. TELECONFERENCE AND PUBLIC COMMENT INSTRUCTIONS

2. COUNCIL/STAFF COMMUNICATIONS
Reports of closed session, commission appointments and informational reports on matters of general interest which are announced by the City Council and staff.

3. COMMUNICATIONS FROM THE PUBLIC
Remarks are typically limited to 3 minutes per person. The Mayor may reduce the time limit per speaker depending upon the number of speakers and may limit the total time for public comment to facilitate the completion of business on the agenda. Comments regarding non-agenda, presentation and consent calendar items will be heard first. Comments related to items appearing on the Public Hearing or Policy Matter portions of the Agenda will be heard prior to the City Council taking action on each item.

4. ADOPTION OF THE CONSENT CALENDAR
All items on the consent calendar shall be acted upon in one motion, unless a member of the City Council or staff request separate consideration.

A. Approval of Minutes for 4/21/20, 4/25/20, and 5/5/20

Action Proposed: Pass a motion to approve the Special and Regular City Council meeting minutes for April 21, April 25, and May 5, 2020.
Contact: Holly M. Charléty, City Clerk, City Management
B. Loving Day Proclamation

**Action Proposed:** Approve a proclamation declaring June 12, 2020 as Loving Day in the City of El Cerrito, and encourages people to reflect on the Loving family and all of the pioneers who have and will continue to fight for the civil right to love.

**Contact:** Maya Williams, Assistant to the City Manager, City Management

C. LGBTQ Pride Month Proclamation

**Action Proposed:** Approve a proclamation declaring the month of June as Lesbian, Gay, Bi-Sexual, Transgender, Queer (LGBTQ) Pride month in the City of El Cerrito and recognize Pride Month by flying the rainbow flag at City Hall during the month of June.

**Contact:** Maya Williams, Assistant to the City Manager, City Management

D. California Housing & Community Development Local Early Action Planning (LEAP) Grant Application

**Action Proposed:** Adopt a resolution authorizing staff to submit an application for Local Early Action Planning (LEAP) grant funds.

**Contact:** Aissia Ashoori, Housing Analyst; Sean Moss, Planning Manager, Community Development Department

5. PRESENTATIONS

6. PUBLIC HEARINGS

A. Revisions to FY 2020-21 Master Fee Schedule

**Notice Published on 5/22/2020 & 5/29/2020**

**Action Proposed:** Conduct a public hearing and upon conclusion adopt a resolution approving the revisions to the Approved Fiscal Year 2020-21 Master Fee Schedule.

**Contact:** Shannon Collins, Finance Supervisor, Finance Department; Mark Soltes, Building Official, Community Development; Yvetteh Ortiz, Public Works Director, Public Works Department
B. Amendment to Inclusionary Zoning Ordinance

Notice Published on 5/23/2020

**Action Proposed:** Conduct a public hearing and upon conclusion, introduce by title and waive any further reading amending an Ordinance of the City of El Cerrito, Chapter 19.30 to the El Cerrito Municipal Code, to establish the expiration to the Inclusionary Zoning Ordinance as June 30, 2021; modify the exemption to require the building permit applications be submitted by June 30, 2021 and that building permits be issued within 6 months of submittal; and allowing the exemption for all exempt projects to expire on June 30, 2021 regardless of any entitlement extensions, or amendments which have been granted, as described further below.

**Contact:** Melanie Mintz, Community Development Director; Sean Moss, Planning Manager; Aissia Ashoori, Community Development/Affordable Housing Analyst; Community Development Department

7. POLICY MATTERS

A. Tax and Revenue Anticipation Notes – FY 2020-21 Short Term Cash Flow Financing

**Action Proposed:** Adopt a Resolution approving the borrowing of funds for Fiscal Year 2020-21 and the issuance and sale of 2020-21 Tax and Revenue Anticipation Notes (“TRAN”).

**Contact:** Mark R Rasiah, Finance Director/City Treasurer, Finance Department

B. City Manager Signature Authority Ordinance

Notice Published on 5/23/2020

**Action Proposed:** Introduce by title and waive any further reading of an Ordinance adding Section 2.12.240 to the El Cerrito Municipal Code regarding City Manager Signature Authority.

**Contact:** Sky Woodruff, City Attorney, City Management
C. Adoption of a Memorandum of Understanding between the City of El Cerrito and the El Cerrito Public Safety Management Association - Battalion Chief Unit

Action Proposed: Adopt a resolution approving an agreement between the El Cerrito Public Safety Management Association - Battalion Chief Unit (PSMA - Battalion Chief Unit) modifying salaries and creating a new Memorandum of Understanding.

Contact: Alexandra Orologas, Assistant City Manager, City Management

D. Management and Confidential Employees CalPERS Contribution Resolution

Action Proposed: Adopt a resolution (1) requiring Management and Confidential Employees to be required to pay an additional one percent (1%) into the required employer California Employees' Retirement System (CalPERS) contribution; and (2) authorizing the Mayor to sign an addendum to the City Manager's Employment Agreement requiring an additional 3% contribution into the required CalPERS contribution.

Contact: Alexandra Orologas, Assistant City Manager, City Management

8. CITY COUNCIL LOCAL & REGIONAL LIAISON ASSIGNMENTS

Mayor and City Council communications regarding local and regional liaison assignments and committee reports.

9. ADJOURN REGULAR CITY COUNCIL MEETING

The next regularly scheduled City Council meeting is Tuesday, June 16, 2020 at 7:00 p.m. held via teleconference.

The City of El Cerrito serves, leads and supports our diverse community by providing exemplary and innovative services, public places and infrastructure, ensuring public safety and creating an economically and environmentally sustainable future.
Council Meetings can be heard live on FM Radio, KECG – 88.1 and 97.7 FM and viewed live on Cable TV - KCRT- Channel 28. The meetings are rebroadcast on Channel 28 the following Thursday and Monday at 12 noon, except on holidays. Live and On-Demand Webcast of the Council Meetings can be accessed from the City’s website http://www.el-cerrito.org/CouncilMeetingMaterials and is streamed with closed caption. Copies of the agenda bills and other written documentation relating to items of business referred to on the agenda are on file and available for public inspection in the Office of the City Clerk, at the El Cerrito Library and posted on the City’s website at www.el-cerrito.org prior to the meeting.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk, 510-215-4305. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title I).

The Deadline for agenda items and communications is eight days prior to the next meeting by 12 noon, City Clerk’s Office, 10890 San Pablo Avenue, El Cerrito, CA. Tel: 510-215–4305, email cityclerk@ci.el-cerrito.ca.us

If you challenge a decision of the City Council in court, you may be limited to raising only those issues you or someone else raised at the Council meeting. Actions challenging City Council decisions shall be subject to the time limitations contained in Code of Civil Procedure Section 1094.6.

The City Council believes that late night meetings deter public participation, can affect the Council’s decision-making ability, and can be a burden to staff. City Council Meetings shall be adjourned by 10:30 p.m., unless extended to a specific time determined by a majority of the Council.
EL CERRITO CITY COUNCIL DRAFT MINUTES

SPECIAL CITY COUNCIL MEETING (NOT TELEVISED OR STREAMED)
April 21, 2020 – 6:00 p.m.

Meeting Location:
Held Via Teleconference (for City Council and Staff Only)

Members:
Mayor Gregory B. Lyman
Mayor Pro Tem Paul Fadelli · Councilmember Janet Abelson
Councilmember Rochelle Pardue-Okimoto · Councilmember Gabriel Quinto

Pursuant to Executive Orders N-25-20 and N-39-20, Teleconference Restrictions of the Brown Act Have been Suspended, as Well as the Requirement to Provide a Physical Location for Members of the Public to Participate in the meeting. This meeting will not be televised or accessible to the public via the streaming teleconference platform.

Public Comments for matters on the special meeting agenda only may be submitted one of two ways:

Via email to cityclerk@ci.el-cerrito.ca.us. Email must contain in the subject line Public Comments - Agenda Item #.

Via Voicemail at 510-306-2558. The caller must start the message by stating Public Comments - Agenda Item # followed by their name and city of residence, followed by their comments.

If you wish to comment on the subjects of the special meeting, you are strongly encouraged to submit your comments in writing in advance of the meeting. Comments received up until 12:00 p.m. the day of the meeting will be provided in advance to the City Council, including transcribed voicemails, and posted online with meeting materials.

Comments received during the meeting up until City Council begins the closed session, will be read into the record and will be limited to a maximum of 3 minutes. Comments that do not conform to the city council’s rules of decorum may be summarized rather than read verbatim.

All comments received by the close of the public comment period will be available after the meeting as supplemental materials and will become part of the official record.
6:00 P.M.  ROLL CALL - CONVENE SPECIAL CITY COUNCIL MEETING
Mayor Lyman called the meeting to order at 6:07 PM.
Present: Mayor Lyman, Mayor Pro Tem Fadelli,
Councilmember Abelson, Councilmember Pardue-Okimoto,
Councilmember Quinto Absent: None

1. ORAL COMMUNICATIONS FROM THE PUBLIC
Remarks are typically limited to 3 minutes per person and are limited to
items on the special meeting agenda only. - None

2. CLOSED SESSION CONFERENCE WITH LABOR NEGOTIATORS
Pursuant to Government Code Section 54957.6

Agency Designated Representatives: Karen Pinkos, City
Manager; Glenn Berkheimer, Labor Negotiator; Sky Woodruff,
City Attorney; and Alexandra Orologas, Assistant City
Manager.

Employee Organizations: Service Employees International Union
(SEIU) Local 1021; El Cerrito Police Employees Association; United
Professional Firefighters Local 1230; Public Safety Management
Association - Battalion Chief, Fire Chief, Police Chief, and Police
Management; and Management and Confidential Employees.

Contact: Sky Woodruff, City Attorney, City Management
The City Council convened to closed session at 6:09 PM. There was
no reportable action.

3. ADJOURN SPECIAL CITY COUNCIL MEETING
The special meeting adjourned at 6:59 PM.

Gregory B. Lyman, Mayor

This is to certify that the foregoing is a true and correct copy of the
minutes of the Special City Council meeting of April 21, 2020 as approved
by the El Cerrito City Council.

Holly M. Charléty, MMC, City Clerk
EL CERRITO CITY COUNCIL DRAFT MINUTES

REGULAR CITY COUNCIL MEETING
April 21, 2020 – 7:00 p.m.

Meeting Location:
Held Via Teleconference (for City Council and Staff Only)

Members:
Mayor Gregory B. Lyman
Mayor Pro Tem Paul Fadelli · Councilmember Janet Abelson Councilmember Rochelle Pardue-Okimoto · Councilmember Gabriel Quinto

Pursuant to Executive Orders N-25-20 and N-39-20, Teleconference Restrictions of the Brown Act Have been Suspended, as Well as the Requirement to Provide a Physical Location for Members of the Public to Participate in the meeting.

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7:00 P.M.  **ROLL CALL – CONVENE REGULAR CITY COUNCIL MEETING**

Mayor Lyman called the meeting to order at 07:11 PM.

**Present:** Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto

**Absent:** None

Mayor Lyman reported out from closed session at the 6:00 PM special meeting, that the City Council provided direction regarding the City's labor unions.

1. **TELECONFERENCE AND PUBLIC COMMENT INSTRUCTIONS**

2. **COUNCIL/STAFF COMMUNICATIONS**

   *Reports of closed session, commission appointments and informational reports on matters of general interest which are announced by the City Council and staff.*

   City Manager Pinkos - provided a brief overview regarding the current health order, including the new requirement for masks as of Wednesday, April 22.

   Councilmember Abelson - commented on low accessibility of masks for vulnerable populations.

   Mayor Pro Tem Fadelli - reported participation in a webinar addressing climate change during COVID-19.

   Councilmember Quinto - announced a Town Hall with Congressman DeSaulnier on Small Business Loans this Friday, April 24 at 2pm.

   Councilmember Pardue-Okimoto - reported participation on a call with National League of Cities regarding state of cities financial challenges, legislation, and resources.

   Mayor Greg Lyman - Requested the addition of an agenda item (as authorized by Government Code section 54954.2(b)(2)), regarding authorization to send a letter in support of H.R. 6467 Coronavirus Relief Act to provide relief for local governments (2/3 approval required).

   **Moved/Seconded:** Councilmember Quinto/Councilmember Pardue-Okimoto
   **Action:** Passed a motion to approve the addition of the agenda item. **Ayes:** Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto **Noes:** None

   **Moved/Seconded:** Councilmember Abelson/Councilmember Quinto
   **Action:** Passed a motion to authorize the Mayor to sign and send a letter in support of H.R. 6467 Coronavirus Relief Act to provide relief for local governments. **Ayes:** Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto **Noes:** None

   Mayor Lyman - encouraged residents to fill out their Census 2020 questionnaire, acknowledged Earth Day, and recognized the Chamber of Commerce for their support during the COVID-19 pandemic.
3. **ORAL COMMUNICATIONS FROM THE PUBLIC**
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All comments submitted prior to and during the meeting are posted online as supplemental materials and incorporated into the official meeting record.

Public comments on matters not on the agenda were received from Gary Prost, Aylin Beyce, Ira Sharenow, Debra Saunders, Rebecca Anaya, Janet Lovell, Sue Duncan, Bernard Jr. Parisa Samimi, Donald Simon, Janice Woo, Nick Zamarano, Robin Mitchell, Karen Leung, and Barbara Chan; on consent item 4C from Al Miller (2 submissions), Michael Fischer, George Miller, and Marlene Keller; and on presentation item 5A from Ira Sharenow, Mike Cunningham, and Cathy Hanville.

4. **ADOPTION OF THE CONSENT CALENDAR**
All items on the consent calendar shall be acted upon in one motion, unless a member of the City Council or staff request separate consideration.

**Moved/Seconded:** Councilmember Quinto/Councilmember Abelson  
**Action:** Approved the consent calendar as indicated below.  

**Ayes:** Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto  
**Noes:** None

**A. Wildfire Community Preparedness Day Proclamation**

**Action Proposed:** Pass a motion to approve a proclamation designating May 2, 2020 as Wildfire Community Preparedness Day.  
**Contact:** Holly M. Charlety, City Clerk, City Management  
**Action:** Approved proclamation

**B. Alcohol Awareness Month Proclamation**

**Action Proposed:** Pass a motion to approve a proclamation designating April 2020 as Alcohol Awareness Month in El Cerrito.  
**Contact:** Holly M. Charlety, City Clerk, City Management  
**Action:** Approved proclamation

**C. Letter in Support of Federal Emergency Library Funding**

**Action Proposed:** At the request of Michael Fischer, El Cerrito Representative on the Contra Costa County Library Commission, pass a motion to authorize Mayor Lyman to sign a letter in support of emergency funding for libraries to be included in COVID-19 federal relief legislation.  
**Contact:** Holly M. Charlety, City Clerk, City Management  
**Action:** Approved letter
D. Adoption of Landscape and Lighting Resolution of Intent and Set Public Hearing

Action Proposed: 1) Accept the Annual Engineer’s Report specifying assessments for the Landscaping and Lighting Assessment District No. 1988-1 for Fiscal Year (FY) 2020-21; 2) Adopt a Resolution of Intention to order improvements pursuant to the Landscape and Lighting Act of 1972; and 3) Set the time, date, and place of the public hearing as May 5, 2020 at 7:00 p.m.

Contact: Shannon Collins, Finance Supervisor, Finance Department

Action: Approved Resolution 2020-19

5. PRESENTATIONS

A. Discussion with City's Independent Auditor

Action Proposed: Receive and file a discussion on the previous independent audit with the City's independent auditor.

Contact: Ahmed Badawi, President, Badawi & Associates; Karen Pinkos, City Manager, City Management

Presentation and Discussion: Presenters and staff responded to comments and questions raised by members of the council regarding reporting requirements for Other Post-Employment Benefits (OPEB) unfunded liability, one time monies and corresponding expenses, clarification on ending fund balance calculations, sources used in generating audit, prior auditor findings, grants, reserve funds, and undependable funds.

6. PUBLIC HEARINGS

7. POLICY MATTERS

A. FY 2019-20 Third Quarter General Fund Budget Update and COVID-19 Impacts

Action Proposed: Receive and file an update on City's General Fund revenues and expenses for the first nine months of the FY 2019-20 and provide staff direction on the preparation of the FY 2020-22 biennial budget.

Contact: Mark R Rasiah, Finance Director/City Treasurer, Finance Department; Karen Pinkos, City Manager, City Management

Presentation and Discussion: Presenters and staff responded to comments and questions raised by members of the council regarding clarification on amended budget numbers, consideration of reserve and amount of cuts previously discussed, Tax Revenue and Anticipation Loan (TRAN) use and amounts, method of getting proposed cuts to the public, fund equity totals, accuracy of projected cash flow, timing of receipt of taxes, layoff process, and clarification of direction being requested.
Public Comments: All comments submitted prior to and during the meeting are posted online as supplemental materials and incorporated into the official meeting record.

Public comments were received from Ira Sharenow, Dan Schulman, Pearson Miller, Ruby McDonald, Sue Duncan, Aurangzeb Agha, Denice Dennis, Janice Woo, Howdy Goudey, Mike Cunningham, Marlene George, Cathy Hanville, Donald Simon, Sherry Drobner, Judith Frank and Kay Starkweather.

Moved/Seconded: Councilmember Abelson/Councilmember Fadelli Action: Passed a motion to extend the meeting to 11:15 PM. Ayes: Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto Noes: None

Moved/Seconded: Councilmember Abelson/Councilmember Quinto Action: Passed a motion to extend the meeting to 11:45 PM. Ayes: Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto Noes: None

Moved/Seconded: Councilmember Abelson/Councilmember Pardue-Okimoto Action: Passed a motion directing staff to prepare a budget by June 30, 2020 for Fiscal Year 2020-2021 with basic dollars and a brief narrative of significant changes. Ayes: Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto Noes: None

B. Adoption of a Modification to the United Fire Professional Firefighters Association, Local 1230 Memorandum of Understanding

Action Proposed: Adopt a resolution approving a side letter to the Memorandum of Understanding between the City of El Cerrito and the United Professional Firefighters Association, Local 1230 (Local 1230) to modify language on salaries and provide a one (1) year extension to June 30, 2022. Contact: Alexandra Orologas, Assistant City Manager

Moved/Seconded: Councilmember Abelson/Mayor Pro Tem Fadelli Action: Passed a motion to schedule a special city council meeting on Saturday, May 25, 2020 at 10:00 AM for the purpose of hearing this item. Ayes: Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto Noes: None

C. Adoption of a Memorandum of Understanding between the City of El Cerrito and the El Cerrito Public Safety Management Association Unit Battalion Chief

Action Proposed: Adopt a resolution approving an agreement between the El Cerrito Public Safety Management Association Unit Battalion Chief (PSMA Battalion Chief Unit) modifying salaries and creating a new Memorandum of Understanding.
**Contact:** Alexandra Orologas, Assistant City Manager
This item was pulled from the agenda and not discussed.

**D. City Council Division Budget Discussion**

**Action Proposed:** Discuss and provide direction regarding the City Council's division budget reductions.

**Contact:** Gregory B. Lyman, Mayor; Karen Pinkos, City Manager; Holly M. Charléty, City Clerk, City Management

**Moved/Seconded:** Councilmember Abelson/Mayor Pro Tem Fadelli

**Action:** Passed a motion to schedule a special city council meeting on Saturday, April 25, 2020 at 10:00 AM for the purpose of hearing this item. **Ayes:** Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto **Noes:** None

**8. CITY COUNCIL LOCAL & REGIONAL LIAISON ASSIGNMENTS** Mayor and City Council communications regarding local and regional liaison assignments and committee reports.

**9. ADJOURN REGULAR CITY COUNCIL MEETING**
The regular meeting adjourned at 11:43 PM.

Gregory B. Lyman, Mayor

This is to certify that the foregoing is a true and correct copy of the minutes of the Regular City Council meeting of April 21, 2020 as approved by the El Cerrito City Council.

Holly M. Charléty, MMC, City Clerk
EL CERRITO CITY COUNCIL DRAFT MINUTES

SPECIAL CITY COUNCIL MEETING
APRIL 25, 2020 – 10:00 a.m.

Meeting Location:
Via Teleconference (for City Council and Staff only)

Members:
Mayor Gregory B. Lyman
Mayor Pro Tem Paul Fadelli • Councilmember Janet Abelson
Councilmember Rochelle Pardue-Okimoto • Councilmember Gabriel Quinto

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The city cannot guarantee that its network and/or the site will be uninterrupted. To ensure that the city council receives your comments prior to taking action, you are strongly encouraged to submit your comments in writing in advance of the meeting.

Comments received up until 4:00 p.m. on Friday, April 24, 2020 will be provided in advance to the City Council, including transcribed voicemails, and posted online with meeting materials.

Comments received during the meeting and up until the public comment period on the relevant agenda item is closed, will be read into the record and will be limited to a maximum of 3 minutes. Comments that do not conform to the city council's rules of decorum may be summarized rather than read verbatim. As allowed by the Brown Act, the Mayor may limit the total time for public comment to facilitate the completion of business on the agenda.

All comments received by the close of the public comment period will be available after the meeting as supplemental materials and will become part of the official meeting record.

Please note that all information provided in public comments including phone number called with, email addresses and any other personal information written or stated is subject to disclosure on the broadcast of the teleconferenced meeting. Comments posted online will not include personal information.
10:00 A.M.  ROLL CALL - CONVENE SPECIAL CITY COUNCIL MEETING
Mayor Lyman called the meeting to order at 10:06 AM.
Present: Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto Absent: None

1. TELECONFERENCE AND PUBLIC COMMENT INSTRUCTIONS

2. POLICY MATTERS

   A. Adoption of a Modification to the United Fire Professional Firefighters Association, Local 1230 Memorandum of Understanding

      Action Proposed: Adopt a resolution approving a side letter to the Memorandum of Understanding between the City of El Cerrito and the United Professional Firefighters Association, Local 1230 (Local 1230) to modify language on salaries and provide a one (1) year extension to June 30, 2022.

      Contact: Alexandra Orologas, Assistant City Manager

      Moved/Seconded: Councilmember Abelson/Councilmember Quinto

      Action: Approved Resolution 2020-20. Ayes: Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto Noes: None

   B. City Council Division Budget Discussion

      Action Proposed: Discuss and provide direction regarding the City Council’s division budget reductions.

      Contact: Gregory B. Lyman, Mayor; Karen Pinkos, City Manager; Holly M. Charléty, City Clerk, City Management

      Presentation and Discussion: Presenters and staff responded to comments and questions raised by members of the council regarding library hours, use of Arts in Public Places fund, cost of library programs, inter-fund transfers, travel and training costs, conference representation, and combinations for potential cuts.

      Public Comments:
      All comments submitted prior to and during the meeting are posted online as supplemental materials and incorporated into the official meeting record.

      Public comments on this item were received from Jim Dolgonas, AL Miller (3 submissions), Gary and Jean Pokorny, Sue Hansen, Marlene Keller, Cordell Hindler, Irene Kiebert, Ira Sharenow, John Stashik, Peter Smith, Ruth Sasaki, Shayla Jacobsen, Melanie, Proctor, John Barry Koops, Pam Austin, Tom Adams, Valerie Snider, Caroline
Smith, Michael Fischer (2 submissions), Dennis Lyon, Michelle Baptiste, Martha Conklin, Janice Woo, Mike Cunningham, Cathy Hanville (2 submissions), Sherry Drobner (2 submissions), Barbara Chan (2 submissions), BJ Thorsnes, Irene Rojas-Carroll, Leah Carroll, Gustavo Rojas, Diana Lyons,

Moved/Seconded: Councilmember Pardue-Okimoto/Mayor Pro Tem Fadelli Action: Passed a motion to fund 11 additional library hours at a cost of $111,399; reduce travel and training by $4,750, events and trips by $10,000, general office supplies by $636, and council member pay by $2,646; directed staff to transfer $3,000 of restricted fund money from the Arts and Culture fund to pay for art programs at the library.

Ayes: Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto

Noes: None

3. ADJOURN SPECIAL CITY COUNCIL MEETING
The special meeting adjourned at 12:32 PM.

Gregory B. Lyman, Mayor

This is to certify that the foregoing is a true and correct copy of the minutes of the Special City Council meeting of April 25, 2020 as approved by the El Cerrito City Council.

Holly M. Charléty, MMC, City Clerk
EL CERRITO CITY COUNCIL DRAFT MINUTES

SPECIAL CITY COUNCIL MEETING (NOT TELEVISIONED OR STREAMED)
May 5, 2020 – 6:00 p.m.

Meeting Location:
Held Via Teleconference (for City Council and Staff Only)

Members:
Mayor Gregory B. Lyman
Mayor Pro Tem Paul Fadelli · Councilmember Janet Abelson
Councilmember Rochelle Pardue-Okimoto · Councilmember Gabriel Quinto

Pursuant to Executive Orders N-25-20 and N-39-20, Teleconference Restrictions of the Brown Act Have been Suspended, as Well as the Requirement to Provide a Physical Location for Members of the Public to Participate in the meeting. This meeting will not be televised or accessible to the public via the streaming teleconference platform.

Public Comments for matters on the special meeting agenda only may be submitted one of two ways:

Via email to cityclerk@ci.el-cerrito.ca.us. Email must contain in the subject line Public Comments - Agenda Item #.

Via Voicemail at 510-306-2558. The caller must start the message by stating Public Comments - Agenda Item # followed by their name and city of residence, followed by their comments.

If you wish to comment on the subjects of the special meeting, you are strongly encouraged to submit your comments in writing in advance of the meeting. Comments received up until 12:00 p.m. the day of the meeting will be provided in advance to the City Council, including transcribed voicemails, and posted online with meeting materials.

Comments received during the meeting up until City Council begins the closed session, will be read into the record and will be limited to a maximum of 3 minutes. Comments that do not conform to the city council's rules of decorum may be summarized rather than read verbatim.

All comments received by the close of the public comment period will be available after the meeting as supplemental materials and will become part of the official record.
6:00 P.M.  ROLL CALL - CONVENE SPECIAL CITY COUNCIL MEETING
Mayor Lyman called the meeting to order at 06:02 PM.
Present: Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto
Absent: None

1. COMMUNICATIONS FROM THE PUBLIC
Remarks are typically limited to 3 minutes per person and are limited to items on the special meeting agenda only. - None

2. CLOSED SESSION CONFERENCE WITH LABOR NEGOTIATORS
Pursuant to Government Code Section 54957.6

Agency Designated Representatives: Karen Pinkos, City Manager; Glenn Berkheimer, Labor Negotiator; Sky Woodruff, City Attorney; and Alexandra Orologas, Assistant City Manager.

Employee Organizations: Service Employees International Union (SEIU) Local 1021; El Cerrito Police Employees Association; United Professional Firefighters Local 1230; Public Safety Management Association - Battalion Chief, Fire Chief, Police Chief, and Police Management; and Management and Confidential Employees.

Contact: Sky Woodruff, City Attorney, City Management
The City Council convened to closed session at 6:02 PM. No reportable action.

3. ADJOURN SPECIAL CITY COUNCIL MEETING
The special meeting adjourned at 6:35 PM.

Gregory B. Lyman, Mayor

This is to certify that the foregoing is a true and correct copy of the minutes of the Special City Council meeting of May 5, 2020 as approved by the El Cerrito City Council.

Holly M. Charléty, MMC, City Clerk
EL CERRITO CITY COUNCIL DRAFT MINUTES

REGULAR CITY COUNCIL MEETING
MAY 5, 2020– 7:00 p.m.

Meeting Location:
Via Teleconference (for City Council and Staff Only)

Members:
Mayor Gregory B. Lyman
Mayor Pro Tem Paul Fadelli · Councilmember Janet Abelson
Councilmember Rochelle Pardue-Okimoto · Councilmember Gabriel Quinto

Pursuant to Executive Orders N–25–20 and N–39–20, Teleconference Restrictions of the Brown Act Have been Suspended, as Well as the Requirement to Provide a Physical Location for Members of the Public to Participate in the meeting.

Members of the Public will not be able to participate directly through the teleconference platform but can watch or listen to the meeting as follows:

1. Cable T.V. Broadcast on KCRT Channel 28
2. Radio Broadcast on FM 88.1 or 97.7
3. Livestream online at www.el-cerrito.org/CouncilMeetingMaterials

Public Comments may be submitted one of two ways:

Via email to cityclerk@ci.el-cerrito.ca.us. Email must contain in the subject line Public Comments - Not on the Agenda OR Public Comments - Agenda Item #.

Via Voicemail at 510-306-2558. The caller must start the message by stating Public Comments - Not on the Agenda OR Public Comments - Agenda Item # followed by their name and city of residence, followed by their comments.

The city cannot guarantee that its network and/or the site will be uninterrupted. To ensure that the city council receives your comments prior to taking action, you are strongly encouraged to submit your comments in writing in advance of the meeting.

Comments received up until 12:00 p.m. the day of the meeting will be provided in advance to the City Council, including transcribed voicemails, and posted online with meeting materials.

Comments received during the meeting and up until the public comment period on the relevant agenda item is closed, will be read into the record and will be limited to a maximum of 3 minutes. Comments that do not conform to the city council’s rules of decorum may be summarized rather than read verbatim. As allowed by the Brown Act, the Mayor may limit the total time for public comment to facilitate the completion of business on the agenda.

All comments received by the close of the public comment period will be available after the meeting as supplemental materials and will become part of the official meeting record.

Please note that all information provided in public comments including phone number called with, email addresses and any other personal information written or stated is subject to disclosure on the broadcast of the teleconferenced meeting. Comments posted online will not include personal information.
7:00 P.M.  ROLL CALL – CONVENE REGULAR CITY COUNCIL MEETING

Mayor Lyman called the meeting to order at 07:01 PM.

Present: Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto, Mayor Lyman Absent: None

1. TELECONFERENCE AND PUBLIC COMMENT INSTRUCTIONS

2. COUNCIL/STAFF COMMUNICATIONS

Reports of closed session, commission appointments and informational reports on matters of general interest which are announced by the City Council and staff.

City Manager Pinkos - provided a brief update on the COVID-19 local emergency included hours, events and update on Health Order (masks, construction, real estate and landscaping), availability of city services.

Councilmember Abelson - announced JoAnn Fabrics selling and making masks.

Councilmember Pardue-Okimoto - emphasized the need to continue to flatten the curve and provided a reminder to shop in the City of El Cerrito.

Mayor Pro Tem Fadelli - encouraged residents to use reusable bags in their car, even if not allowed inside stores.

Councilmember Quinto - announced the upcoming Contra Costa Mayor's Conference meeting.

Mayor Lyman - encouraged residents to reduce the amount of vegetation around their houses, announced extended deadline for the Census and El Cerrito's high response rate.

3. COMMUNICATIONS FROM THE PUBLIC

Remarks are typically limited to 3 minutes per person. The Mayor may reduce the time limit per speaker depending upon the number of speakers and may limit the total time for public comment to facilitate the completion of business on the agenda.

Comments regarding non-agenda, presentation and consent calendar items will be heard first. Comments related to items appearing on the Public Hearing or Policy Matter portions of the Agenda will be heard prior to the City Council taking action on each item.

All comments submitted prior to and during the meeting are posted online as supplemental materials and incorporated into the official meeting record.

Public comments on matters not on the agenda were received from Cordell Hindler, Les Pozdena, Gary Prost, Marlene George, Ira Sharenow, Barbara Chan, and Robin Mitchell; on Consent Item 4D from Jeffrey Levin; and on Consent Item 4F from Howdy Goudey.
4. **ADOPTION OF THE CONSENT CALENDAR**

All items on the consent calendar shall be acted upon in one motion, unless a member of the City Council or staff request separate consideration. 

**Moved/Seconded:** Councilmember Pardue-Okimoto/Councilmember Quinto  
**Action:** Approved the consent calendar as indicated below. **Ayes:** Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto **Noes:** None  

A. **Jewish American Heritage Month Proclamation**  
**Action Proposed:** Pass a motion to approve a proclamation declaring the Month of May 2020 as Jewish American Heritage Month in the City of El Cerrito.  
**Contact:** Maya Williams, Assistant to the City Manager, City Management  
**Action:** Approved proclamation  

B. **Asian Pacific American Heritage Proclamation**  
**Action Proposed:** Pass a motion to approve a proclamation declaring the Month of May 2020 as Asian Pacific American Heritage Month in the City of El Cerrito.  
**Contact:** Maya Williams, Assistant to the City Manager, City Management  
**Action:** Approved proclamation  

C. **National Public Works Week Proclamation**  
**Action Proposed:** Pass a motion approving a proclamation designating May 17 through 23, 2020 as National Public Works Week in El Cerrito.  
**Contact:** Yvetteh Ortiz, Public Works Director/City Engineer, Public Works Department  
**Action:** Approved proclamation  

D. **Affordable Housing Week Proclamation**  
**Action Proposed:** Pass a motion approving a proclamation designating May 9 to May 17, 2020 as the 24th Annual East Bay Affordable Housing Week in El Cerrito.  
**Contact:** Aissia Ashoori, Housing Analyst, Community Development Department  
**Action:** Approved proclamation  

E. **Approval of Minutes for 3/25/2020 and 4/7/2020**  
**Action Proposed:** Pass a motion to approve the City Council meeting minutes for March 23 and April 7, 2020.  
**Contact:** Holly M. Charléty, City Clerk, City Management  
**Action:** Approved minutes
F. Authorize the Mayor to sign all applicable letters in support of local government relief related to COVID-19

**Action Proposed:** Pass a motion authorizing the Mayor, upon recommendations received by the League of California Cities, to sign and send various letters of support to applicable representatives and legislators, for local government relief related to the COVID-19 health crisis.

**Contact:** Holly M. Charléty, City Clerk, City Management

**Action:** Approved letters

5. PRESENTATIONS

6. PUBLIC HEARINGS

A. Public Hearing regarding Fiscal Year 2020-21 Storm Drain Annual Report and method of collecting Storm Drain Fees

*Notice Published 4/21/2020 and 4/28/2020*

**Action Proposed:** Conduct a public hearing and upon conclusion adopt a resolution approving the Fiscal Year 2020-21 Storm Drain Annual Report and directing that Storm Drain Fees be collected on the property tax rolls.

**Contact:** Shannon Collins, Finance Supervisor; Mark Rasiah, Finance Director, Finance Department; Yvetteh Ortiz, Public Works Director, Public Works

**Presentation and Discussion:** Presenters and staff responded to comments and questions raised by members of the council regarding cost recovery, amount of general funds needed, use of funds received, and projects included in storm drain master plan priorities.

**Public Hearing:** Mayor Lyman opened the public hearing.

**Public Comments:** None

**Moved/Seconded:** Councilmember Pardue-Okimoto/ Councilmember Abelson

**Action:** Approved the close of the public hearing. **Ayes:** Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto **Noes:** None

**Moved/Seconded:** Councilmember Quinto/Councilmember Abelson

**Action:** Approved Resolution 2020-21. **Ayes:** Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto **Noes:** None
B. Public Hearing to adopt Resolution of Confirming Diagram and Intent to Levy and Collect Assessment for Landscape and Lighting District  
Notice Published 4/24/2020

Action Proposed: Conduct a public hearing and upon conclusion adopt a resolution setting the annual Landscape and Lighting Assessment for Fiscal Year (FY) 2020-21 as $72 per single-family residential parcel, and as noted in the Engineer's Report for other classes of properties.

Contact: Shannon Collins, Finance Supervisor; Mark Rasiah, Finance Director/Treasurer, Finance Department; Yvetteh Ortiz, Public Works Director, Public Works Department

Presentation and Discussion: Presenters and staff responded to comments and questions raised by members of the council regarding process for increasing fees, use of funds collected, amount of general funds used to cover costs, and staffing costs.

Public Hearing: Mayor Lyman opened the public hearing.

Public Comments: None

Moved/Seconded: Mayor Pro Tem Fadelli/Councilmember Quinto
Action: Approved the close of the public hearing. Ayes: Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto Noes: None

Moved/Seconded: Councilmember Quinto/Councilmember Abelson
Action: Approved Resolution 2020-22. Ayes: Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto Noes: None

C. Public Hearing to adopt Fiscal Year 2020-21 Master Fee Schedule  
Notice Published on 4/22/2020 and 4/27/2020

Action Proposed: It is recommended the City Council conduct a public hearing, and upon conclusion, adopt a resolution approving the Fiscal Year 2020-21 Master Fee Schedule.

Contact: Shannon Collins, Finance Supervisor, Finance Department

Presentation and Discussion: Presenters and staff responded to comments and questions raised by members of the council regarding method of calculation, resident versus non-resident fees, childcare, summer camp, senior services, first responder fees, fire inspection and re-inspection fees.

Public Hearing: Mayor Lyman opened the public hearing.
Public Comments: All comments submitted prior to and during the meeting are posted online as supplemental materials and incorporated into the official meeting record.

Public comments were received from Nick Zamorano and Howdy Goudey (2 submissions).

Moved/Seconded: Councilmember Abelson/Councilmember Quinto
Action: Approved the close of the public hearing. Ayes: Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto Noes: None

Moved/Seconded: Councilmember Quinto/Councilmember Abelson
Action: Approved Resolution 2020-23. Ayes: Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto Noes: None

7. POLICY MATTERS

A. Budget and Financial Update

Action Proposed: Receive and file a report from the City Manager regarding actions taken to date and cost saving measures being implemented.

Contact: Karen Pinkos, City Manager, City Management

Presentation and Discussion: Presenters and staff responded to comments and questions raised by members of the council regarding implemented furloughs for SEIU and Management/Confidential employee, review of 4th quarter projections, cash balance after TRAN repayment, roadmap of next steps, savings of maintaining existing vacancies, need for longer term projections,

Moved/Seconded: Councilmember Quinto/Councilmember Abelson
Action: Passed a motion to extend the meeting to 11:15 PM. Ayes: Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto Noes: None

Moved/Seconded: Councilmember Abelson/Councilmember Quinto
Action: Passed a motion to extend the meeting to 11:30 PM. Ayes: Mayor Lyman, Mayor Pro Tem Fadelli, Councilmember Abelson, Councilmember Pardue-Okimoto, Councilmember Quinto Noes: None

Public Comments: All comments submitted prior to and during the meeting are posted online as supplemental materials and incorporated into the official meeting record.

Public comments were received from Susan and Paul Duncan, Denice Dennis, Cathy Hanville, Marlene George, Ira Sharenow, Aylin Beyce, and Howdy Goudey.
8. **CITY COUNCIL LOCAL & REGIONAL LIAISON ASSIGNMENTS**  
Mayor and City Council communications regarding local and regional liaison assignments and committee reports.  
Councilmember Fadelli reported West Contra Costa Transportation Advisory Commission (WCCTAC) approval of $400,000 of Measure J funds to fix Central Ave bike path.

9. **ADJOURN REGULAR CITY COUNCIL MEETING**  
The regular meeting adjourned at 11:29 PM

__________________________  
Gregory B. Lyman, Mayor

This is to certify that the foregoing is a true and correct copy of the minutes of the Regular City Council meeting of May 5, 2020 as approved by the El Cerrito City Council.

__________________________  
Holly M. Charléty, MMC, City Clerk
EL CERRITO CITY COUNCIL PROCLAMATION
Recognizing June 12, 2020 as Loving Day in the City of El Cerrito

WHEREAS, Mildred and Richard Loving were arrested in 1958 for violating Virginia’s felony law prohibiting interracial marriage; and

WHEREAS, the Loving family was convicted of violating the law and given a suspended sentence provided that they did not return to their home in the Commonwealth of Virginia as a couple for 25 years; and

WHEREAS, the Loving family did not back down but took their case to the United States Supreme Court and won, overturning their conviction and creating a landmark civil rights victory; and

WHEREAS, their case Loving v Virginia (1967) ended all laws prohibiting interracial marriage nationwide, paving the way for all consenting adults to marry the one they love; and

WHEREAS, our country, state and region are moving forward in the 21st Century as a multiracial and multicultural society; and

WHEREAS, Ken Tanabe, who grew up in an interracial family with a Japanese father and a Belgian mother, launched the holiday in hopes that the day of celebration would bring together multiethnic families from around the world; and

WHEREAS, an annual celebration known as Loving Day is held on June 12 in communities throughout the nation to commemorate and celebrate the 53rd anniversary of the 1967 Supreme Court decision; and

WHEREAS, the City of El Cerrito joins other communities to find a common vision from our interwoven past to build a society free of racism for the benefit of our collective future.

NOW THEREFORE, the City Council of the City of El Cerrito does hereby declare June 12, 2020 as Loving Day in the City of El Cerrito, invites everyone to recognize this day as a celebration of multiculturalism, and encourages people to reflect on the Loving family and all of the pioneers who have and will continue to fight for the civil right to love.

Dated: June 2, 2020

___________________________
Gregory B. Lyman, Mayor
EL CERRITO CITY COUNCIL PROCLAMATION
Recognizing June as LGBTQ Pride Month in the City of El Cerrito

WHEREAS, the City of El Cerrito has a diverse Lesbian, Gay, Bisexual, Transgender, Queer (LGBTQ) community and is committed to supporting visibility, dignity and equity for all people in the community; and

WHEREAS, many of the residents, students, city employees, and business owners within the City of El Cerrito who contribute to the enrichment of our City are a part of the lesbian, gay, bisexual, transgender, queer community; and

WHEREAS, several cities across the United States recognize and celebrate June as LGBTQ Pride Month in honor of the 1969 Stonewall Uprising; and June has become a symbolic month in which lesbians, gay men, bisexual people, transgender, queer, and supporters come together in various celebrations of pride; and

WHEREAS, various advancements have been made with respect to equitable treatment of lesbians, gay men, bisexual, transgendered, queer persons throughout the nation, but there continues to be some opposition against people from this community and around the world making it important for cities like El Cerrito to stand up and show support for our residents who are affected; and

WHEREAS, the rainbow flag, also known as the LGBTQ pride flag or gay pride flag, has been used since the 1970s as a symbol of Lesbian, Gay, Bisexual, Transgender, Queer pride and LGBTQ social movements; and

WHEREAS, flying the rainbow flag at City Hall throughout the month of June further symbolizes the City’s celebration of diversity and support for the Lesbian, Gay, Bisexual, Transgender, Queer community.

NOW THEREFORE, the City Council of the City of El Cerrito does hereby declare the month of June as LGBTQ Pride month in the City of El Cerrito, and invites everyone to reflect on ways we all can live and work together with a commitment to mutual respect and understanding, and further, recognizes Pride Month by flying the rainbow flag at City Hall during the month of June.

Dated: June 2, 2020

___________________________
Gregory B. Lyman, Mayor
Date: June 2, 2020
To: El Cerrito City Council
From: Aissia Ashoori, Housing Analyst; Sean Moss, Planning Manager, Community Development Department
Subject: California Housing & Community Development Local Early Action Planning (LEAP) Grant Application

ACTION PROPOSED
Adopt a resolution authorizing staff to submit an application for Local Early Action Planning (LEAP) grant funds.

BACKGROUND
The California Housing and Community Development Department (HCD) issued a Notice of Funding Availability (NOFA) on January 27, 2020 for $119,040,000 under the Local Early Action Planning (LEAP) Grants Program. This money is a result of the 2019-20 Budget Act where Governor Newsom allocated $250 million to facilitate housing production statewide. LEAP funds are earmarked to assist jurisdictions by providing for the preparation and adoption of planning documents, process improvements that accelerate housing production, and facilitate compliance in implementing the sixth cycle of the Regional Housing Needs Assessment (RHNA).

The LEAP program provides noncompetitive over-the-counter grants to local governments. These funds are a one-time allocation with a maximum grant amount of $150,000 to jurisdictions with a population less than 60,000. The deadline for over-the-counter grant applications is July 1, 2020. HCD requires that City Council authorize submittal of a grant application. Efforts funded by the grant must be complete by and all funds must be expended by December 31, 2023.

This opportunity is similar to the SB2 grant funds of $160,000 that the City applied for in November 2019 and was awarded on April 23, 2020 to complete the update of the program Environmental Impact Report (EIR) for the San Pablo Avenue.

ANALYSIS
Staff has identified three areas where LEAP grant money could be allocated most effectively:

1. Preparing and Adopting the Housing Element Update;
2. Technological Improvements to Accelerate Housing Production; and
3. Pre-Approved Accessory Dwelling Unit Plans.
The City’s 2015-2023 Housing Element, as required by State Law, was adopted and certified by HCD in 2015. The Housing Element identifies goals, objectives, policies, and action programs for the 2015-2023 planning period that directly address the housing needs of El Cerrito. The Housing Element articulates five major goals, including:

1. Conserve and improve El Cerrito’s existing housing supply.
2. Facilitate and encourage the development of housing to meet regional housing needs allocations.
3. Expand housing opportunities for the elderly, the disabled, households with very-low to moderate income, and for persons with special housing needs.
4. Promote housing opportunities for all persons regardless of race, age, marital status, ancestry, national origin, or color.
5. Promote energy efficiency in the location, construction, renovation and maintenance of housing units.

In 2021, staff will embark on the Housing Element update for the 2022-2030 planning period which will include the sixth cycle of the RHNA. This process will require the expertise of not only City staff but outside consultants and engagement from members of the community. Funding to complete the 2022-2030 Housing Element will be fully covered through the LEAP grant program except for City staff hours. The estimated deadline to complete the 2022-2030 update is December 15, 2022 and conforms with the grant expenditure deadline of December 31, 2023.

Second, LEAP funds could advance our technology upgrades thus improving the pace of permit processing timelines to accelerate housing production. The City is in the process of enhancing our ability to do business electronically through implementation of Community Development software, which is the most recent generation of the City’s TRAKit software. This system will allow members of the public to remotely schedule inspection appointments, apply for permits, check application statuses, upload documents, make payments and more through the online portal. It will also allow City staff in Planning, Building, Public Works, and Fire to perform plan checks electronically and interface with other programs to cut down on duplication across systems. Digitization will also decrease the need for in-person visits, phone calls and emails to Permit Counter staff and inspectors. The IT Department budget and cost savings achieved by implementing the updated software will cover a significant portion of the upgrade costs. And, LEAP funds will support further enhancements to improve the public interface abilities and capacity.

The last area where LEAP funds could be effectively allocated is to develop standard, pre-approved building plans for Accessory Dwelling Units (ADU). Having pre-approved ADU plans would encourage single-family homeowners to construct new units on their properties. These plans would be plan checked in advance and would be approved for building permit issuance. Some site specific design, such as grading plans, would still be required, but the architectural and structural components of the ADU, would be pre-approved for compliance with the California Building Code. Utilizing pre-approved
plans would reduce design costs for homeowners. This tool is being implemented by many cities across the State to meet regional housing goals by increasing housing opportunities available to the community. City staff does not have the in-house design expertise to create pre-approved ADU plans. However, LEAP funds would fully cover the expenses to consult with a professional designer to develop pre-approved ADU plans for El Cerrito homeowners.

**STRATEGIC PLAN CONSIDERATIONS**
This grant application and the efforts described herein will assist the City in implementing the following goals of the Strategic Plan: Goal A: Deliver Exemplary Government Services; Goal B: Achieve Long-Term Financial Sustainability; Goal C: Deepen a Sense of Place and Community Identity; and Goal F: Foster Environmental Sustainability Citywide.

**ENVIRONMENTAL CONSIDERATIONS**
Authorization of the filing of the grant application is not a project pursuant to the California Environmental Quality Act (CEQA). Any projects funded by the grant will be evaluated under CEQA, as applicable.

**FINANCIAL CONSIDERATIONS**
The City is not required to provide matching funds toward this grant. Efforts funded by the grant must be complete by and all funds must be expended by December 31, 2023. The time of City employees toward administering the grant is not eligible for grant funds.

**LEGAL CONSIDERATIONS**
This section is not applicable to this agenda item.

Reviewed by:

Karen Pinkos, City Manager

**Attachments:**
1. Resolution
RESOLUTION 2020-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO AUTHORIZING APPLICATION FOR, AND RECEIPT OF, LOCAL GOVERNMENT PLANNING SUPPORT GRANT PROGRAM FUNDS

WHEREAS, pursuant to Health and Safety Code 50515 et. seq, the Department of Housing and Community Development (“Department”) is authorized to issue a Notice of Funding Availability (“NOFA”) as part of the Local Government Planning Support Grants Program (hereinafter referred to by the Department as the Local Early Action Planning Grants program or LEAP); and

WHEREAS, the City Council of the City of El Cerrito desires to submit a LEAP grant application package (“Application”), on the forms provided by the Department, for approval of grant funding for projects that assist in the preparation and adoption of planning documents and process improvements that accelerate housing production and facilitate compliance to implement the sixth cycle of the regional housing need assessment; and

WHEREAS, the Department has issued a NOFA and Application on January 27, 2020 in the amount of $119,040,000 for assistance to all California Jurisdictions.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of El Cerrito:

SECTION 1. The City Manager is hereby authorized and directed to apply for and submit to the Department the Application package; and

SECTION 2. In connection with the LEAP grant, if the Application is approved by the Department, the City Manager of the City of El Cerrito is authorized to submit the Application, enter into, execute, and deliver on behalf of the City, a State of California Agreement (“Standard Agreement”) for the amount of $150,000.00 and any and all other documents required or deemed necessary or appropriate to evidence and secure the LEAP grant, the City’s obligations related thereto, and all amendments thereto; and

SECTION 3. The City shall be subject to the terms and conditions as specified in the NOFA, and the Standard Agreement provided by the Department after approval. The Application and any and all accompanying documents are incorporated in full as part of the Standard Agreement. Any and all activities funded, information provided, and timelines represented in the Application will be enforceable through the fully executed Standard Agreement. Pursuant to the NOFA and in conjunction with the terms of the Standard Agreement, the City hereby agrees to use the funds for eligible uses and allowable expenditures in the manner presented and specifically identified in the approved Application.

BE IT FURTHER RESOLVED that this resolution shall become effective immediately upon passage and adoption.
I CERTIFY that at a regular meeting on June 2, 2020 the City Council of the City of El Cerrito passed this Resolution by the following vote:

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

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on June ________, 2020.

________________________
Holly M. Charléty, City Clerk

APPROVED:

________________________
Gregory B. Lyman, Mayor
Date: June 2, 2020
To: El Cerrito City Council
From: Shannon Collins, Finance Supervisor, Finance Department; Mark Soltes, Building Official, Community Development; Yvetteh Ortiz, Public Works Director, Public Works Department
Subject: Revisions to FY 2020-21 Master Fee Schedule

**ACTION PROPOSED**
Conduct a public hearing and upon conclusion adopt a resolution approving the revisions to the Approved Fiscal Year 2020-21 Master Fee Schedule.

**BACKGROUND/ANALYSIS**
There are four revisions proposed to the FY 2020-21 Master Fee Schedule version presented and adopted by the City Council on May 5, 2020. Attachment 2 provides the proposed changes to the Master Fee Schedule. Corrected and updated fees are highlighted in Blue; deletions are highlighted in Red; and Titles and/or Additions are highlighted in Yellow.

1) The first correction is in the "Miscellaneous Projects/Items" section of the "Misc Bldg Fees Not Requiring Plan Review" schedule. The items highlighted in Red were a duplicate of the same items listed in the "Other Miscellaneous Fees and Assessments" section. The Red highlighted items will be removed, and the Blue highlighted items will remain.

2) The second item is the "Electric Vehicle Chargers" section of the "Misc Bldg Fees Not Requiring Plan Review" schedule. The “Residential Electric Vehicle Level 1 or 2 Charging Station” fee, which has been moved from the "Miscellaneous Building Fees Requiring a Plan Review" designation to the "Miscellaneous Building Fees Not Requiring a Plan Review" schedule due to a reassessment that those permits can be issued without review when guidelines for applying such permits have been followed. This change is highlighted in Blue.

3) Third is the “Electrical” portion of the "Mechanical, Plumbing, Electrical (MPE)" schedule has been added in because it was inadvertently omitted from the schedule by staff. This section contains similar fee increases to the "Plumbing" and "Mechanical" sections, and are based on a reassessment of time required for inspection as well as a CPI increase from the FY 2019-20 fees.

4) Lastly, there are fee and language changes in the "Additional Fees-Other Mandated Building Permits" section, that are highlighted in Blue. In this section a change was made to the “STMP” fees, which required revision because on May 5,
2020, the West Contra Costa Transportation Advisory Committee (WCCTAC) notified the City of the annual adjustment for the Sub-regional Transportation Mitigation Program (STMP) fees. The STMP Master Cooperative Agreement calls for WCCTAC to calculate an annual fee adjustment based on the Engineering New Record’s San Francisco Bay Area Construction Index for February 2020 and to then notify all signatories of the Cooperative Agreement of the change. This year the increase is 5.6%. Local jurisdictions must incorporate the adjusted fees into their municipal fee schedule with an effective date of 7/1/2020, or as close to that date as legally allowed given noticing requirements.

**STRATEGIC PLAN CONSIDERATIONS**
The Master Fee Schedule is the basis for all City-wide fees and charges. Approving the attached resolution will allow the City to ensure that City-wide revenue meets the cost of providing City-wide services.

**ENVIRONMENTAL CONSIDERATIONS**
This section is not applicable to this agenda item.

**FINANCIAL CONSIDERATIONS**
The revenue generated by fees, charges for service, and business license taxes that will appear in the City’s FY 2020-21 proposed budget will be based on the Master Fee Schedule approved by the City Council.

**LEGAL CONSIDERATIONS**
Except for Development Fees, which will become effective 60 days after approval of this schedule, all fees listed in the Master Fee Schedule will become effective July 1, 2020, on the first day of the fiscal year.

As required by California Government Code §66018(a), the City is required to conduct a public hearing prior to adopting Planning, Building, and some other new fees or fee increases. Notification of this public hearing was completed in accordance with State law and the El Cerrito Municipal Code. Notice was physically posted at City Hall and on the City’s website on May 21 and published in the West County Times on May 22 and May 29, 2020.

**Reviewed by:**

Karen Pinkos, City Manager

**Attachments:**
1. Resolution
2. Exhibit A - Revisions to Master Fee Schedule 6-2-20
RESOLUTION 2020–XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO ADOPTING
REVISIONS TO THE MASTER FEE SCHEDULE FOR FISCAL YEAR 2020-21.

WHEREAS, El Cerrito Municipal Code Section 4.01.010 requires that prior to July 1st of each year, the City Council shall consider and adopt the schedule of all general and special fees and charges to be known as the Master Fee Schedule; and

WHEREAS, the City Council desires to update currently established fees to cover inflation and City costs, which form the basis for the majority of the changes, as well as to establish new fees in keeping with City Council policy direction; and

WHEREAS, utilizing a rounding factor provides ease to our customers and our staff in the payment of these fees; and

WHEREAS, the City’s Municipal Code requires that Business License Taxes be revised based on the percent change from the February 1988 figure of 117.0 in the Revised Consumer Price Index for Urban Wage Earners and Clerical Workers for the San Francisco-Oakland Bay Area as published by the Department of Labor for the month of February prior to the fiscal year in which the rate adjustment is applicable; and

WHEREAS, market-driven fees and service charges are adjusted based on factors to keep those fees and charges comparable to those charged by entities providing similar services; and

WHEREAS, a public hearing has been noticed and held in accordance with Government Code Sections 6062a, 66016, 66017 and 66018;

WHEREAS, the City Council adopted a Master Fee Schedule for FY 2020-21 on May 5, 2020.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of El Cerrito hereby adopts the amendments, as shown in Exhibit A, to the Master Fee Schedule for the City of El Cerrito as previously adopted on May 5, 2020, incorporated herein by reference, for FY 2020-21, and determines that the fees for services will not exceed the reasonable estimated cost of providing the service.

BE IT FURTHER RESOLVED that the fee changes in the Building Fees for the Adopted Master Fee Schedule will become effective on July 1, 2020, except for Development Fees, which will become effective 60 days after approval of this resolution.

I CERTIFY that at the regular meeting on June 2, 2020 the El Cerrito City Council passed this resolution by the following vote:

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

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on June ______, 2020.

________________________
Holly M. Charléty, City Clerk

APPROVED:

________________________
Gregory B. Lyman, Mayor
EXHIBIT A: REVISIONS TO THE FY 2020-21 MASTER FEE SCHEDULE

MISC BUILDING PERMIT FEES FOR PROJECTS NOT REQUIRING PLAN REVIEWS

The following Building Permit fees unless otherwise noted are for projects that are not associated with or require plan review. Per hour fees are for each hour or fraction thereof unless otherwise noted.

<table>
<thead>
<tr>
<th>sq.ft. = square feet</th>
<th>min. = minimum</th>
<th>Adopted FY 2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MISCELLANEOUS PROJECTS/ITEMS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard per hour rate for items not specifically covered in the fee schedule</td>
<td></td>
<td>$155</td>
</tr>
<tr>
<td>Change-of or assigned-new address request</td>
<td></td>
<td>$412</td>
</tr>
<tr>
<td>Earthquake mitigation inspection first hour</td>
<td></td>
<td>$268</td>
</tr>
<tr>
<td>Earthquake mitigation inspection per hour after the first hour</td>
<td></td>
<td>$155</td>
</tr>
<tr>
<td>Fire permit handling fee</td>
<td></td>
<td>$103</td>
</tr>
<tr>
<td>Building permit renewal when within one year after expiration date</td>
<td></td>
<td>50% of original building fee</td>
</tr>
<tr>
<td>Building permit renewal when after one year after expiration date</td>
<td></td>
<td>100% of original building fee</td>
</tr>
<tr>
<td>Building permit re-inspection fee after 2 failed inspections of the same item(s)</td>
<td></td>
<td>$155</td>
</tr>
<tr>
<td>Building permit re-inspection fee when nobody is on site for the inspection and it has not been cancelled ahead of the inspector’s leaving the office.</td>
<td></td>
<td>$155</td>
</tr>
<tr>
<td>Emergency non-scheduled emergency inspection call-out: per hour with a 4-hour minimum</td>
<td></td>
<td>$155</td>
</tr>
<tr>
<td>Pre-arranged or scheduled after hours inspection paid in advance: per hour with a 2-hour minimum</td>
<td></td>
<td>$155</td>
</tr>
<tr>
<td>Research – per half hour or fraction thereof</td>
<td></td>
<td>$78</td>
</tr>
<tr>
<td>Minor revisions to issued, non-expired permits: per hour</td>
<td></td>
<td>$256</td>
</tr>
<tr>
<td>Major revisions to issued non-expired permits: per hour with 3-hour min.</td>
<td></td>
<td>$256</td>
</tr>
<tr>
<td>Additional plan review by consultant after the second re-check</td>
<td></td>
<td>1.5 times Consultant’s fee</td>
</tr>
<tr>
<td>Additional plan review by City staff after 2nd re-check: per hour</td>
<td></td>
<td>$222</td>
</tr>
<tr>
<td>Supplemental plan review: per hour</td>
<td></td>
<td>$222</td>
</tr>
<tr>
<td>Supplemental inspection or inspection request not related to an issued and active permit: per hour with one hour minimum</td>
<td></td>
<td>$181</td>
</tr>
<tr>
<td>Soils review processing by City staff</td>
<td></td>
<td>$103</td>
</tr>
<tr>
<td>Soils peer review by consultant</td>
<td></td>
<td>Consultant’s fee to the City</td>
</tr>
<tr>
<td>FEMA flood zone review</td>
<td></td>
<td>$577</td>
</tr>
<tr>
<td>Document imaging: per page</td>
<td></td>
<td>$4</td>
</tr>
<tr>
<td>Continuing education: per permit issued</td>
<td></td>
<td>$6</td>
</tr>
<tr>
<td>New or replacement Certificate of Occupancy</td>
<td></td>
<td>$258</td>
</tr>
<tr>
<td>Temporary Certificate of Occupancy: per 30-day period</td>
<td></td>
<td>$258</td>
</tr>
<tr>
<td>Planning review when applicable</td>
<td></td>
<td>20% of combined Building review and Building permit fees</td>
</tr>
<tr>
<td>Public Works review when applicable</td>
<td></td>
<td>20% of combined Building review and Building permit fees</td>
</tr>
<tr>
<td>Fire-Dept. review when applicable</td>
<td></td>
<td>See Fire schedule</td>
</tr>
<tr>
<td>San Pablo Avenue Specific Plan Maintenance Fee for construction of new residential units: per residential unit constructed</td>
<td></td>
<td>same</td>
</tr>
<tr>
<td>San Pablo Avenue Specific Plan Maintenance Fee for new construction or additions to non-residential property: per new or additional sq.ft.</td>
<td></td>
<td>same</td>
</tr>
</tbody>
</table>
### ELECTRIC VEHICLE CHARGERS

Residential electric vehicle level 1 or 2 charging station per each $195

### MINOR REPAIRS AND ALTERATIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miscellaneous minor bathroom/kitchen repair - 1 fixture only</td>
<td>$315</td>
</tr>
<tr>
<td>Miscellaneous minor repairs w/no PC and less than $10,000 valuation</td>
<td>$315</td>
</tr>
</tbody>
</table>

### RE-ROOFS

- Residential re-roof not exceeding 1500 sq.ft. $418
- Each additional 100 sq.ft. residential re-roof exceeding 1500 sq.ft. $13
- Commercial not exceeding 5,000 sq.ft. $569
- Commercial exceeding 5,000 sq.ft. and not exceeding 10,000 sq.ft. $796
- Commercial exceeding 10,000 sq.ft. and not exceeding 20,000 sq.ft. $1,021
- Commercial exceeding 20,000 sq.ft. and not exceeding 50,000 sq.ft. $1,322
- Commercial exceeding 50,000 sq.ft. and not exceeding 100,000 sq.ft. $1,623
- Commercial each 10,000 sq.ft. above 10,000 sq.ft. $268

### SIDING AND STUCCO

- Siding new or replacement not exceeding 400 sq.ft. $343
- Each additional 400 sq.ft. siding or fraction thereof over 400 sq.ft. $103
- Stucco new or replacement not exceeding 400 sq.ft. $418
- Each additional 400 sq.ft. stucco or fraction thereof over 400 sq.ft. $103

### WINDOWS AND DOORS – NON-STRUCTURAL

- Door replacement not involving alterations to wall framing or exterior wall coverings $130
- Window, sliding door, solar tube replacement – one only and no alterations to framing or exterior wall coverings $130
- Multiple window, sliding door, solar tube replacements – first 5 with no alterations to framing or exterior wall coverings and all done at the same time $419
- Multiple window, sliding door, solar tube replacements – each additional 5 or fraction thereof above the first 5 with no alterations to framing or exterior wall coverings and all done at the same time $76

### RENTAL HOUSING INSPECTIONS

- Rental Housing Inspection: Single Family per unit $258
- Rental Housing Inspection: Multi-family first unit $227
- Rental Housing Inspection: Multi-family additional units after the first $129
- Rental Housing Inspection: Reinspection after the first reinspection $78
- Rental Housing Inspection: cancellation with less than 72-hour notice 50% of fee assessed
- Rental Housing Inspection: late payment 10% of fee billed

### OTHER MISCELLANEOUS FEES AND ASSESSMENTS

- Document imaging of plans, calculations, and other supporting documents $3/page
- Continuing education $5/permit
- Planning plan review when required 20% of combined building inspection and plan review with a minimum $192 charge
<table>
<thead>
<tr>
<th>Service Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Works review when required</td>
<td>20% of combined building inspection and plan review with a minimum $223 charge</td>
</tr>
<tr>
<td>Public Works Engineering site inspection when required – per hour or fraction thereof</td>
<td>$223/hour</td>
</tr>
<tr>
<td>Fire Department plan review when required</td>
<td>See Fire fee schedule</td>
</tr>
<tr>
<td>SPA Specific Plan maintenance fee – Construction of new residential units</td>
<td>$206/unit</td>
</tr>
<tr>
<td>SPA Specific Plan maintenance fee – Additions to existing non-residential buildings per additional sq.ft.</td>
<td>$0.19/sq.ft.</td>
</tr>
</tbody>
</table>
**MECHANICAL, PLUMBING ELECTRICAL (MPE Permit Issuance Fees)**

The following permit fee tables are for all stand alone Mechanical, Plumbing, and/or Electrical work that is not included in new construction or other projects listed on the miscellaneous fee schedule.

The permit issuance fee is to be added to each mechanical, plumbing, and/or electrical permit in addition to the fees listed below.

MPE fees effective 7/1/2020 to 6/30/2021

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>Adopted FY 2019-20</th>
<th>Proposed FY 2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permit Issuance Fee (applies to all MP&amp;E permits)</td>
<td>each permit</td>
<td>$100</td>
<td>$118.00</td>
</tr>
</tbody>
</table>

### MECHANICAL PERMIT FEES

- **Stand alone Mechanical Plan Check** per hour or fraction thereof
  - Adopted: $190
  - Proposed: $227
- **Minimum Mechanical Permit for Miscellaneous Work** each
  - Adopted: $62
  - Proposed: $76
- **A/C (residential)** each
  - Adopted: $93
  - Proposed: $114
- **Furnaces (FAU, floor)** each
  - Adopted: $128
  - Proposed: $114
- **Heater (wall)** each
  - Adopted: $159
  - Proposed: $114
- **Appliance Vent/Chimney (only)** each
  - Adopted: $62
  - Proposed: $76
- **Refrigeration Compressor** each
  - Adopted: $93
  - Proposed: $114
- **Boiler - < 2,000k BTU** each
  - Adopted: $128
  - Proposed: $114
- **Boiler - greater than 2,000k BTU** each
  - Adopted: $220
  - Proposed: $227
- **Chiller** each unit
  - Adopted: $93
  - Proposed: $114
- **Central Heating System - New (includes duct, gas piping, electric, etc.)** each
  - Adopted: $220
  - Proposed: $227
- **Fan Coil Unit** each
  - Adopted: $62
  - Proposed: $76
- **Heat Pump (package unit)** each
  - Adopted: $93
  - Proposed: $114
- **Heater (unit, radiant, etc.)** each
  - Adopted: $159
  - Proposed: $152
- **Air Handler w/ducts more to 10k CFM** each
  - Adopted: $62
  - Proposed: $76
- **Air Handler w/ducts more than 10k CFM** each
  - Adopted: $62
  - Proposed: $76
- **Duct Work only each outlet/register** each
  - Adopted: $31
  - Proposed: $39
- **Evaporative Cooler** each
  - Adopted: $62
  - Proposed: $76
- **Make-up Air System** each
  - Adopted: $93
  - Proposed: $114
- **Moisture Exhaust Duct (clothes dryer)** each
  - Adopted: $62
  - Proposed: $76
- **Variable Air Volume Box (including duct work)** each
  - Adopted: $93
  - Proposed: $114
- **Vent Fan (single duct)** each
  - Adopted: $62
  - Proposed: $76
- **Vent System** each
  - Adopted: $93
  - Proposed: $114
- **Exhaust Hood and Duct (residential)** each
  - Adopted: $62
  - Proposed: $76
- **Exhaust Hood - Type I (commercial grease hood)** each
  - Adopted: $124
  - Proposed: $151
- **Exhaust Hood - Type II (commercial steam hood)** each
  - Adopted: $93
  - Proposed: $114
- **Non-Residential Incinerator** each
  - Adopted: $310
  - Proposed: $377
- **Refrigerator Condenser Remote** each
  - Adopted: $185
  - Proposed: $227
- **Walk-in Box/Refrigerator Coil** each
  - Adopted: $93
  - Proposed: $114
- **Other Mechanical Inspections (min. 1/2 hr increments or fraction thereof)** per hour
  - Adopted: $148
  - Proposed: $187

### PLUMBING / GAS PERMIT FEES

- **Stand Alone Plumbing Plan Check** per hour or fraction thereof
  - Adopted: $190
  - Proposed: $227
- **Minimum Plumbing Permit for Miscellaneous Work** each
  - Adopted: $62
  - Proposed: $76
- **Fixtures (each three)** each 3 or
  - Adopted: $93
  - Proposed: $114
<table>
<thead>
<tr>
<th>Service Description</th>
<th>Quantity</th>
<th>Fee 1</th>
<th>Fee 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas System (one outlet)</td>
<td>one only</td>
<td>$93</td>
<td>$114</td>
</tr>
<tr>
<td>Gas System (first five outlets)</td>
<td>first five</td>
<td>$124</td>
<td>$151</td>
</tr>
<tr>
<td>Gas Outlets (each additional)</td>
<td>each above the first 5</td>
<td>$20</td>
<td>$25</td>
</tr>
<tr>
<td>Gas Test (stand alone or re-test)</td>
<td>each occurrence</td>
<td>$93</td>
<td>$114</td>
</tr>
<tr>
<td>Building Sewer</td>
<td>each</td>
<td>$62</td>
<td>$76</td>
</tr>
<tr>
<td>Grease Trap</td>
<td>each</td>
<td>$93</td>
<td>$114</td>
</tr>
<tr>
<td>Ejector Pump</td>
<td>each</td>
<td>$93</td>
<td>$114</td>
</tr>
<tr>
<td>Backflow Preventer (first five)</td>
<td>first five</td>
<td>$93</td>
<td>$114</td>
</tr>
<tr>
<td>Backflow Preventer (&gt;5)</td>
<td>each above the first 5</td>
<td>$20</td>
<td>$25</td>
</tr>
<tr>
<td>Roof Drain - Rainwater System</td>
<td>each</td>
<td>$62</td>
<td>$76</td>
</tr>
<tr>
<td>Water Heater (new and replacements)</td>
<td>each</td>
<td>$62</td>
<td>$76</td>
</tr>
<tr>
<td>Water Pipe Repair/Replacement per dwelling unit</td>
<td>each</td>
<td>$124</td>
<td>$151</td>
</tr>
<tr>
<td>Water Service</td>
<td>each</td>
<td>$62</td>
<td>$76</td>
</tr>
<tr>
<td>Drain-Vent Repair/Alterations</td>
<td>each main or branch line</td>
<td>$62</td>
<td>$76</td>
</tr>
<tr>
<td>Drinking Fountain</td>
<td>each</td>
<td>$62</td>
<td>$76</td>
</tr>
<tr>
<td>Graywater Systems</td>
<td>each system</td>
<td>$229</td>
<td>$151</td>
</tr>
<tr>
<td>Swimming Pool Piping and Gas</td>
<td>each pool</td>
<td>$124</td>
<td>$227</td>
</tr>
<tr>
<td>Medical Gas System (each outlet)</td>
<td>each outlet</td>
<td>$185</td>
<td>$227</td>
</tr>
<tr>
<td>Sump Pump</td>
<td>each</td>
<td>$93</td>
<td>$114</td>
</tr>
<tr>
<td>Private Storm Drainage System (each Inlet)</td>
<td>each inlet</td>
<td>$62</td>
<td>$76</td>
</tr>
<tr>
<td>Other Plumbing and Gas Inspections (min. 1/2 hr increments or fraction thereof)</td>
<td>per hour</td>
<td>$148</td>
<td>$187</td>
</tr>
</tbody>
</table>

**ELECTRICAL PERMIT FEES**

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Fee 1</th>
<th>Fee 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stand Alone Electrical Plan Check</td>
<td>$190</td>
<td>$227</td>
</tr>
<tr>
<td>Minimum Electrical Permit for Miscellaneous Work</td>
<td>each</td>
<td>$62</td>
</tr>
<tr>
<td>Single Phase Service (per 100 amps)</td>
<td>per 100 amps</td>
<td>$31</td>
</tr>
<tr>
<td>Three Phase Service (per 100 amps)</td>
<td>per 100 amps</td>
<td>$62</td>
</tr>
<tr>
<td>Electrical Subpanel with subfeed</td>
<td>each</td>
<td>$62</td>
</tr>
<tr>
<td>15 or 20 amp circuits - first ten</td>
<td>first ten circuits</td>
<td>$93</td>
</tr>
<tr>
<td>15 or 20 amp circuits - each additional</td>
<td>each circuit &gt; 10</td>
<td>$9</td>
</tr>
<tr>
<td>25 to 40 amp circuits</td>
<td>each</td>
<td>$62</td>
</tr>
<tr>
<td>50 to 175 amp circuits</td>
<td>each</td>
<td>$62</td>
</tr>
<tr>
<td>200 amp and larger circuits</td>
<td>each</td>
<td>$62</td>
</tr>
<tr>
<td>Temporary Service</td>
<td>each</td>
<td>$62</td>
</tr>
<tr>
<td>Temporary Pole</td>
<td>each</td>
<td>$62</td>
</tr>
<tr>
<td>Light Poles Commercial - first</td>
<td>first pole</td>
<td>$38</td>
</tr>
<tr>
<td>Light Poles Commercial - additional</td>
<td>each add'l pole after the first</td>
<td>$62</td>
</tr>
<tr>
<td>Pre-Inspection/consultation</td>
<td>each</td>
<td>$93</td>
</tr>
<tr>
<td>Swimming Pool/Spa</td>
<td>each</td>
<td>$124</td>
</tr>
<tr>
<td>Solar Photovoltaic Repairs</td>
<td>each</td>
<td>$93</td>
</tr>
<tr>
<td>Generator Installation - Residential</td>
<td>each</td>
<td>$353</td>
</tr>
<tr>
<td>Service Description</td>
<td>Quantity</td>
<td>First</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>----------</td>
<td>-------</td>
</tr>
<tr>
<td>Generator Installation - Commercial</td>
<td>each</td>
<td>$512</td>
</tr>
<tr>
<td>Electrical Outlets (receptable &amp; light fixture)</td>
<td>first ten</td>
<td>$93</td>
</tr>
<tr>
<td>Electrical Outlets (each additional)</td>
<td>each add’l outlet after 1st 10</td>
<td>$9</td>
</tr>
<tr>
<td>Other Electrical Inspections (min. 1/2 hr increments or fraction thereof)</td>
<td>per hour or fraction thereof</td>
<td>$148</td>
</tr>
</tbody>
</table>
ADDITIONAL FEES - OTHER MANDATED BUILDING PERMITS

SMIP, CBSC, and STMP Fees are collected by, but not set by the City

<table>
<thead>
<tr>
<th>Construction Tax, ECMC 4.36.010</th>
<th>% of total permit fee</th>
<th>0.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>for new construction and additions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Art in Public Places, ECMC 13.50</th>
<th>% of project cost</th>
<th>1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>for projects $250,000 or more</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Master Fee Schedule FY 2020-21

Calif. Strong Motion Instrumentation Program

<table>
<thead>
<tr>
<th>SMIP</th>
<th>residential</th>
<th>const. value x .00013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(.50 minimum)</td>
</tr>
</tbody>
</table>

| commercial | const. value x .00028 |
|            | (.50 minimum) |

Calif. Building Standards Commission

<table>
<thead>
<tr>
<th>CBSC</th>
<th>Permit Valuation</th>
<th>Adopted FY2019-20</th>
<th>Proposed FY2020-21**</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1 - $25,000</td>
<td>$1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$25,001 - $50,000</td>
<td>$2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$50,001 - $75,000</td>
<td>$3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$75,001 - $100,000</td>
<td>$4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Every $25,000 or fraction above $100,000</td>
<td>Add $1</td>
<td></td>
</tr>
</tbody>
</table>

Type of Fee

<table>
<thead>
<tr>
<th>Unit Basis</th>
<th>Adopted FY2019-20</th>
<th>Proposed FY2020-21**</th>
</tr>
</thead>
<tbody>
<tr>
<td>single family residential per dwelling unit</td>
<td>$5,439</td>
<td>$5,744</td>
</tr>
<tr>
<td>multi-family residential per dwelling unit</td>
<td>$2,679</td>
<td>$2,829</td>
</tr>
<tr>
<td>senior housing per dwelling unit</td>
<td>$1,469</td>
<td>$1,551</td>
</tr>
<tr>
<td>Hotel per room</td>
<td>$3,481</td>
<td>$3,676</td>
</tr>
<tr>
<td>Retail per square foot</td>
<td>$6.59</td>
<td>$6.96</td>
</tr>
<tr>
<td>Office per square foot</td>
<td>$8.72</td>
<td>$9.21</td>
</tr>
<tr>
<td>industrial per square foot</td>
<td>$5.56</td>
<td>$5.87</td>
</tr>
<tr>
<td>storage facility per square foot</td>
<td>$0.76</td>
<td>$0.80</td>
</tr>
<tr>
<td>Other* (as determined by Public Works) per AM peak hour trip</td>
<td>$7,350</td>
<td>$7,762</td>
</tr>
</tbody>
</table>

Notes: *Applies to development projects that do not clearly conform to one of the defined residential or nonresidential categories and is likely to be applicable only in exceptional cases. In such cases, consult the STMP Administrative Guidelines.

**STMP & TIF are increased yearly based on the San Francisco region February ENR Construction Cost Index (SFCCI) increase as compared to the prior February rate. The Feb 2020 SFCCI was 12.807.67 and Feb 2019 was 12.131.37 resulting in a 5.6% increase.

Transportation Impact Fee (as established by City Council Resolution No. 2018-70 on December 18, 2018 and Ordinance No. 2019-01 on January 15, 2019).

<table>
<thead>
<tr>
<th>TIF**</th>
<th>Unit Basis</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESIDENTIAL</td>
<td>Single Family per dwelling unit</td>
<td>$3,543</td>
</tr>
<tr>
<td></td>
<td>Multi-Family per dwelling unit</td>
<td>$2,479</td>
</tr>
<tr>
<td>NONRESIDENTIAL</td>
<td>Commercial per square foot</td>
<td>$4.77</td>
</tr>
<tr>
<td></td>
<td>Hotel/Motel per square foot</td>
<td>$3.90</td>
</tr>
<tr>
<td></td>
<td>Office per square foot</td>
<td>$4.11</td>
</tr>
<tr>
<td></td>
<td>Industrial per square foot</td>
<td>$2.59</td>
</tr>
<tr>
<td>Other*</td>
<td>to be determined</td>
<td></td>
</tr>
</tbody>
</table>

Note: * Applies to development projects that do not clearly conform to one of the defined residential or nonresidential categories and is likely to be applicable only in exceptional cases. In such cases, consult the Transportation Impact Fee Administrative Guidelines.
Date: June 2, 2020
To: El Cerrito City Council
From: Melanie Mintz, Community Development Director; Sean Moss, Planning Manager; Aissia Ashoori, Community Development/Affordable Housing Analyst; Community Development Department
Subject: Amendment to Inclusionary Zoning Ordinance

ACTION PROPOSED
Conduct a public hearing and upon conclusion, introduce by title and waive any further reading amending an Ordinance of the City of El Cerrito, Chapter 19.30 to the El Cerrito Municipal Code, to establish the expiration to the Inclusionary Zoning Ordinance as June 30, 2021; modify the exemption to require the building permit applications be submitted by June 30, 2021 and that building permits be issued within 6 months of submittal; and allowing the exemption for all exempt projects to expire on June 30, 2021 regardless of any entitlement extensions, or amendments which have been granted, as described further below.

BACKGROUND
In December 2014, the City Council adopted the San Pablo Avenue Specific Plan which permitted increased development in the transit-rich San Pablo Avenue corridor, consistent with a variety of City goals identified in the City’s General Plan, Housing Element, Active Transportation Plan, Climate Action Plan, and Urban Greening Plan. In the decades prior to the adoption of the Specific Plan, little development had occurred along San Pablo Avenue because the prior zoning ordinances did not permit an intensity of development which was financially feasible to develop. The adoption of the Specific Plan and a robust economy led to the entitlement of 15 projects in the Specific Plan area, to date, including 1,170 new residential units, 27,254 square feet of new commercial space, and 124 new hotel rooms. Four of these projects are now under construction.

In August 2017 the City Council adopted the City’s first Affordable Housing Strategy (Resolution 2017-61). The Strategy identified establishing a new inclusionary zoning policy and/or enacting new housing impact fees for affordable housing as one approach to increasing the City’s supply of affordable housing as one approach to making a reasonable contribution toward addressing the need for additional affordable housing. In recognition that an Inclusionary Zoning ordinance would impact the financial feasibility of projects, and with funding from a Metropolitan Transportation Commission (MTC) Priority Development Area (PDA) Implementation grant, the City Council authorized execution of a professional services agreement with Keyser Marston Associates (Resolution 2017-81) to conduct a Real Estate Financial Feasibility Analysis (Analysis) and to make recommendations based upon the analysis.
Based upon the results of that analysis, the City Council established inclusionary zoning through the addition of Chapter 19.30 to the El Cerrito Municipal Code (Ordinance No. 2018-02), requiring the inclusion of affordable units within new residential development projects and allowing the payment of a fee in lieu of providing units for rental projects. Table 1 below includes a summary of the major provisions of the Ordinance. Of the 15 projects entitled to date in the Plan area, 13 were considered complete or entitled prior to the effective date of the Inclusionary Zoning requirements (one non-residential hotel project is exempt from Inclusionary Zoning requirements and not included on the table). More detailed information about the Inclusionary Zoning requirements can be found at www.elcerrito.org/InclusionaryHousing.

Table 1: City of El Cerrito Chapter 19.30 Inclusionary Zoning Provisions

<table>
<thead>
<tr>
<th></th>
<th>For-Sale Projects</th>
<th>Rental Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Applicability</strong></td>
<td>All residential development applications not deemed complete by the Ordinance effective date.</td>
<td>All residential development applications not deemed complete by the Ordinance effective date.</td>
</tr>
<tr>
<td><strong>Threshold</strong></td>
<td>9 units</td>
<td>10 units</td>
</tr>
<tr>
<td><strong>Exemptions</strong></td>
<td>Accessory Dwelling Unit (ADU) &lt; 9 units</td>
<td>&lt; 10 units</td>
</tr>
<tr>
<td><strong>Compliance Options</strong></td>
<td>On-site</td>
<td>In-lieu fee or on-site</td>
</tr>
<tr>
<td><strong>Set-aside</strong></td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Affordability</strong></td>
<td>Moderate income (80-120%)</td>
<td>5% low (up to 80% AMI) + 5% moderate-income</td>
</tr>
<tr>
<td><strong>In-lieu Fee</strong></td>
<td>$21.00 per square foot (for fractional units)</td>
<td>$18.00 per square foot - optional</td>
</tr>
<tr>
<td><strong>Fractional Unit</strong></td>
<td>≥.5, provide unit &lt; .5, pay fee</td>
<td>≥.5, provide unit &lt; .5, pay fee</td>
</tr>
<tr>
<td><strong>Exempt</strong></td>
<td>A residential development project that is entitled or with an application that has been deemed complete by the effective date of this Ordinance AND for which a building permit is issued within 2 years from their entitlement date.</td>
<td></td>
</tr>
<tr>
<td><strong>Sunset Provision</strong></td>
<td>All projects that haven’t been issued a building permit by June 2021.</td>
<td></td>
</tr>
</tbody>
</table>

In recognition that cities often phase in inclusionary requirements over time to give the market time to adjust to the new policies, the Inclusionary Zoning Ordinance exempted residential development projects that were already entitled or had an application deemed complete prior to the effective date of the Ordinance and for which a building permit would be
issued within two years from the project’s entitlement date (final approval). In order to not allow entitled projects to remain unbuilt, and to assure the provision of new affordable housing (via on-site units or in-lieu fees) the Ordinance also included a sunset provision through which all projects not issued a building permit by June 30, 2021 would be subject to the Ordinance.

ANALYSIS
Because at the time of adoption only one new multifamily development had been constructed within the past decade, the Analysis recommended, and the City Council recognized, the importance of exempting projects in the pipeline in order to establish a more robust data set of rent and sale comparables to improve the lending environment for new development. Metro 510 opened in 2017 (109 market-rate + 19 below market rate units) and prior to that Village at Town Center (141 market-rate + 24 below market rate units) was built in 2007; these represented the two most recent projects which added a notable number of units to El Cerrito’s housing supply along with the publicly funded Hana Gardens, 62 affordable senior units, completed in late 2018. The Analysis pointed out that projects initiated after the effective date of the Ordinance would be able to negotiate land prices and make other adjustments necessary to absorb the costs of the new requirements. At the time of adoption of the Ordinance, staff recommended that a new economic analysis be conducted 24-36 months after adoption and subject to completion of development projects in the pipeline at the time.

Based upon their application being deemed complete by the Ordinance effective date, twelve projects were considered exempt from the Ordinance as long as they pulled their permits within two years of their entitlement (and by the June 30, 2021 sunset provision). Of those 12, 4 are currently under construction (representing 243 units); one has submitted for building permits and is under review (90 units); one has made modifications in order to improve the project’s feasibility and is expected to submit for a building permit within the next several months (183 units); one applied for and received an extension of entitlement through February 21, 2022, and is currently, without modification, subject to the Inclusionary Zoning Ordinance (40 units); one which had previously been entitled for 14 units was sold and re-entitled for 54 units and is now subject to the Inclusionary Zoning requirements; and five have deadlines approaching within the next 3-15 months for pulling their building permit. Table 2 provides a summary and status of these early/exempt projects.

Table 2: Status of Entitled Projects

<table>
<thead>
<tr>
<th>Project Address</th>
<th>Final Design Approval</th>
<th>Unit Count</th>
<th>Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>10963 San Pablo Avenue</td>
<td>05/02/2018</td>
<td>50</td>
<td>Under Construction</td>
<td>Construction suspended during second Shelter In Place order. Construction has now resumed.</td>
</tr>
<tr>
<td>10810</td>
<td>04/04/2018</td>
<td>40</td>
<td>Entitlement expired</td>
<td>- Infill project at</td>
</tr>
<tr>
<td>Address</td>
<td>Date</td>
<td>Units Information</td>
<td>Status</td>
<td>Notes</td>
</tr>
<tr>
<td>-------------------------</td>
<td>------------</td>
<td>-----------------------------------------------------------------------------------</td>
<td>--------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>San Pablo Avenue</td>
<td></td>
<td></td>
<td></td>
<td>Village at Town Center.</td>
</tr>
<tr>
<td>11600/11690 San Pablo</td>
<td>08/02/2017</td>
<td>223 Total Units; Phase I = 156 Market-Rate Units Under Construction; Phase II = 67 Affordable Units.</td>
<td>Under Construction</td>
<td>• Revisions made to improve financial feasibility. Underground parking level eliminated for market rate portion of project. Parking maintained at by-right ratio. BRIDGE Housing has applied to modify the project’s 100% affordable housing component due to a variety of funding related factors.</td>
</tr>
<tr>
<td>Avenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10167 San Pablo Avenue</td>
<td>06/06/2018</td>
<td>62</td>
<td>Must Pull Permit by June 6, 2020</td>
<td></td>
</tr>
<tr>
<td>10300 San Pablo Avenue</td>
<td>09/06/2017</td>
<td>32 (includes 2 live/work units)</td>
<td>Under Construction</td>
<td>• For Sale Condominiums • Construction suspended during second Shelter In Place order. Construction has now resumed.</td>
</tr>
<tr>
<td>Avenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10534 San Pablo Avenue</td>
<td>05/04/2016</td>
<td>5</td>
<td>Under Construction</td>
<td></td>
</tr>
<tr>
<td>10135 San Pablo Avenue</td>
<td>06/18/2018</td>
<td>72</td>
<td>Must Pull Permit by June 18, 2020</td>
<td></td>
</tr>
<tr>
<td>Avenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11048/11060 San Pablo</td>
<td>01/24/2019</td>
<td>173 (original entitlement); 183 (amended entitlement)</td>
<td>Must Pull Permit by January 24, 2021</td>
<td>• Entitlements amended to improve financial feasibility. Underground parking level and 3-bedroom units eliminated.</td>
</tr>
<tr>
<td>Avenue</td>
<td>(original);</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>03/04/2020</td>
<td>(amended)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Address</td>
<td>Date</td>
<td>Units</td>
<td>Permit Details</td>
<td>Notes</td>
</tr>
<tr>
<td>---------------------</td>
<td>---------------</td>
<td>-------</td>
<td>--------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>10919 San Pablo</td>
<td>07/03/2019</td>
<td>90</td>
<td>Must pull Building Permit by June 30, 2021 (Sunset Provision)</td>
<td>Building permit application submitted on 12/12/19; applicant is currently responding to plan check comments.</td>
</tr>
<tr>
<td>Avenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>921 Kearney</td>
<td>03/04/2019</td>
<td>59</td>
<td>Must pull Building Permit by June 30, 2021 (Sunset Provision)</td>
<td>Density Bonus project with 10 low-income units.</td>
</tr>
<tr>
<td>11965 San Pablo</td>
<td>06/18/2019</td>
<td>144</td>
<td>Must Pull Permits by June 18, 2021</td>
<td>Project amended to add 5 units (5th floor) to improve project feasibility.</td>
</tr>
<tr>
<td>Avenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10192 San Pablo</td>
<td>01/24/2019</td>
<td>26</td>
<td>Must pull permits by January 24, 2021</td>
<td></td>
</tr>
<tr>
<td>Avenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11795 San Pablo</td>
<td>10/2/2019</td>
<td>117</td>
<td>117 market rate + 13 Inclusionary/In-Lieu (130 total units)</td>
<td>Subject to Inclusionary Zoning.</td>
</tr>
<tr>
<td>Avenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10290 San Pablo</td>
<td>08/02/2017</td>
<td>49</td>
<td>49 market rate + 6 Inclusionary/In-Lieu (55 total units) (revised entitlement)</td>
<td>Initially approved for 14 units and exempt from Inclusionary Zoning; Sold and re-entitled on 03/04/2020. Subject to Inclusionary Zoning.</td>
</tr>
<tr>
<td>Avenue</td>
<td>(original</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>entitlement);</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>03/04/2020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(revised</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>entitlement)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In the past two years, construction costs have escalated steeply. Some developers reported that construction bids received for projects were 50% higher than the preliminary bids they
had used to build project pro formas (the financial model upon which the project is
developed) just one year prior. Staff worked with the developers of the Mayfair and Griffin
projects to facilitate project changes aimed at keeping the projects financially feasible. For
the Mayfair project, these changes included the elimination of an underground parking level,
while maintaining a parking ratio within the range permitted by-right, and avoiding other
design changes to the exterior of the project. For the Griffin project (site of the Big 5 Sporting
Goods), these changes included an amendment to the entitlement to facilitate the elimination
of an underground parking level, and the elimination of ten 3-bedroom units, and an overall
increase of ten units which necessitated other design changes. Both of these changes were
the result of the changing construction environment after the project were approved. If the
proposed ordinance changes (discussed below) are adopted, City staff will continue to work
with applicants, as necessary, to bring forward reasonable amendments to project
entitlements which will allow projects to remain feasible in the current uncertain environment,
while maintaining consistency with the goals of the San Pablo Avenue Specific Plan. These
changes will continue to be reviewed by the applicable decision-making bodies.

City staff have remained in contact with developers during the coronavirus pandemic.
Several developers have communicated that they are committed to moving their projects
forward, and some have taken actions to do so even during the pandemic (see Table 2 for
more details). Staff remain optimistic that many entitled projects in El Cerrito will continue to
move into the construction phase, despite the pandemic, with the proposed modifications.
The proposed modifications are made in consideration of the current crisis has caused
delays and added much uncertainty to financial markets and the construction environment.

The cost of implementing inclusionary housing requirements is typically accounted for in
negotiations regarding property sales. Two projects (10290 San Pablo Avenue and 11795
San Pablo Avenue) have been processed and approved since the Inclusionary Zoning
Ordinance came into effect. The remainder of El Cerrito’s entitled projects were approved
without an inclusionary housing requirement. The sale price for these project sites, therefore,
would have been negotiated without accounting for an inclusionary housing requirement.
Adding such a requirement to projects post-entitlement typically causes the pro forma for
such a project to become invalid, endangering the project’s financing and feasibility.

Taking into account the uncertainty and delays caused by the coronavirus pandemic and the
shutdown of many aspects of the economy, staff is recommending amendments to the
Inclusionary Zoning Ordinance in order to allow projects to continue to move toward the
construction phase and completion in the current environment. The following changes are
recommended:

1. Establishing a date of June 30, 2021 as the sunset for the inclusionary zoning exemption
for all projects.

Currently, the exemption for a project expires two years after the final entitlement, or on June
30 2021, whichever comes first. The expirations for currently entitled projects which have not
yet been issued building permits, therefore, span from April 4, 2020 to June 30, 2021. The
two year sunset for most projects was established in order to motivate developers of these
projects to submit building permit applications and move the projects into the construction
Based on staff’s recent communication with project developers, and the recent applications submitted for several projects, several developers continue to move projects forward, but the uncertainty in financial markets makes the timing of necessary financing uncertain. Extending all exemptions to June 30, 2021 will provide many projects with critical additional months to secure financing, prepare and submit construction documents, and complete the building permit process. The expiration date of June 30, 2021 will remain in place, maintaining an incentive for developers to submit building permit applications prior to this date.

2. Modifying the exemption to require that building permits be submitted by June 30, 2021 and that building permits be issued within 6 months. Developers typically secure construction financing before investing substantial amounts of capital in the production of construction drawings and the payment of building permit fees upon submittal of a building permit application. Requiring building permits to be submitted by June 30, 2021 allows the maximum period for developers to secure financing for their projects in the current uncertain financial environment. Creating a further requirement that building permits be issued within 6 months of the submittal date creates an incentive to move through the building permit process and ensures that projects do not languish at this stage.

3. Allowing the exemption to remain in place until June 30, 2021, regardless of any entitlement extensions or amendments which are granted. Extending exemptions while continuing to base the exemption on the original entitlements would have little practical effect. If exemptions are to extended to June 30, 2021, this change is also necessary to implement the extension.

Lastly, given the success of the Specific Plan to date, the City is on track to meet its Regional Housing Needs Allocation (RHNA) a state-mandated process for identifying the total number of housing units (by affordability level) that each jurisdiction must accommodate in its Housing Element. For the 2015-2022 reporting period, El Cerrito is tasked with creating 398 new housing units, at different affordability levels. As of May 13, 2020, the City is on pace to meet its 2015-2022 numbers and is also exempt from Senate Bill 35 which aims to help address housing affordability by expediting approvals for certain new housing projects in jurisdictions that are not meeting their housing needs. Extending the Inclusionary Zoning exemption period through June 30, 2021 will not impact the City’s RHNA progress.

On May 20, 2020 the Planning Commission unanimously adopted Resolution 2020-06 recommending that City Council adopt the proposed amendments.

**STRATEGIC PLAN CONSIDERATIONS**

The proposed development fulfills the City’s Strategic Plan Goal C: Deepen a sense of place and community identity and specifically the strategy to promote strong neighborhoods and Goal B: Achieve long-term financial sustainability through the exploration of opportunities for public/private partnerships.
ENVIRONMENTAL CONSIDERATIONS
This action is exempt from the requirements of the California Environmental Quality Act pursuant to CEQA Guidelines Section 15061 (b)(3). The activity is covered by the general rule which exempts activities that can be seen with certainty to have no possibility for causing a significant effect on the environment. Any project that would implement inclusionary housing being constructed would be subject to its own review under the California Environmental Quality Act at the earliest possible time prior to approval.

FINANCIAL CONSIDERATIONS
There are no costs to the City associated with the proposed action. The action continues to incentivize already exempt and entitled projects to move forward, which in turn will continue to establish a stronger tax base and establish market metrics to strengthen future development of both market rate and inclusionary housing, including payment of in-lieu fees to the City’s Housing Trust Fund. Projects that extend their entitlements will pay a fee subject to the Master Fee schedule.

LEGAL CONSIDERATIONS
The proposed Ordinance and recommended action has been reviewed by the City Attorney and all legal considerations have been addressed.

Reviewed by:

Karen Pinkos, City Manager

Attachments:
1. Ordinance
2. Resolution PC2020-06
3. Public Comments
ORDINANCE NO. 2020-XX

AN ORDINANCE OF THE CITY OF EL CERRITO AMENDING TITLE 19 OF THE EL CERRITO MUNICIPAL CODE SECTION 19.30.030

WHEREAS, the Community Development Department, with direction from the City Council, identifies the City’s goals, objectives, policies and action programs that directly address our housing needs;

WHEREAS, the El Cerrito Affordable Housing Strategy, adopted August 17, 2017, identifies four policy pillars for implementation over the next five years to produce, protect and preserve affordable housing for El Cerrito residents;

WHEREAS, “Pillar A. Leveraging private development to address affordable housing needs,” of the El Cerrito Affordable Housing Strategy, recommends establishing a new inclusionary zoning ordinance and/or enact new housing in-lieu fees for affordable housing;

WHEREAS, the Housing Element of the El Cerrito General Plan identifies Program H2.8, Inclusionary Housing Ordinance, to study the feasibility, terms and conditions of developing an ordinance that would require affordable housing units and/or in-lieu fees; and

WHEREAS, the Inclusionary Policy Analysis Report prepared by Keyser Marston Associates in April 2018 conducted financial feasibility analysis to test on-site affordable dwelling unit requirements and in-lieu fee options for new residential development and determined the following:

- Rental Projects could support an on-site obligation of up to 5% at Low and 5% at Moderate income levels, as defined in State law;
- Ownership Projects could support an on-site obligation of up to 12% at Moderate income levels;
- Rental Projects could support an in-lieu fee of $17 per square foot, using a specified formula; and
- Ownership Projects could support an in-lieu fee of $20 per square foot, using a specified formula.

WHEREAS, City Council enacted the Inclusionary Zoning requirement in 2018 with certain exemptions specified in 19.30.030, including for projects whose applications were determined to be complete prior to the effective date of the Ordinance and for which a building permit is issued within two years from the issuance date for the last approval required and no later than June 30, 2021; and

WHEREAS, City Council adopted Resolution 2020-12 proclaiming the existence of a local emergency in the City of El Cerrito and the State of California and Contra Costa County enacted Stay at Home and Shelter in Place Orders beginning in March 2020 to contain the spread of the novel coronavirus and COVID-19 pandemic; and
WHERAS, the novel coronavirus and COVID-19 pandemic have delayed construction and created uncertainty and delays in the financial markets; and

WHEREAS, continuing to advance the exempt projects into the construction phase will strengthen El Cerrito’s ability to deliver much needed regional housing at all affordability levels; and

WHEREAS, on May 20, 2020, the El Cerrito Planning Commission, unanimously adopted a resolution recommending that the City Council amend Chapter 19.30, “Inclusionary Zoning” of the El Cerrito Municipal Code, as detailed in this ordinance.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF EL CERRITO DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Incorporation of Recitals. The City Council finds that the above Recitals are true and correct and are incorporated herein by reference.

Section 2. Amendment of Title 19 of the Municipal Code. Subsections C, D, and E of Section 19.30.030 of the El Cerrito Municipal Code is hereby amended to read as follows: (strikeout indicating deleted text and underline indicating added text)

C. Exemptions.

This Chapter shall not apply to any of the following:

1. Accessory Dwelling Unit(s).
2. Rental Residential Developments with a total of less than ten (10) Dwelling Units.
3. For-sale Residential Developments with a total of less than nine (9) Dwelling Units.
4. A Residential Development project the application for which has been determined to be complete prior to the Effective Date, and for which a building permit application is issued within two (2) years from the issuance date of the last approval required for the Residential Development, submitted by June 30, 2021 and a building permit is issued within six months of submittal.

5. A Residential Development project that has received all required approvals prior to the Effective Date, and for which a building permit application is issued within two (2) years from the date of the issuance date of last approval required for the Residential Development, submitted by June 30, 2021 and a building permit is issued within six months of submittal.

6. Residential Developments exempted by California Government Code Section 66474.2 or 66498.1, provided that such Residential Developments shall comply with any predecessor ordinance, resolution, or policy in effect on the date the application for the development was determined to be complete.
D. Special Circumstances Related to Exemptions.

1. Planning approval expiration, or extension, or amendment.
   a. Upon the expiration of any planning approval, and unless otherwise exempted, a Residential Development shall be subject to the inclusionary housing requirements of this Chapter and shall not proceed until such time as an Affordable Housing Plan is approved in conjunction with any other required planning approval or amendment thereto. Residential Development projects that are exempt under subsections (C)(4) and (C)(5) of this Section shall remain exempt for the period stipulated in subsections (C)(4) and (C)(5) if their Planning Permits are amended or extended.
   b. Any Residential Development project that requests an extension of any planning approval shall be subject to the requirements of this Chapter, unless the requirements are waived pursuant to Section 19.30.070.C. Residential Development projects that are exempt under subsections (C)(4) and (C)(5) of this Section shall be subject to the requirements of this Chapter if a Planning Permit for the Residential Development is amended or extended after the period stipulated in subsections (C)(4) and (C)(5), unless the requirements are waived pursuant to Section 19.30.070(C).
   c. In the event that a Planning Permit expires for a Residential Development project that is exempt under paragraphs (C)(4) and (C)(5) of this Section during the period stipulated in subsections (C)(4) and (C)(5) of this Section, this Chapter shall apply to any subsequent Residential Development of the same property, unless the requirements are waived pursuant to Section 19.30.070(C).
   d. Any Residential Development project that requests an extension or amendment of any approved Planning Permit shall be subject to the requirements of this Chapter, unless the Residential Development project is exempt pursuant to Section 19.30.030(C) or the requirements are waived pursuant to Section 19.30.070(C).

2. Limited extension of exemption due to delay. The City Manager, may grant a request for an extension of the timelines in this section exempting Residential Development from this Chapter where a change in federal, state or local law would cause the need for a material redesign of the approved Residential Development that would render any of the approved Planning Permits, if implemented as approved, in violation of federal, state, or local law and would require amendment or revision of the planning permit.

All Residential Development that has not been issued a building permit by June 30, 2021 will be subject to this Chapter.
Section 3. Compliance with the California Environmental Quality Act. Approval of this ordinance is exempt from environmental review under the general rule in California Environmental Quality Act (“CEQA”) Guidelines Section 15061(b)(3) that CEQA only applies to projects that have the potential for causing a significant effect on the environment. This ordinance creates obligations for the inclusion of affordable housing units with some residential development projects. Those projects will be the subject of independent environmental review, if required by CEQA, at the earliest possible time prior to approval. It can therefore be seen with certainty that there is no possibility that the adoption of the ordinance itself will have a significant effect on the environment.

Section 4. Severability. If any section, subsection, sentence, clause or phrase of this chapter 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 chapter. The city council hereby declares that it would have passed the ordinance codified in this chapter, and each and every section, subsection, sentence, clause or phrase not declared invalid or unconstitutional without regard to whether any portion of this chapter would be subsequently declared invalid or unconstitutional.

Section 5. Effective Date and Publication. This Ordinance shall take effect and be enforced thirty days after the date of its adoption. Prior to the expiration of fifteen days from the passage thereof, the ordinance or a summary thereof shall be posted or published as may be required by law, and thereafter the same shall be in full force and effect.

THE FOREGOING ORDINANCE was introduced at a regular meeting of the City Council on June 2, 2020 and passed by the following vote:

AYES: Councilmembers
NOES: Councilmembers
ABSENT: Councilmembers
ABSTAIN: Councilmembers

ADOPTED AND ORDERED published at a regular meeting of the City Council held on June 16, 2020 and passed by the following vote:

AYES: Councilmembers
NOES: Councilmembers
ABSENT: Councilmembers
ABSTAIN: Councilmembers

APPROVED:

______________________
Gregory B. Lyman, Mayor

ATTEST:

_______________________
Holly M. Charléty, City Clerk
ORDINANCE CERTIFICATION

I, Holly M. Charléty, City Clerk of the City of El Cerrito, do hereby certify that this Ordinance is the true and correct original Ordinance No. (2020-XX) of the City of El Cerrito; that said Ordinance was duly enacted and adopted by the City Council of the City of El Cerrito at a meeting of the City Council held on the 16th day of June, 2020; and that said Ordinance has been published and/or posted in the manner required by law.

WITNESS my hand and the Official Seal of the City of El Cerrito, California, this ______ day of June, 2020.

_____________________________
Holly M. Charléty, City Clerk
Planning Commission Resolution PC2020-06

A RESOLUTION OF THE CITY OF EL CERRITO PLANNING COMMISSION RECOMMENDING THAT THE CITY COUNCIL ADOPT AN ORDINANCE TO AMEND CHAPTER 19.30: INCLUSIONARY ZONING OR THE EL CERRITO MUNICIPAL CODE

WHEREAS, the San Pablo Specific Plan and Form Based Code was adopted in 2014 to promote new high-density and mixed use in transit-oriented development for all income levels;

WHEREAS, the El Cerrito Affordable Housing Strategy adopted August 17, 2017 identifies four policy pillars for implementation over the next five years to produce, protect and preserve affordable housing for El Cerrito residents;

WHEREAS, Pillar A. Leveraging private development to address affordable housing needs, of the El Cerrito Affordable Housing Strategy, recommends establishing a new inclusionary zoning ordinance and/or enact new housing in-lieu fees for affordable housing;

WHEREAS, on May 15, 2018, the City Council adopted an ordinance (Inclusionary Zoning Ordinance) adding Chapter 19:30: Inclusionary Zoning to the El Cerrito Municipal Code;

WHEREAS, the Inclusionary Zoning Ordinance currently exempts projects with approved entitlements or a complete entitlement application as of the effective date of the ordinance, provided that a building permit is issued within two years of entitlement;

WHEREAS, the Inclusionary Zoning Ordinance currently contains a sunset of all exemptions on June 30, 2021;

WHEREAS, the 2019-2020 coronavirus global pandemic has added much uncertainty to financial markets;

WHEREAS, in order to allow developers to secure financing the construct entitled projects in the current uncertain environment, additional time is needed;

WHEREAS, the proposed ordinance amendments will allow additional time to secure financing by allowing existing exempt projects to be exempt from the ordinance until June 30, 2021, provided that a building permit application is submitted by this date and the permit is issued within six months of submittal;

WHEREAS, the City of El Cerrito supports the production of housing at all income levels; and

WHEREAS, on May 20, 2020, the Planning Commission, conducted a public hearing and considered all evidence, reports and application materials offered for review regarding this matter.

NOW, THEREFORE, BE IT RESOLVED, that after careful consideration of facts, exhibits, correspondence, and testimony, and other evidence submitted in this matter, and, in consideration of the findings, the El Cerrito Planning Commission hereby recommends that the City Council adopt an ordinance amending Chapter 19.30: Inclusionary Zoning of the El Cerrito Municipal Code.

CERTIFICATION

I certify that this resolution was adopted by the El Cerrito Planning Commission at a regular meeting held on May 20, 2020, upon motion of Commissioner Mendez, second by Commissioner Navarrete:
AYES: Bloom, Crump, Gillett, Lucas, Mendez, Navarrete
NOES: None
ABSTAIN: None
ABSENT: None

Sean Moss, AICP
Planning Manager
Dear El Cerrito City Council,

Thank you for your consideration of amendments to the inclusionary zoning ordinance.

City staff has communicated with the development community over the past several months as we have experienced the tumult and uncertainty of restrictions related to COVID 19. The staff report accurately reflects the situation in which we find ourselves. Prior to COVID 19, we were pivoting our projects to overcome significant construction inflation. Unfortunately, this cost us valuable time. During the shelter in place restrictions, we have been limited in the work that can be accomplish.

We support staff’s recommendations for amendments to the inclusionary zoning ordinance. We urge their adoption.

Thanks you.

Best Regards,

Paul J. Van Konynenburg
Project Developer
11060 San Pablo Avenue
AGENDA BILL

Agenda Item No. 7.A.

Date: June 2, 2020
To: El Cerrito City Council
From: Mark R Rasiah, Finance Director/City Treasurer, Finance Department
Subject: Tax and Revenue Anticipation Notes – FY 2020-21 Short Term Cash Flow Financing

ACTION PROPOSED
Adopt a Resolution approving the borrowing of funds for Fiscal Year 2020-21 and the issuance and sale of 2020-21 Tax and Revenue Anticipation Notes (“TRAN”).

BACKGROUND
Each year, many public agencies that depend on property tax revenues collected through the county experience decreases in general fund cash balances while waiting for property tax installments in December and April. As part of managing cash flows and meeting monthly obligations, public agencies often issue short-term notes. The notes provide the necessary cash to cover expenses while waiting to receive property tax revenues from the county.

The City has issued a TRAN in each of the last eight years to handle the timing disconnect between General Fund revenues and expenditures. As was the case in previous years, staff expects cash flow shortfalls in mid-December 2020. A facility such as the TRAN will bridge the dip in cash flow pending receipt of property tax revenues.

In previous years, a local community bank (Westamerica Bancorporation) purchased the City’s TRAN. However, Westamerica Bank did not provide a firm commitment for the 2020-21 TRAN. The City’s Municipal Advisor (NHA Advisors, LLC) recommends opening up the TRAN buyer pool to include traditional investors through a public offering of the City’s TRAN. This process is similar to previous long-term financings completed by the City over the last 10 years. The City has previously used Hilltop Securities to assist in the placement of the TRAN with the bank and can serve as the underwriter for the 2020-21 TRAN public offering.

ANALYSIS
NHA Advisors, working with City staff, developed a financial model to examine the City’s fund balances, monthly revenue and expenditure projections, and anticipated monthly cash flow deficits. This analysis projects the FY 2020-21 revenues and expenditures and calculates the maximum cash flow deficit in early December 2020 (prior to the first property tax installment). The TRAN proceeds will provide liquidity for the expenditures due during this time. It is estimated that the TRAN will be sold with the following terms:
• Estimated Principal Amount: $8,500,000
• Estimated Interest Rate: 2.00%-3.00%
• Final Maturity: Early July 2021

STRATEGIC PLAN CONSIDERATIONS
Approving the attached resolution will permit the City Manager to develop a plan to ensure that Citywide revenues meet the cost of providing Citywide services, including adequate reserve for unanticipated revenue shortfalls. It will further ensure procedures that represent best practices in financial management in achieving long term financial sustainability (Goal B).

ENVIRONMENTAL CONSIDERATIONS
This section is not applicable to this agenda item.

FINANCIAL CONSIDERATIONS
The City is working with Jones Hall (bond and disclosure counsel), NHA Advisors (municipal advisor), and Hilltop Securities (underwriter) to develop the necessary financing documentation, credit information, and offering memorandum for consideration and approval by City Council. Subject to approval, the financing would be completed in early July 2020.

Financing costs (e.g. legal, advisory, rating, underwriting, etc.) are estimated to total $105,000.

LEGAL CONSIDERATIONS
The City Attorney has reviewed the terms proposed, will approve the final documents, and will provide an opinion in the form required by the underwriter.

Preliminary Official Statement
The attached Preliminary Official Statement has been reviewed and approved for transmittal to the City Council by the City’s financing team. The distribution of the Preliminary Official Statement by the City is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the TRAN. Material information is information that there is a substantial likelihood would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the TRAN. If the City Council concludes that the Preliminary Official Statement includes all facts that would be material to an investor in the TRAN, it must adopt a resolution that authorizes staff to execute a certificate to the effect that the Preliminary Official Statement has been “deemed final.”
The Securities and Exchange Commission (the “SEC”), the agency with regulatory authority over the City’s compliance with the federal securities laws, has issued guidance as to the duties of the City Council with respect to its approval of the Preliminary Official Statement. In its “Report of Investigation in the Matter of County of Orange, California as it Relates to the Conduct of the Members of the Board of Supervisors” (Release No. 36761 / January 24, 1996) (the “Release”), the SEC indicated that, if a member of the City Council has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the TRAN, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the Preliminary Official Statement. In the Release, the SEC indicated that the steps that a member of the City Council could take include becoming familiar with the Preliminary Official Statement and questioning staff and consultants about the disclosure of such facts.

The key sections of the Preliminary Official Statement are identified below:

“SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES”: This section of the Preliminary Official Statement describes the security for the City’s obligation to repay the TRAN, including the obligation to set aside certain funds in a special account. This section also includes a projection of general fund revenue for fiscal year 2020-21 and a cash flow projection.

“THE CITY”: This section describes the City, including recent impacts from the COVID-19 virus.

“APPENDIX A - FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY”: This section describes the City’s finances, including (i) its historical revenue and expenditures, (ii) its current and historical budgets, (iii) its reserve policy, (iv) its major revenues, (v) the City’s long-term payment obligations, including pension and OPEB costs and (vi) labor relations.

COVID-19 and its impacts on the City are discussed in great detail throughout the Preliminary Official Statement.

Reviewed by:

Karen Pinkos, City Manager

Attachments:
1. Resolution
2. Exhibit A to Resolution
3. Preliminary Official Statement
4. Note Purchase Agreement
RESOLUTION NO. 2020-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO APPROVING THE BORROWING OF FUNDS FOR FISCAL YEAR 2020-21 AND THE ISSUANCE AND SALE OF 2020-21 TAX AND REVENUE ANTICIPATION NOTES IN AN AMOUNT NOT TO EXCEED $8,900,000

WHEREAS, pursuant to Article 7.6 (commencing with section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Law”), this City Council (the “Council”) has found and determined that moneys are needed for the requirements of the City, a municipal corporation and general law city duly organized and existing under the laws of the State of California, to satisfy obligations payable from the General Fund of the City (the “General Fund”), and that it is necessary that said sum be borrowed for such purpose at this time by the issuance of temporary notes therefor in anticipation of the receipt of taxes, income, revenue, cash receipts and other moneys to be received by the City for the General Fund during or allocable to the fiscal year of the City beginning July 1, 2020 and ending June 30, 2021 (“Fiscal Year 2020-21”); and

WHEREAS, the City is a charter city and municipal corporation, with full power and authority to adopt, make, exercise, and enforce all legislation, laws, ordinance, resolutions, and regulations with respect to municipal affairs, subject only to the limitations and restrictions imposed on that power by the Charter of the City, the Constitution of the State of California, and the laws of the United States; and

WHEREAS, in addition to the power and authority granted by the Charter and the Constitution of the State of California, the City has the power and authority to adopt, make, exercise, and enforce all legislation, laws, ordinances, resolutions, and regulations and to take all actions and to exercise any and all rights, powers, and privileges heretofore or hereafter established, granted or prescribed by any law of the State of California or by any other lawful authority; and

WHEREAS, as an exercise of the power and authority described above, the City Council wishes to approve the matters set forth in this resolution.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of El Cerrito approves the following:

Section 1. Limitation on Maximum Amount. The principal amount of notes issued pursuant hereto, when added to the interest payable thereon, shall not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue, cash receipts and other moneys of the City for the General Fund attributable to Fiscal Year 2020-21, and available for the payment of said notes and the interest thereon (as hereinafter provided).

Section 2. Authorization and Terms of Notes. Solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to be received by the City for the General Fund during or allocable to Fiscal Year 2020-21, and not pursuant to any common plan of financing, the City hereby determines to and shall borrow the principal
amount of not-to-exceed Eight Million Nine Hundred Thousand Dollars ($8,900,000) by the issuance of temporary notes under the Law, designated “City of El Cerrito, California 2020-21 Tax and Revenue Anticipation Notes” (the “Notes”). The Notes shall be dated the date of initial delivery, shall mature (without option of prior redemption) no later than thirteen months after their date of issuance, and shall bear interest, payable at maturity and computed on a 30-day month/360-day year basis, at a rate not in excess of five (5%) percent per annum. Both the principal of and interest on the Notes shall be payable in lawful money of the United States of America, as described below.

Section 3. Form of Notes; Book Entry Only System. The Notes shall be issued in fully registered form, without coupons, and shall be substantially in the form and substance set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures. The Notes shall be numbered from 1 consecutively upward in order of issuance, shall be in the denomination of $5,000 each or any integral multiple thereof.

“CUSIP” identification numbers shall be imprinted on the Notes, but such numbers shall not constitute a part of the contract evidenced by the Notes and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Notes. In addition, failure on the part of the City to use such CUSIP numbers in any notice to the registered owners of the Notes shall not constitute an event of default or any violation of the City’s contract with such owners and shall not impair the effectiveness of any such notice.

Except as provided below, the owner of all of the Notes shall be The Depository Trust Company, New York, New York (“DTC”), and the Notes shall be registered in the name of Cede & Co., as nominee for DTC. The Notes shall be initially executed and delivered in the form of a single fully registered Note in the full aggregate principal amount of the Notes. The City may treat DTC (or its nominee) as the sole and exclusive owner of the Notes registered in its name for all purposes of this Resolution, and the City shall not be affected by any notice to the contrary. The City shall not have any responsibility or obligation to any participant of DTC (a “Participant”), any person claiming a beneficial ownership interest in the Notes under or through DTC or a Participant (a “Beneficial Owner”), or any other person not shown on the register of the City as being an owner, with respect to the accuracy of any records maintained by DTC or any Participant or the payment by DTC or any Participant by DTC or any Participant of any amount in respect of the principal or interest with respect to the Notes. The City shall pay all principal and interest with respect to the Notes only to DTC or its nominee, and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligations with respect to the principal and interest with respect to the Notes to the extent of the sum or sums so paid. Except under the conditions noted below, no person other than DTC shall receive a Note. Upon delivery by DTC to the City of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the term “Cede & Co.” in this Resolution shall refer to such new nominee of DTC.
If the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Notes and delivers a written certificate to DTC to that effect, DTC shall notify the Participants of the availability through DTC of Notes. In such event, the City shall issue, transfer and exchange Notes as requested by DTC and any other owners in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Notes at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City shall be obligated to deliver Notes to the Beneficial Owners as described in this Resolution. Whenever DTC requests the City to do so, the City will cooperate with DTC in taking appropriate action after reasonable notice to (a) make available one or more separate Notes evidencing the Notes to any DTC Participant having Notes credited to its DTC account or (b) arrange for another securities depository to maintain custody of Certificates evidencing the Notes.

Notwithstanding any other provision of this Resolution to the contrary, so long as any Note is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and interest with respect to such Note and all notices with respect to such Note shall be made and given, respectively, to DTC as provided as in the representation letter delivered on the date of issuance of the Notes.

Section 4. Use of Proceeds. The proceeds of the sale of the Notes shall be deposited in a segregated account in the General Fund and used and expended by the City for any purpose for which it is authorized to expend funds from the General Fund.

Section 5. Security. The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the City for the General Fund for Fiscal Year 2020-21. As security for the payment of the principal of and interest on the Notes the City hereby pledges the first “unrestricted moneys” (as hereinafter defined) to be received by the City (a) an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of January, 2021; (b) an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of May, 2021; and (c) an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June, 2021 (such pledged amounts being hereinafter called the “Pledged Revenues”). The principal of the Notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues. To the extent not so paid from the Pledged Revenues, the Notes shall be paid from any other moneys of the City lawfully available therefor. In the event that there are insufficient “unrestricted moneys” received by the City to permit the deposit into the Special Account (as hereinafter defined) of the full amount of the Pledged Revenues to be deposited in any month by the last business day of such month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the City lawfully available for the repayment of the Notes and interest thereon. The term “unrestricted moneys” shall mean taxes, income, revenue, cash receipts, and other moneys received by the City for the General Fund for Fiscal Year 2020-21 which are generally available for the payment of current expenses and other obligations of the City.
Section 6. Special Account. There is hereby created, within the General Fund, a special account to be designated the “2020-21 Tax and Revenue Anticipation Note Special Account” (the “Special Account”) and applied as directed in this Resolution. Any money placed in the Special Account shall be for the benefit of the owners of the Notes and, until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys in the Special Account shall be applied solely for the purposes for which the Special Account is created.

During the months of January, May and June, 2021, the City shall deposit all Pledged Revenues in the Special Account. On the maturity date of the Notes, the City shall transfer to DTC the moneys in the Special Account necessary to pay the principal of and interest on the Notes at maturity and to the extent said moneys are insufficient therefor an amount of moneys from the General Fund which will enable payment of the full principal of and interest on the Notes at maturity. DTC will thereupon make payments of principal of and interest on the Notes to the DTC Participants who will thereupon make payments to the Beneficial Owners of the Notes. Any moneys remaining in the Special Account after the Notes and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the General Fund.

Section 7. Deposit and Investment of Special Account. All moneys held by the City in the Special Account, if not invested, shall be held in time or demand deposits as public funds and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law.

Moneys in the Special Account shall, to the greatest extent possible, be invested by the City directly, or through an investment agreement, in investments as permitted by the laws of the State of California as now in effect and as hereafter amended, and the proceeds of any such investments shall be deposited in the Special Account.

Section 8. Execution of Notes. The Mayor of the City and the City Manager (each an “Authorized Officer”) is hereby authorized to execute the Notes by manual or facsimile signature, and the City Clerk of the City is hereby authorized to countersign the same by manual or facsimile signature (although at least one of such signatures shall be manual) and to affix the seal of the City thereto by facsimile impression thereof, and said officers are hereby authorized to cause the blank spaces thereof to be filled in as may be appropriate.

Section 9. Transfer of Notes. Any Note may, in accordance with its terms, but only if the City determines to no longer maintain the book entry only status of the Notes, DTC determines to discontinue providing such services and no successor securities depository is named or DTC requests the City to deliver Note certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of Section 11 hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation at the office of the City Clerk, accompanied by delivery of a written instrument of transfer in a form approved by the City, duly executed.
Whenever any Note or Notes shall be surrendered for transfer, the City shall execute and deliver a new Note or Notes, for like aggregate principal amount of the Note or Notes surrendered for transfer.

Section 10. Exchange of Notes. Any Note may, in accordance with its terms, but only if the City determines to no longer maintain the book entry only status of the Notes, DTC determines to discontinue providing such services and no successor securities depository is named or DTC requests the City to deliver Note certificates to particular DTC Participants, be exchanged at the office of the City Clerk for a like aggregate principal amount of Notes of authorized denominations and of the same maturity.

Section 11. Note Register. The City shall keep or cause to be kept sufficient books for the registration and transfer of the Notes if the book entry only system is no longer in effect and, in such case, the City Clerk shall register or transfer or cause to be registered or transferred, on said books, Notes as herein before provided. While the book entry only system is in effect, such books need not be kept as the Notes will be represented by one Note registered in the name of Cede & Co., as nominee for DTC.

Section 12. Temporary Notes. The Notes may be initially issued in temporary form exchangeable for definitive Notes when ready for delivery. The temporary Notes may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the City, and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary Note shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Notes. If the City issues temporary Notes it will execute and furnish definitive Notes without delay, and thereupon the temporary Notes may be surrendered, for cancellation, in exchange therefor at the office of the City Clerk and the City Clerk shall deliver in exchange for such temporary Notes an equal aggregate principal amount of definitive Notes of authorized denominations. Until so exchanged, the temporary Notes shall be entitled to the same benefits pursuant to this Resolution as definitive Notes executed and delivered hereunder.

Section 13. Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated the City, at the expense of the owner of said Note, shall execute and deliver a new Note of like maturity and principal amount in exchange and substitution for the Note so mutilated, but only upon surrender to the City Clerk of the Note so mutilated. Every mutilated Note so surrendered to the City Clerk shall be canceled and delivered to, or upon the order of, the City. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the City and, if such evidence be satisfactory to the City and indemnity satisfactory to it shall be given, the City, at the expense of the owner, shall execute and deliver a new Note of like maturity and principal amount in lieu of and in substitution for the Note so lost, destroyed or stolen. The City may require payment of a sum not exceeding the actual cost of preparing each new Note issued under this Section 13 and of the expenses which may be incurred by the City in the premises. Any Note issued under the provisions of this Section 13 in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Note so alleged to be lost, destroyed or stolen be
at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution with all other Notes issued pursuant to this Resolution.

Section 14. Covenants and Warranties. It is hereby covenanted and warranted by the City that all representations and recitals contained in this Resolution are true and correct, and that the City and its appropriate officials have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for the prompt collection and enforcement of the taxes, income, revenue, cash receipts and other moneys pledged hereunder in accordance with law and for carrying out the provisions of this Resolution.

Section 15. Tax Covenants.

(a) No Arbitrage. The City shall not take, nor permit nor suffer to be taken any action with respect to the proceeds of the Notes which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Notes (the “Closing Date”) would have caused the Notes to be “arbitrage bonds” within the meaning of section 148 of the Internal Revenue Code of 1986 (the “Code”).

(b) Rebate Requirement. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government.

(c) Private Activity Bond Limitation. The City shall assure that proceeds of the Notes are not so used as to cause the Notes to satisfy the private business tests of section 141(b) of the Code.

(d) Private Loan Financing Limitation. The City shall assure that proceeds of the Notes are not so used as to cause the Notes to satisfy the private loan financing test of section 141(c) of the Code.

(e) Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Notes to be “federally guaranteed” within the meaning of section 149(b) of the Code.

(f) Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Notes from the gross income of the owners of the Notes to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

(g) Bank Qualification. The City hereby designates the Notes for purposes of paragraph (3) of section 265(b) of the Code and represents that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in section 141 of the Code, except qualified 501(c)(3) bonds as defined in section 145 of the Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the
outstanding amount of the refunded obligation), including the Notes, has been or will be
issued by the City, including all subordinate entities of the City, during the calendar year
2020.

Section 16. Official Statement. Jones Hall, as disclosure counsel to the City, has
prepared a preliminary official statement describing the Notes (the “Preliminary Official
Statement”). The City Council hereby approves the Preliminary Official Statement in the
form presented to the Board at this meeting. An Authorized Officer is hereby authorized
and directed to execute a certificate to the effect that the Preliminary Official Statement
was deemed “final” as of its date for purposes of Rule 15c2-12 of the Securities Exchange
Act of 1934 (the “Rule”).

An Authorized Officer is authorized and directed to execute the final Official
Statement (the “Official Statement”), which shall include such changes and additions to
the Preliminary Official Statement deemed advisable by an Authorized Officer or any
other qualified officer of the City and such information permitted to be excluded from the
Preliminary Official Statement pursuant to the Rule, and execution of the Official
Statement by an Authorized Officer shall be conclusive evidence of the approval of the
Official Statement by the City.

The City Council authorizes the distribution by the Underwriter (defined below) of
the Preliminary Official Statement to prospective purchasers of the Notes and the Official
Statement in accordance with the Rule.

An Authorized Officer is authorized and directed to execute a statement that the
facts contained in the Official Statement, and any supplement or amendment thereto
(which shall be deemed an original part thereof for the purpose of such statement) were,
at the time of sale of the Notes, true and correct in all material respects and that the
Official Statement did not, on the date of sale of the Notes, and does not, as of the date
of delivery of the Notes, contain any untrue statement of a material fact with respect to
the City or omit to state material facts with respect to the City required to be stated where
necessary to make any statement made therein not misleading in the light of the
circumstances under which it was made. Such Authorized Officer shall take such further
actions prior to the signing of the Official Statement as are deemed necessary or
appropriate to verify the accuracy thereof.

Section 17. Sale of Notes. The City Council hereby approves the sale of the Notes
to Hilltop Securities, as underwriter (the “Underwriter”), on a negotiated basis. The Note
Purchase Agreement, between the City and the Underwriter, in substantially the form on
file with the City Clerk and made a part hereof as though set forth in full herein, is hereby
approved by the City Council. An Authorized Officer is hereby authorized and directed to
execute and deliver the Note Purchase Agreement in such form, together with such
changes, insertions and omissions that are approved by an Authorized Officer and that
are in accordance with the provisions of this Resolution, such execution to be conclusive
evidence of such approval; subject to the requirement that the principal amount of the
Notes may not exceed $8,900,000; the true interest cost of the Notes shall not exceed
5.00%; and the Underwriter's discount on the purchase of the Notes shall not exceed
3.50% of the par amount of the Notes.
Section 18. Engagement of Professional Services. The City hereby approves the engagement of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel and NHA Advisors, LLC as Municipal Advisor to the City in connection with the issuance and sale of the Notes. An Authorized Officer is hereby authorized to execute a legal services agreement with Jones Hall and a municipal advisory agreement with NHA Advisors.

Section 19. Preparation of Notes; Official Action. Jones Hall, A Professional Law Corporation, as bond counsel, is directed to cause suitable Notes to be prepared showing on their face that the same bear interest at the rate specified in the offer submitted by the successful bidder or bidders, and to cause the blank spaces therein to be filled in to comply with the provisions of this Resolution, and to procure their execution by the proper officers, and to cause the Notes to be delivered when so executed to DTC on behalf of the successful bidder or bidders therefor upon the receipt of the purchase price by the City Treasurer in accordance with such successful bid or bids.

Each Authorized Officer and the City Clerk, or any of them, are further authorized and directed to make, execute and deliver such certificates, agreements and other closing documents as are necessary to consummate the transactions contemplated by this Resolution.

Section 20. Effective Date. This Resolution shall take effect immediately upon passage and adoption.

I CERTIFY that at a regular meeting on June 2, 2020 the City Council of the City of El Cerrito passed this Resolution by the following vote:

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

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on June __, 2020.

________________________
Holly M. Charléty, City Clerk

APPROVED:

________________________
Gregory B. Lyman, Mayor
EXHIBIT A
FORM OF NOTE

No. 1  *****$___________****

CITY OF EL CERRITO, CALIFORNIA

2020-21 TAX AND REVENUE ANTICIPATION NOTE

INTEREST RATE: MATURITY DATE: ISSUE DATE: CUSIP:
% _______ ___, 2021 _______ ___, 2020

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: *****_________________ MILLION DOLLARS****

The CITY OF EL CERRITO, a municipal corporation, duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “City”), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the “Owner”), on the Maturity Date stated above, the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money at the rate per annum stated above, payable on the Maturity Date stated above, calculated on the basis of 360-day year composed of twelve 30-day months. Both the principal of and interest on this Note shall be payable at maturity to the Owner.

It is hereby certified, recited and declared that this Note is one of an authorized issue of Notes in the aggregate principal amount of ___________ Million Dollars ($___________), all of like tenor, issued pursuant to the provisions of Resolution No. ________ of the City Council of the City duly passed and adopted on ________ 2020 (the “Resolution”), and pursuant to Article 7.6 (commencing with section 53850) of Chapter 4, Part 1, Division 2, Title 5, of the California Government Code, and that all things, conditions and acts required to exist, happen and be performed precedent to and in the issuance of the Notes exist, have happened and have been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the City, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the City for the General Fund of the City for Fiscal Year 2020-21. As security for the payment of the principal of and interest on the Notes, the City has pledged the first “unrestricted moneys” (as hereinafter defined) to be received by the City (a) an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of January, 2021; (b) an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of May, 2021; and (c) an amount sufficient to pay interest as due on the Notes at their maturity, in the month of
June, 2021 (such pledged amounts being hereinafter called the “Pledged Revenues”). The principal of the Notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues. To the extent not so paid from the Pledged Revenues, the Notes shall be paid from any other moneys of the City lawfully available therefor. In the event that there are insufficient “unrestricted moneys” received by the City to permit the deposit into the Special Account established by the City pursuant to the Resolution of the full amount of the Pledged Revenues to be deposited in any month by the last business day of such month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the City lawfully available for the repayment of the Notes and interest thereon. The term “unrestricted moneys” shall mean taxes, income, revenue, cash receipts, and other moneys received by the City for the General Fund of the City for Fiscal Year 2020-21 and which are generally available for the payment of current expenses and other obligations of the City.

The Notes are issuable as fully registered Notes, without coupons, in denominations of $5,000 and any integral multiple thereof. Subject to the limitations and conditions as provided in the Resolution, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations and of the same maturity.

The Notes are not subject to redemption prior to maturity.

This Note is transferable by the Owner hereof, but only under the circumstances, in the manner and subject to the limitations provided in the Resolution. Upon registration of such transfer a new Note or Notes, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

The City may treat the Owner hereof as the absolute owner hereof for all purposes, and the City shall not be affected by any notice to the contrary.

Unless this Note is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the City of El Cerrito has caused this Note to be executed by the City Manager and countersigned by the City Clerk of the City, all as of the Issue Date stated above.

CITY OF EL CERRITO

By ______________________________
City Manager

Countersigned:

By ______________________________
City Clerk

Exhibit A
Page 2
ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

______________________________________________________________

______________________________________________________________

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Note and hereby irrevocably constitute(s) and appoint(s) __________

______________________________________________________________

attorney, to transfer the same on the Note register of the City with full power of substitution in the
premises.

Dated: ________________________________

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a qualified guarantor.

NOTICE: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within Note in every particular without alteration or enlargement or any change whatsoever.
PRELIMINARY OFFICIAL STATEMENT DATED JUNE 10, 2020

BANK QUALIFIED
NEW ISSUE - FULL BOOK ENTRY

RATING: S&P: “____”
See “Rating”

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The Notes are “qualified tax-exempt obligations” within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS.”

$8,500,000*
CITY OF EL CERRITO
2020-21 TAX AND REVENUE ANTICIPATION NOTES

Dated: Date of Delivery Due: July 1, 2021

The City of El Cerrito 2020-21 Tax and Revenue Anticipation Notes (the “Notes”) are to be delivered as fully registered notes without coupons and when delivered will be registered in the name of The Depository Trust Company, New York, New York (“DTC”), or its nominee. DTC will act as securities depository for the Notes. Individual purchases of an interest in the Notes will be made in book-entry form only in the principal amount of $5,000 or integral multiples thereof. Purchasers of Notes will not receive the physical Notes when purchased. Principal and interest are payable at maturity. The principal and interest with respect to the Notes are payable when due by the City of El Cerrito (the “City”), as paying agent, to DTC, which will in turn remit such principal and interest to the actual purchasers of the Notes as described in this Official Statement. The Notes are not subject to redemption prior to maturity.

The Notes are, by statute, general obligations of the City, payable solely from taxes, income, revenue, cash receipts, and other moneys that are received by the City for the General Fund for fiscal year 2020-21 and that are generally available for the payment of current expenses and other obligations of the City (the “Unrestricted Moneys”). The Notes are secured by a pledge of Unrestricted Moneys to be received by the City in (a) an amount equal to 50% of the principal amount of the Notes in the month of January 2021; (b) an amount equal to 50% of the principal amount of the Notes in the month of May 2021; and (c) an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June 2021 (such pledged amounts being hereinafter called the “Pledged Revenues”). The Pledged Revenues will be deposited into and held by the City in a special account to be designated the “2020-21 Tax and Revenue Anticipation Note Special Account,” and applied as directed in the City Council’s Resolution adopted June 2, 2020.

The following firm, serving as municipal advisor to the City, has structured this issue.

Interest Rate Reoffering CUSIP

<table>
<thead>
<tr>
<th>%</th>
<th>Yield</th>
<th>%</th>
</tr>
</thead>
</table>

The Notes are, to the extent more fully described in this Official Statement, legal investments for commercial banks in California and eligible to secure deposits in public monies in the State of California.

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See “RISK FACTORS.”

The Notes are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed upon for the City by Jones Hall, A Professional Law Corporation, as Disclosure Counsel. Kutak Rock LLP, Los Angeles, California, is acting as underwriter’s counsel. Certain legal matters will be passed upon for the City by the City Attorney. It is anticipated that the 2020 Bonds will be delivered in book-entry form through the facilities of DTC on or about July 2, 2020.

[Hilltop Securities]

Dated: ____________, 2020

* Preliminary; subject to change.
GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Notes. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as a representation of facts.

The information set forth in this Official Statement has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The information and expressions of opinion stated in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information or opinions set forth in this Official Statement or in the affairs of the City since the date hereof. This Official Statement is submitted in connection with the sale of the Notes referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any purpose, unless authorized in writing by the City.

The Notes have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), in reliance upon an exemption contained in the Securities Act. The Notes have not been registered under the securities laws of any state.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE NOTES TO CERTAIN DEALERS AND BANKS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAYcause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

Although the City maintains an internet website for various purposes, none of the information on that website is incorporated by reference in this Official Statement or is intended to assist investors in making any investment decision or to provide any continuing information with respect to the Notes or any other bonds or obligations of the City.
CITY OF EL CERRITO

City Council

Greg Lyman, Mayor
Paul Fadelli, Mayor Pro Tem
Janet Abelson, Council Member
Rochelle Pardue-Okimoto, Council Member
Gabriel Quinto, Council Member

City Officials

Karen Pinkos, City Manager
Sky Woodruff, City Attorney
Holly M. Charléty, City Clerk
Mark Rasiah, Finance Director/City Treasurer

Bonds Counsel and Disclosure Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Municipal Advisor
NHA Advisors, LLC
San Rafael, California

Paying Agent
City of El Cerrito
El Cerrito, California
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APPENDIX D - DTC AND THE BOOK-ENTRY ONLY SYSTEM

APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE
OFFICIAL STATEMENT

$8,500,000*
CITY OF EL CERRITO
2020-21 TAX AND REVENUE ANTICIPATION NOTES

INTRODUCTION

This Official Statement provides information in connection with the issuance by the City of El Cerrito (the “City”) of its 2020-21 Tax and Revenue Anticipation Notes (the “Notes”). Issuance of the Notes will provide funds to meet fiscal year 2020-21 General Fund expenditures, including operating expenses, capital expenditures, and the discharge of other obligations of the City.

The Notes are issued in full conformity with the Constitution and laws of the State of California (the “State”), including Article 7.6 (commencing with section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Law”), and are general obligations of the City payable solely from taxes, income, revenue, cash receipts, and other moneys that are received by the City for the General Fund for fiscal year 2020-21 and that are generally available for the payment of current expenses and other obligations of the City (the “Unrestricted Moneys”). The Notes are authorized by a resolution adopted by the City Council on June 2, 2020 (the “Resolution”). The City may, under the Law, issue the Notes only if the principal of and interest on the Notes will not exceed 85% of the estimated amount of the uncollected Unrestricted Moneys that will be available for the payment of said Notes. Proceeds from the sale of the Notes will be used and expended by the City for any purpose for which it is authorized to expend funds from the General Fund for the fiscal year 2020-21. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES,” “APPENDIX A – Financial, Economic and Demographic Information for the City” and “APPENDIX B – Comprehensive Annual Financial Report of the City for the Year Ended June 30, 2019.”

Brief descriptions of the Notes, the security and sources of payment for the Notes, the City and its financial status follow. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to various documents are qualified in their entirety by reference to the forms thereof, all of which are available for inspection at the office of the Finance Director of the City.

THE NOTES

Description of the Notes

The Notes will be issued in the principal amount and bear interest at the interest rate shown on the cover page of this Official Statement. Principal of and interest on the Notes are payable in lawful moneys of the United States of America upon maturity, and interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months and accrues from the date of delivery. The Notes shall be delivered in the form of fully registered Notes, without coupons, in denominations of $5,000 or any integral multiple thereof, and shall

*Preliminary; subject to change.
be dated the date of delivery to the original purchaser thereof. The Notes will mature on the date set forth on the cover page of this Official Statement.

The Notes, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). So long as DTC, or Cede & Co. as its nominee, is the registered owner of all Notes, all payments on the Notes will be made directly to DTC, and disbursement of such payments will be the responsibility of DTC, and disbursement of such payments will be the responsibility of the Direct and Indirect Participants, as more fully described in “APPENDIX D – DTC and the Book-Entry Only System.”

Purpose of Issue

Proceeds of the Notes will provide moneys to meet the City’s General Fund cash flow requirements during the 2019-20 fiscal year commencing July 1, 2020, and ending June 30, 2021, including current expenses, capital expenditures, and the discharge of other obligations or indebtedness.

Book-Entry Only System

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered certificates registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity and will be deposited with DTC. See “APPENDIX E – BOOK-ENTRY ONLY SYSTEM.”

So long as the Notes are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and interest with respect to the Notes will be made to DTC as provided as in the representation letter delivered on the date of issuance of the notes. The City cannot and does not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium, if any, with respect to the Notes paid to DTC or its nominee as the registered owner, or will distribute any prepayment notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City is not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Notes or an error or delay relating thereto.

SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES

Security for the Notes

The principal amount of the Notes, together with the interest thereon, is payable from “Unrestricted Moneys,” which are taxes, income, revenue, cash receipts, and other moneys that are received by the City for the General Fund for Fiscal Year 2020-21 and which are generally available for the payment of current expenses and other obligations of the City. As security for the repayment of principal of and interest on the Notes, the City has pledged to deposit into a special account within the General Fund designated as the “2020-21 Tax and Revenue Anticipation Note Special Account” (the “Special Account”) the first Unrestricted Moneys to be received by the City in: (a) an amount equal to 50% of the principal amount of the Notes in the month of January 2021; (b) an amount equal to 50% of the principal amount of the
Notes in the month of May 2021; and (c) an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June 2021 (collectively, the “Pledged Revenues”). The Notes are equally and ratably secured by the City’s pledge of the Pledged Revenues.

The principal of the Notes and the interest thereon shall constitute a first lien and charge against and shall be paid from the first moneys received by the City from such Pledged Revenues and, to the extent not so paid, shall be paid from any other moneys of the City lawfully available therefor. In the event that there are insufficient Unrestricted Moneys received by the City to permit the deposit into the Special Account of the full amount of the Pledged Revenues to be deposited in any month by the last business day of such month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the City lawfully available for the repayment of the Notes and interest thereon.

During the months of January, May and June 2021, all Pledged Revenues, shall be deposited by the City into the Special Account for the payment of the principal of and interest on the Notes at maturity. Amounts deposited by the City into the Special Account shall be applied solely for the purpose of paying the principal of and interest on the Notes. All moneys held by the City in the Special Account, if not invested, shall be held in time or demand deposits as public funds and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law. Moneys in the Special Account shall, to the greatest extent possible, be invested by the City directly, or through an investment agreement, in investments as permitted by the laws of the State, and the proceeds of any such investments shall be deposited in the Special Account. See “APPENDIX A – Financial, Economic and Demographic Information for the City” and “APPENDIX B – Comprehensive Annual Financial Report of the City for the Year Ended June 30, 2019.”

Available Sources of Repayment

The Notes, in accordance with State law, are general obligations of the City, but are payable only out of Unrestricted Moneys. The City may, under existing law, issue the Notes only if the principal of, and interest on, the Notes will not exceed 85% of the estimated uncollected Unrestricted Moneys that will be available for the repayment of the Notes.

The Note coverage ratio is shown in the following table and is the ratio of estimated Unrestricted Moneys to the amount of Unrestricted Moneys needed to pay principal of and interest on the Notes.
The table below gives detail as to the sources of estimated Unrestricted Moneys and the Note Coverage Ratio.

City of El Cerrito  
**Estimated Unrestricted General Fund Moneys**  
**Fiscal Year 2020-21**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available Cash Balance, July 1, 2020</td>
<td>$362,386</td>
</tr>
<tr>
<td>Taxes</td>
<td>24,200,000</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>14,920,851</td>
</tr>
<tr>
<td>Proceeds of Notes</td>
<td>8,498,770</td>
</tr>
<tr>
<td>Transfers In</td>
<td>940,851</td>
</tr>
<tr>
<td><strong>Total Unrestricted Moneys</strong></td>
<td><strong>$48,922,858</strong></td>
</tr>
</tbody>
</table>

Principal + Interest for Note Repayment  

| **Amount** |  
|------------|---|
| Principal + Interest for Note Repayment | $8,839,056 * |

Note Coverage Ratio  

| **Amount** |  
|------------|---|
| Note Coverage Ratio | 5.53x* |

*(1) Includes proceeds of Notes.  
*Preliminary; subject to change.

See also “APPENDIX A – Financial, Economic and Demographic Information for the City” and “APPENDIX B – Comprehensive Annual Financial Report of the City for the Year Ended June 30, 2019.”

**Cash Flow**

The City has prepared the accompanying monthly General Fund cash flow statements covering fiscal year 2019-20 and the projected fiscal year 2020-21. The General Fund is used to finance the ordinary operations of the City and is available for any legal authorized purposes. While expenditures generally occur evenly throughout the fiscal year, cash receipts occur unevenly. As a result, the General Fund cash balance tends to show a deficit during parts of the fiscal year. The projections are based on the City’s budget as well as the City’s current financial condition.
### City of El Cerrito
#### Fiscal Year 2019-20 Actual/Projected General Fund Cash Flows*

<table>
<thead>
<tr>
<th></th>
<th>July</th>
<th>August</th>
<th>Septembe</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Balance</strong></td>
<td>$272,672</td>
<td>$9,452,115</td>
<td>$7,152,403</td>
<td>$6,228,300</td>
<td>$4,956,456</td>
<td>$3,716,653</td>
<td>$8,402,687</td>
<td>$8,304,993</td>
<td>$3,812,726</td>
<td>$3,345,567</td>
<td>$5,582,836</td>
<td>$1,051,151</td>
<td>$272,672</td>
</tr>
<tr>
<td><strong>CASH RECEIPTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Tax</td>
<td>$288,096</td>
<td>$210,266</td>
<td>$251,532</td>
<td>$503,518</td>
<td>$280,896</td>
<td>$5,479,327</td>
<td>$652,482</td>
<td>$156,957</td>
<td>$240,720</td>
<td>$3,364,175</td>
<td>200,000</td>
<td>700,000</td>
<td>$12,327,970</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>558,355</td>
<td>468,133</td>
<td>690,108</td>
<td>622,214</td>
<td>531,812</td>
<td>610,835</td>
<td>515,113</td>
<td>876,940</td>
<td>473,557</td>
<td>639,157</td>
<td>300,000</td>
<td>300,000</td>
<td>6,586,225</td>
</tr>
<tr>
<td>Franchise Tax</td>
<td>164,176</td>
<td>65,016</td>
<td>0</td>
<td>167,135</td>
<td>0</td>
<td>202,735</td>
<td>154,423</td>
<td>52,553</td>
<td>0</td>
<td>411,569</td>
<td>30,000</td>
<td>30,000</td>
<td>1,277,606</td>
</tr>
<tr>
<td>Business Licenses</td>
<td>651,871</td>
<td>110,506</td>
<td>23,041</td>
<td>45,468</td>
<td>17,820</td>
<td>14,887</td>
<td>13,228</td>
<td>18,186</td>
<td>6,392</td>
<td>1,235</td>
<td>1,000</td>
<td>1,000</td>
<td>904,633</td>
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<td>Utility Users Tax</td>
<td>356,452</td>
<td>221,969</td>
<td>248,504</td>
<td>256,070</td>
<td>255,989</td>
<td>168,025</td>
<td>332,995</td>
<td>335,278</td>
<td>368,615</td>
<td>235,263</td>
<td>150,000</td>
<td>200,000</td>
<td>3,129,161</td>
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<td>Other Taxes</td>
<td>0</td>
<td>38,103</td>
<td>0</td>
<td>46,420</td>
<td>11,867</td>
<td>223</td>
<td>33,948</td>
<td>10,651</td>
<td>1,368</td>
<td>0</td>
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<td>142,580</td>
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<td>Licenses and Permits</td>
<td>55,126</td>
<td>109,103</td>
<td>11,618</td>
<td>100,996</td>
<td>45,188</td>
<td>63,248</td>
<td>59,616</td>
<td>72,738</td>
<td>206,132</td>
<td>6,010</td>
<td>10,000</td>
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<td>749,775</td>
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<td>Fines and Forfeitures</td>
<td>24,434</td>
<td>29,462</td>
<td>18,605</td>
<td>16,791</td>
<td>15,775</td>
<td>18,622</td>
<td>15,566</td>
<td>24,766</td>
<td>12,253</td>
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<td>Use of Property</td>
<td>38,218</td>
<td>43,723</td>
<td>29,103</td>
<td>15,821</td>
<td>43,603</td>
<td>83,320</td>
<td>60,046</td>
<td>43,352</td>
<td>999</td>
<td>8,318</td>
<td>15,000</td>
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<td>396,502</td>
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<td>In-Lieu Fees/Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Fees for Service</td>
<td>727,722</td>
<td>381,121</td>
<td>350,935</td>
<td>418,116</td>
<td>325,054</td>
<td>710,675</td>
<td>473,513</td>
<td>1,055,197</td>
<td>301,887</td>
<td>60,016</td>
<td>60,000</td>
<td>60,000</td>
<td>4,924,236</td>
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<td>Other Revenues</td>
<td>31,750</td>
<td>12,433</td>
<td>1,119</td>
<td>15,996</td>
<td>6,005</td>
<td>47,787</td>
<td>11,993</td>
<td>6,491</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>198,942</td>
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<tr>
<td>Loan Proceeds</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Transfers In</td>
<td>0</td>
<td>0</td>
<td>221,545</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>468,590</td>
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<tr>
<td>TRAN Proceeds</td>
<td>8,967,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>8,967,000</td>
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<tr>
<td><strong>TOTAL RECEIPTS</strong></td>
<td>$12,403,556</td>
<td>$1,747,078</td>
<td>$2,103,589</td>
<td>$2,473,754</td>
<td>$1,821,565</td>
<td>$7,988,240</td>
<td>$4,030,731</td>
<td>$2,970,316</td>
<td>$2,211,829</td>
<td>$4,875,489</td>
<td>$2,548,215</td>
<td>$2,176,330</td>
<td>$47,320,693</td>
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### CASH DISBURSEMENTS

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<thead>
<tr>
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<th>Actual</th>
<th>Projected</th>
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<tbody>
<tr>
<td>Personnel</td>
<td>$1,665,380</td>
<td>$2,300,000</td>
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<td>Professional Services</td>
<td>$262,529</td>
<td>$120,000</td>
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<td>Property/Other Services</td>
<td>782,970</td>
<td>50,000</td>
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<td>Supplies</td>
<td>43,420</td>
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<td>Fees &amp; Charges</td>
<td>19,046</td>
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<td>Debt Service Payments</td>
<td>134,625</td>
<td>10,000</td>
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<td>Property and Capital</td>
<td>25,814</td>
<td>10,000</td>
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<td>Transfers Out</td>
<td>290,330</td>
<td>0</td>
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<tr>
<td>TRAN Principal Payment</td>
<td>0</td>
<td>0</td>
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<tr>
<td>TRAN Interest Payment</td>
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<td>0</td>
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<tr>
<td><strong>TOTAL DISBURSEMENTS</strong></td>
<td>$3,224,113</td>
<td>$7,080,000</td>
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#### Interest Borrowings

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<tr>
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<th>Projected</th>
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<tbody>
<tr>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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#### Net Cash Flow

<table>
<thead>
<tr>
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<th>Actual</th>
<th>Projected</th>
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<tbody>
<tr>
<td>$9,179,442</td>
<td>($2,299,712)</td>
<td>($4,531,785)</td>
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#### Ending Balance

<table>
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<tr>
<th></th>
<th>Actual</th>
<th>Projected</th>
</tr>
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<tbody>
<tr>
<td>$9,452,115</td>
<td>$7,152,403</td>
<td>$362,386</td>
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</table>

* Actual cash flows through March 31, 2020.
Source: City of El Cerrito.
### City of El Cerrito

**Fiscal Year 2020-21 Projected General Fund Cash Flows**

(Including Fiscal Year 2020-21 TRAN)

<table>
<thead>
<tr>
<th>Month</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>$362,386</td>
<td>$7,436,844</td>
<td>$5,483,612</td>
<td>$4,264,233</td>
<td>$3,437,648</td>
<td>$2,692,625</td>
<td>$5,176,107</td>
<td>$2,008,444</td>
<td>$1,970,013</td>
<td>$1,419,266</td>
<td>$4,306,470</td>
<td>$2,301,698</td>
<td>$362,386</td>
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</tbody>
</table>

### CASH RECEIPTS

- **Property Tax**: $200,000
- **Sales Tax**: $0
- **Franchise Tax**: $0
- **Utility Users Tax**: $0
- **In-Lieu Fees/Other**: $0
- **Government Reimb.**: $0
- **Fees for Service**: $596,185
- **Licenses and Permits**: $3,539
- **Use of Property**: $34,937
- **Use of Otherwise Appropriated Funds**: $287,762
- **Loan Proceeds**: $0
- **Transfers In**: $0
- **TRAN Proceeds**: $8,498,770

**TOTAL RECEIPTS**: $10,015,902

### CASH DISBURSEMENTS

- **Personnel**: $1,656,567
- **Professional Services**: $287,762
- **Property/Other Services**: $846,824
- **Supplies**: $60,416
- **Fees & Charges**: $26,953
- **Debt Service Payments**: $47,793
- **Property and Capital**: $15,130
- **Transfers Out**: $0
- **TRAN Principal Payment**: $0
- **TRAN Interest Payment**: $0

**TOTAL DISBURSEMENTS**: $2,941,444

### Interfund Borrowings

- **$0**

### Net Cash Flow

- **$7,074,457**

### Ending Balance

- **$7,436,844**

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* Preliminary; subject to change.

Source: City of El Cerrito.
THE CITY

**General.** The City is a charter city that was incorporated in August 1917. It is located in the western portion of the County of Contra Costa (the “**County**”), approximately 17 miles northeast of San Francisco and 12 miles north of Oakland. It forms part of the highly urbanized area along the eastern shore of San Francisco Bay together with the cities of Richmond and Berkeley.

The City operates under the council-manager form of government. The City Council consists of five members elected at large for four-year, overlapping terms. The Mayor is selected by the City Council from among its members for a one-year term. The City Manager and the City Attorney are appointed by the City Council. The City Manager is responsible for administration of municipal affairs, and the City Attorney advises the City Council and the City staff on legal affairs. All municipal departments operate under the supervision of the City Manager. The City Clerk and Finance Director/City Treasurer are appointed by the City Manager.

For selected financial, economic and demographic information about the City, see “APPENDIX A – Financial, Economic and Demographic Information for the City.”

**COVID-19 Outbreak.** The spread of COVID-19 is having significant negative impacts throughout the world, including in the State, County and City. The World Health Organization has declared the COVID-19 outbreak to be a pandemic and states of emergency have been declared by the United States, the State, the County and the City. The purpose behind these declarations is to coordinate and formalize emergency actions across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

The spread of COVID-19 has resulted in the imposition of restrictions on mass gatherings, widespread temporary closings of businesses and schools (including within the City) and implementation of Safer-at-Home orders for citizens to remain at home except for certain essential purposes. The United States is also restricting certain non-US citizens and permanent residents from entering the country. In addition, capital markets in the U.S. and globally have been volatile, with significant declines attributed to COVID-19 concerns.

Potential impacts to the City associated with the COVID-19 outbreak include, but are not limited to, revenue losses and increased expenses due to the emergency as well as the prospect of a recession. Revenue losses are expected in at least a 30-40% reduction in sales tax for this fiscal year, in addition to reduced real estate property transfer taxes, utility user taxes, transportation taxes (Gas Tax), and transient occupancy taxes (hotels). Losses will also be realized from fees, especially for Recreation and other fee-based programs as facilities are closed and classes/programs/camps are not allowed. Expenses related to the emergency are being tracked for reimbursement from Federal and State emergency programs. While the impacts on the economy due to the COVID-19 public health crisis continue to evolve, staff currently projects that the City is facing at least a $4 million dollar loss in budgeted revenues for fiscal year 2019-20, and future losses are uncertain. In response, City staff has implemented expense reductions for the current fiscal year and has already provided the City Council proposed reductions of approximately $4 million for fiscal year 2020-21. These reductions include unpaid furloughs of part-time and non-sworn full-time staff to realize 5% to 10% reduction in salaries, a hiring freeze, a freeze on non-essential spending, deferred capital projects, working with all bargaining units to defer cost of living adjustments (COLAs) for the fiscal year, cuts in management pay and benefits, and cancelling programs and events. In
anticipation of ongoing economic impacts due to COVID-19, the City is currently crafting a Fiscal Response Plan that will utilize a priority-based framework designed to assist the City Council with the evaluation of additional budget reduction strategies that will be implemented over the next 6 to 18 months.
Limitations on Revenues

**Article XIIIa of the California Constitution.** Article XIIIa of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978 and has been amended on occasions, including most recently on November 7, 2000 to reduce the voting percentage required for the passage of school bonds. Section 1(a) of Article XIIIa limits the maximum ad valorem tax on real property to one percent of “full cash value,” and provides that such tax shall be collected by the counties and apportioned according to State statutes. Section 1(b) of Article XIIIa provides that the one-percent limitation does not apply to ad valorem taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, or (iii) bonded indebtedness incurred by a school district or community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters voting on the proposition. The tax for payment of the City’s general obligation bonds falls within the exception for bonds approved by a two-thirds vote.

Section 2 of Article XIIIa defines “full cash value” to mean the county assessor’s valuation of real property as shown on the 1975-76 Fiscal Year tax bill, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. See “Litigation Relating to Two Percent Limitation” below. Legislation implementing Article XIIIa provides that, notwithstanding any other law, local agencies may not levy any ad valorem property tax except the 1% base tax levied by each County and taxes to pay debt service on indebtedness approved by the voters as described above. Such legislation further provides that each county will levy the maximum tax permitted by Article XIIIa, which is $1.00 per $100 of assessed market value.

Since its adoption, Article XIIIa has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when it is purchased, newly constructed or undergoes a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the City.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIIIa.
Articles XIIIC and XIIID of the California Constitution.

General. On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 adds Articles XIIIC and XIIID to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII and XIIIC of the State Constitution. The amendments to Article XIII limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to Article XIIIC define “taxes” that are subject to voter approval as “any levy, charge, or exaction of any kind imposed by a local government,” with certain exceptions.

Taxes. Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City ("general taxes") require a majority vote; taxes for specific purposes ("special taxes"), even if deposited into the City’s General Fund, require a two-thirds vote. The voter approval requirements of Article XIIIC reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Property-Related Fees, Charges and Assessments. Article XIIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a “special benefit,” as defined in Article XIIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Reduction or Repeal of Taxes, Fees and Charges. Article XIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City’s General Fund. If such repeal or reduction occurs, the City’s ability to pay debt service on the Notes could be adversely affected.

Burden of Proof. Article XIIIC provides that local government “bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental
activity.” Similarly, Article XIIID provides that in “any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance” with Article XIIID.

**Impact on City’s General Fund.** The approval requirements of Articles XIIIC and XIIID reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase the taxes, fees, charges or taxes in the future that it may need to meet increased expenditure needs.

The City does not believe that any material source of General Fund revenue is subject to challenge under Proposition 218 or Proposition 26.

**Judicial Interpretation.** The interpretation and application of Articles XIIIC and XIIID will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

**Expenditures and Appropriations**

In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and local governments are subject to an annual “appropriations limit” or “Gann Limit” imposed by Article XIIIB of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIIIB, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” exclude tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds.

Article XIIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in cases of emergency; however, the appropriations limit for the three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Each school district is required to establish an appropriations limit each year. In the event that a school district’s revenues exceed its spending limit, the district may increase its appropriations limit to equal its spending by taking appropriations limit from the State.

Proposition 111 requires that each agency’s actual appropriations be tested against its limit every two years. If the aggregate “proceeds of taxes” for the preceding two-year period
exceed the aggregate limit, the excess must be returned to the agency’s taxpayers through tax rate or fee reductions over the following two years.

**Future Initiatives**

Article XIII, Article XIII B, Article XIII C, Article XIII D and Proposition 111 were each adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time, other initiative measures could be adopted, further affecting City revenues or the City’s ability to expend revenues. The nature and impact of these measures cannot be predicted by the City.

**RISK FACTORS**

**Bankruptcy Considerations**

In 1994, Orange County, California issued its 1994-1995 Tax and Revenue Anticipation Notes (the “Orange County Notes”) under the same statutory authority as the statutory authority for the Notes. On December 6, 1994, Orange County filed a petition in bankruptcy. Subsequently, Orange County declined to set aside the taxes and revenues it had pledged for the repayment of the Orange County Notes and a noteholder brought suit to compel Orange County to do so. A March 8, 1995, ruling of the United States Bankruptcy Court for the Central District of California held that the lien securing the Orange County Notes did not attach to revenues received by Orange County after the filing of its bankruptcy petition on December 6, 1994, and therefore, Orange County was not required to set aside the revenues pledged under the note resolution following the bankruptcy. The Bankruptcy Court ruled that under the United States Bankruptcy Code (the “Bankruptcy Code”), the lien did not attach to revenues received by Orange County after December 6, 1994, because the lien was a consensual security interest rather than a statutory lien. In July 1995, the United Stated District Court for the Central District of California reversed the decision of the Bankruptcy Court. Orange County appealed the decision of the District Court to the United States Court of Appeals for the Ninth Circuit. Before the Ninth Circuit rendered a decision, the parties settled their disputes. Accordingly, if the City were to file for bankruptcy, it is not clear whether it would be required to set aside revenues pledged under the Resolution as described above.

In addition, the Pledged Revenues and other moneys that will be set aside to pay the Notes will be held in the City’s General Fund, and these funds will be invested in the pooled investment fund. Should the City go into bankruptcy, a court might hold that the owners of the Notes do not have a valid lien on the Pledged Revenues. In that case, unless the owners could “trace” the funds, the owners would merely be unsecured creditors of the City. There can be no assurance that the owners of the Notes could successfully so “trace” the Pledged Revenues.

**Limitations on Remedies**

The rights of the owners of the Notes are subject to the limitations on legal remedies against local agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes and the obligations incurred by the City, may become subject to the following: the Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect; equity principles that may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America
of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise and, consequently, may entail risks of delay, limitation, or modification of their rights.

**TAX MATTERS**

**Federal Tax Status.** In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The Notes are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Tax Code"), such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Notes.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Notes in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes, and in order for the Notes to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Notes, or may cause the Notes to not be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code.

**Tax Treatment of Original Issue Discount and Premium.** If the initial offering price to the public at which a Note is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Note is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Note on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Notes to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Note. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Notes who purchase the Notes after the initial offering of a substantial amount of such maturity. Owners of such Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including
the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Note (said term being the shorter of the Note’s maturity date or its call date). The amount of Note premium amortized each year reduces the adjusted basis of the owner of the Note for purposes of determining taxable gain or loss upon disposition. The amount of Note premium on a Note is amortized each year over the term to maturity of the Note on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Note premium is not deductible for federal income tax purposes. Owners of premium Notes, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Notes.

**California Tax Status.** In the further opinion of Bond Counsel, interest on the Notes is exempt from California personal income taxes.

**Other Tax Considerations.** Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or cause the Notes to not be “qualified tax-exempt obligations,” or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to Notes issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Notes, or as to the consequences of owning or receiving interest on the Notes, as of any future date. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Notes should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Notes may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Notes, the ownership, sale or disposition of the Notes, or the amount, accrual or receipt of interest on the Notes.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX C.

**LEGAL MATTERS**

Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will render the opinion set forth in APPENDIX C with respect to the validity and enforceability of the Resolution and as to the validity of the Notes. Jones Hall is also serving as Disclosure
Counsel in connection with the issuance of the Notes. Jones Hall will receive compensation from the City contingent upon the sale and delivery of the Notes.

RATING

The City has obtained a rating of “____” on the Notes from S&P Global Ratings. Certain information was supplied by the City to the rating agency to be considered in evaluating the Notes. The rating issued reflects only the views of the rating agency, and any explanation of the significance of such rating should be obtained from the rating agency. There is no assurance that any rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Notes.

LITIGATION

No litigation is pending or threatened concerning the validity of the Notes. In the opinion of the City, there are no lawsuits or claims pending against the City that would impair the ability of the City to repay the Notes.

UNDERWRITING

Hilltop Securities Inc. (the “Underwriter”), has entered into a Note Purchase Agreement with the City under which the Underwriter will purchase the Notes at a price of $_______ (equal to the par amount of the Notes, plus/less an original issue premium/discount of $_______, and less an Underwriter’s discount of $_______).

The Underwriter will be obligated to take and pay for all the Notes if any are taken. The Underwriter intends to offer the Notes to the public at the offering prices set forth on the inside cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

MUNICIPAL ADVISOR

The City has retained NHA Advisors, LLC, San Rafael, California, as the City’s independent registered municipal advisor (the “Municipal Advisor”) in connection with the preparation of this Official Statement and with respect to the issuance of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. NHA Advisors, LLC is an independent registered municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The Municipal Advisor's compensation is contingent upon the delivery of the Notes.
CONTINUING DISCLOSURE

The City has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events. The notices of enumerated events will be filed by the City with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the notices of enumerated events is summarized under the caption “APPENDIX E – Form of Continuing Disclosure Certificate.” These covenants have been made in order to assist the purchaser of the Notes in complying with Securities and Exchange Commission (the “SEC”) Rule 15c2-12(b)(5) (the “Rule”).

[Based upon a review of the City’s filing obligations during the past five years, there have been no instances in the previous five years in which the City failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule.]
ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Notes. Quotations from and summaries and explanations of the Notes, the resolutions, statutes and documents contained in this Official Statement do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Notes.

The execution and delivery of this Official Statement have been duly authorized by the City.

By: ________________________________
    City Manager
APPENDIX A

FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY


General

The City. The City is a charter City that was incorporated on August 1, 1917. Located in western Contra Costa County (the “County”), it has a geographical area of approximately 3.9 square miles and forms part of the highly urbanized area along the eastern shore of San Francisco Bay. Interstate Highway 80 passes near the west boundary of the community; the crest of the Berkeley Hills and Wildcat Canyon Regional Park defines the eastern boundary. The community is served by the Bay Area Rapid Transit system with stations near both the north and south boundaries of the City.

The County. The City is located the County, one of the nine counties in the San Francisco-Oakland Bay Area. Situated northeast of San Francisco, the County is bounded by San Francisco and San Pablo Bays, the Sacramento River Delta, and Alameda County on the south. Ranges of hills effectively divide the County into three distinct regions. The western portion, with its access to water, contains much of the County’s heavy industry. The central section is rapidly developing from a suburban area into a major commercial and financial headquarters center. The eastern part is also undergoing substantial change, from a rural, agricultural area, to a suburban region. The County has extensive and varied transportation facilities—ports accessible to ocean-going vessels, railroads, freeways, and rapid transit lines connecting the area with Alameda County and San Francisco.

City Services and Government

The City provides a full range of services, including police and fire protection; building permits and inspections; parks and recreation facilities and services, planning and environmental services, construction and maintenance of streets, public buildings, and other infrastructure and operation of a state of the art Recycling Center.

The City is organized as a council-manager form of local municipal government. The City Council consists of five members elected at-large for four-year, overlapping terms. The Council selects the Mayor from among its members for a one-year term. The Mayor and City Council provide community leadership, develop policies to guide the City in delivering services and achieving community goals, and encourage citizen understanding and involvement.
The City Manager is appointed by the City Council and responsible for administration of municipal affairs. All municipal departments operate under the supervision of the City Manager. Through the City Manager, City staff, using the resources appropriated by the Council in the budget to achieve desired service results in the community, carries out the policies of the Council.

**Budget Process**

In accordance with applicable sections of the California Government Code and the City’s Charter, an annual budget is adopted by the City Council by June 30 of each year. The annual budget is the City’s service and financial plan for the fiscal year: a planning tool that matches the services desired by the community to the resources required in order to provide those services. The development, adoption, and implementation of the City budget compose a major decision-making process with several phases.

At the initial stage of the budget process, department heads and division managers propose to the City Manager those programs designed to provide essential services that meet the City Council’s expression of community goals. Staff also prepares estimates of available revenues for the same period. The City Manager and department directors balance the requested program expenditures with the anticipated resources, and develop a proposed budget and financial forecasts. The proposed document is reviewed by the City’s Financial Advisory Board, a five-member board consisting of members of the community that are appointed by City Council as having demonstrated expertise in financial management and accounting. The recommendations and revisions of the Financial Advisory Board are considered during the budget process.

After presentation of the staff-prepared proposed budget, the City Council holds public meetings on the budget to review the staff recommendations. The City Council also receives public testimony and reviews the service, expenditure, and revenue proposals contained in the proposed budget. After discussing and making amendments, if any, to the proposed budget, the City Council adopts the budget for the next fiscal year and establishes appropriations. The appropriations are the legal authority to spend money. While the budget document for fiscal year 2018-19 and 2019-20 incorporates two fiscal years, the City Council is required per the El Cerrito Municipal Code to adopt and appropriate an annual budget for each fiscal year.

**General Fund Budgets**

**General.** A comparison of the City’s budgeted General Fund revenues and expenditures for fiscal years 2017-18 and 2018-19 against the actual General Fund revenues and expenditures for the same period, are set forth in the following table. The City’s audited financial statements for the fiscal year ended June 30, 2019, are included as APPENDIX B to this Official Statement.
## Table A-1

**CITY OF EL CERRITO**  
**General Fund Adopted Budgets**  
**Fiscal Years 2017-18 and 2018-19**

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<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$9,854,960</td>
<td>$9,486,999</td>
<td>$10,068,000</td>
<td>$10,182,035</td>
</tr>
<tr>
<td>Taxes other than property</td>
<td>15,278,336</td>
<td>14,342,758</td>
<td>16,512,000</td>
<td>16,812,948</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>886,375</td>
<td>765,706</td>
<td>875,000</td>
<td>775,876</td>
</tr>
<tr>
<td>Fines and forfeitures</td>
<td>241,980</td>
<td>222,173</td>
<td>310,000</td>
<td>218,684</td>
</tr>
<tr>
<td>Use of money and property</td>
<td>403,756</td>
<td>373,954</td>
<td>103,000</td>
<td>157,264</td>
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<tr>
<td>Intergovernmental</td>
<td>4,010,135</td>
<td>4,115,543</td>
<td>3,801,000</td>
<td>4,091,055</td>
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<tr>
<td>Charges for services</td>
<td>5,852,279</td>
<td>6,009,394</td>
<td>6,709,700</td>
<td>6,933,840</td>
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<tr>
<td>Other revenues</td>
<td>300,806</td>
<td>377,394</td>
<td>82,000</td>
<td>182,030</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>36,828,627</td>
<td>35,783,921</td>
<td>38,460,700</td>
<td>39,353,732</td>
</tr>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City council</td>
<td>70,597</td>
<td>111,203</td>
<td>95,545</td>
<td>195,465</td>
</tr>
<tr>
<td>City manager</td>
<td>1,340,991</td>
<td>1,103,238</td>
<td>1,139,694</td>
<td>1,345,679</td>
</tr>
<tr>
<td>City attorney</td>
<td>300,000</td>
<td>388,341</td>
<td>300,000</td>
<td>519,482</td>
</tr>
<tr>
<td>Financial services</td>
<td>1,286,138</td>
<td>1,416,372</td>
<td>1,492,253</td>
<td>1,530,765</td>
</tr>
<tr>
<td>City clerk</td>
<td>378,505</td>
<td>308,498</td>
<td>399,079</td>
<td>346,353</td>
</tr>
<tr>
<td>Information services</td>
<td>682,757</td>
<td>711,974</td>
<td>854,538</td>
<td>848,768</td>
</tr>
<tr>
<td>Employee services</td>
<td>1,046,928</td>
<td>1,209,294</td>
<td>1,169,082</td>
<td>1,148,462</td>
</tr>
<tr>
<td>Public works</td>
<td>1,720,060</td>
<td>1,673,715</td>
<td>1,847,397</td>
<td>1,967,260</td>
</tr>
<tr>
<td>Recreation</td>
<td>4,905,253</td>
<td>5,183,872</td>
<td>5,393,176</td>
<td>5,794,027</td>
</tr>
<tr>
<td>Community development</td>
<td>2,274,356</td>
<td>2,405,103</td>
<td>2,284,615</td>
<td>2,522,098</td>
</tr>
<tr>
<td>Public safety:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Police</td>
<td>11,462,191</td>
<td>11,138,830</td>
<td>11,842,040</td>
<td>12,121,461</td>
</tr>
<tr>
<td>Fire</td>
<td>10,084,159</td>
<td>10,122,718</td>
<td>10,156,212</td>
<td>11,257,758</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>357,211</td>
<td>276,683</td>
<td>172,775</td>
<td>344,253</td>
</tr>
<tr>
<td>Debt service: principal</td>
<td>98,616</td>
<td>98,616</td>
<td>126,504</td>
<td>126,504</td>
</tr>
<tr>
<td>Debt service: interest and fiscal charges</td>
<td>31,857</td>
<td>103,732</td>
<td>29,728</td>
<td>134,436</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>36,039,619</td>
<td>36,252,189</td>
<td>37,302,638</td>
<td>40,202,753</td>
</tr>
<tr>
<td><strong>Excess of revenues over (under) expenditures</strong></td>
<td>789,008</td>
<td>(468,268)</td>
<td>1,158,062</td>
<td>(849,021)</td>
</tr>
<tr>
<td><strong>Other financing sources (uses):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>54,583</td>
<td>54,583</td>
<td>54,671</td>
<td>1,117,990</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(317,465)</td>
<td>(317,465)</td>
<td>(1,289,473)</td>
<td>(1,330,107)</td>
</tr>
<tr>
<td>Capital lease financing</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>116,121</td>
</tr>
<tr>
<td><strong>Total other financing sources (uses)</strong></td>
<td>(262,882)</td>
<td>(262,882)</td>
<td>(1,234,802)</td>
<td>(95,996)</td>
</tr>
<tr>
<td><strong>Special Items:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of land from Contra Costa Co.</td>
<td>--</td>
<td>--</td>
<td>681,951</td>
<td>800,755</td>
</tr>
<tr>
<td><strong>Net change in fund balance</strong></td>
<td>526,126</td>
<td>(731,150)</td>
<td>605,211</td>
<td>(144,262)</td>
</tr>
<tr>
<td><strong>Fund balance - July 1</strong></td>
<td>818,720</td>
<td>818,720</td>
<td>87,570</td>
<td>87,570</td>
</tr>
<tr>
<td><strong>Fund balance - June 30</strong></td>
<td>$1,344,846</td>
<td>$87,570</td>
<td>$692,781</td>
<td>$(56,692)</td>
</tr>
</tbody>
</table>

Source: City of El Cerrito Comprehensive Annual Financial Reports.
Adopted Budget for Fiscal Year 2019-20

Under the City’s biennial adopted General Fund budget for fiscal years 2018-19 and 2019-20 (the “Adopted Budget”), the City has budgeted $39.90 million in revenues, and $39.87 million in expenditures, for fiscal year 2019-20.

The City’s ability to maintain City services relies heavily on tax revenue with property and sales taxes representing the largest percentage. Both had slowed during the economic downturn. Like most cities, the City has struggled to balance increasing expenses due in large part to health and pension costs with sluggish revenues that have not kept pace with the increase in expenditures. In addition, some revenues have been permanently lost as in the case of redevelopment. Staff estimates that about a $1 million annually has been lost as a result of redevelopment dissolution.

Approximately 76% of the General Fund expenditures are related to personnel costs. Within Personnel, salaries and benefits have traditionally been governed by the City Council’s policy to provide median compensation, which is intended to act as a ceiling for salaries and benefits as agreed upon in the memorandums of understanding with the various benefit groups. Currently, all employees are now contributing between 8-12% of their salary towards the total pension costs. Of the remaining General Fund expenses, very few are discretionary and include costs related to contract services such as Public Safety dispatch, Animal Control services, legal services, independent audit services, election services and criminalist services that the City could not provide as efficiently as other organizations can on its behalf. When other non-discretionary items are factored in such as insurance, medical supplies, utilities, vehicles, and a minimal level of supplies, nearly 95% of the General Fund is non-discretionary.

City General Fund Reserve Policy

The City’s General Fund Reserve Policy (the “Reserve Policy”) forms a part of its Comprehensive Financial Policy, which the City Council approved on May 21, 2019 (the “Comprehensive Financial Policy”). The purpose of the Reserve Policy is to set aside funds to insure against events that would adversely affect the financial condition of the City and jeopardize the continuation of necessary public services. The Reserve Policy is designed to provide adequate cash flow, protect bond ratings, and offset economic downturns and revenue shortfalls. The reserve is also available to provide for one-time funding in the event of an emergency situation such as a natural disaster or unanticipated liability.

The Reserve Policy expresses the City’s goal of achieving a General Fund annual operating reserve of 10% of projected General Fund operating expenditures in each fiscal year. As part of the annual budget process, the City Council will consider a Five-Year Plan that attempts to maintain a reserve ratio of 10%. The City Council may adopt a deficit budget to deal with certain uses so long as the projected reserve does not go below 10% in any year of the Five-Year Plan. Should the General Fund reserve fall below 10%, each budget year the City will adopt a plan to restore the reserve percentage to 10% within five years and 15% within 10 years.

The amended Budget for fiscal year 2019-20 shows a General Fund reserve of $544,000; however, staff estimates that, due to COVID-19 revenue losses that have since occurred in the last quarter of the fiscal year, the General Fund will potentially end the year with...
an approximately $2.3 million deficit, which will be addressed through expenditure reductions in fiscal year 2020-21. In accordance with the policy of City Council described above, the City has adopted a plan to restore the reserve percentage to 10% within five years and 15% within ten years.

The Comprehensive Financial Policy is reviewed annually by the City’s Financial Advisory Board and any proposed substantive revisions are submitted to the City Council for approval.

City Actions to Increase General Fund Reserve

The City is taking action to address budget challenges and restore General Fund reserves to levels as expressed in the Comprehensive Financial Policy. During the last recession and following the dissolution of the City’s Redevelopment Agency in 2012, the City used General Fund reserves in order to preserve and maintain services. The City has not recovered its reserve levels from that time and has made doing so a priority. The City has taken steps to increase revenues by passing ballot measures for a real property transfer tax in 2018 (see “– Property Taxes – Real Property Transfer Tax”) and a parks and recreation services parcel tax in 2019 and is taking action to reduce expenses in the current and future fiscal years. The City Council has been closely monitoring the budget over the past six months and initiated a public strategic planning process to examine the current conditions and determine budget priorities.

From February through April 2020, the City Council reviewed forecasts for the current and upcoming fiscal years, amended the fiscal year 2019-20 budget to reflect $600,000 in reductions, and proposed $2 million in reductions for fiscal year 2020-21. In response to the COVID-19 emergency, the City has taken more aggressive actions due to the economic impacts of the public health crisis. This includes implementing unpaid furloughs for 90 part-time staff and 70 non-sworn full-time staff, instituting a hiring freeze, implementing a freeze on non-essential spending, deferring capital projects, and cancelling events and programs. For the next fiscal year, the City has worked with each bargaining unit to defer cost of living adjustments (COLAs) for fiscal year 2020-21, implemented furloughs for non-sworn full-time staff that equate to a 5%-10% salary reduction for fiscal year 2020-21, instituted further reductions from Management staff including increased contributions to CalPERS and suspending discretionary pay and benefits, and is developing further expense reductions in programs proposed by staff including reduced services and cuts in staffing. In anticipation of ongoing economic impacts due to COVID-19, the City is currently crafting a Fiscal Response Plan that will utilize a priority-based framework designed to assist the City Council with the evaluation of additional budget reduction strategies that will be implemented over the next 6 to 18 months.

State Budget and Its Impact on the City

The General Fund receives amounts from the State that could impact the services provided by the City. The City cannot predict what actions will be taken in future years by the State Legislature and the Governor to address a State budget deficit. Future State budgets will be affected by national and state economic conditions and other factors over which the City has no control. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget. Decreases in such revenues may have an adverse impact on the City’s ability to pay the Notes.
Information about the fiscal year 2019-20 adopted State budget, the proposed fiscal year 2020-21 State budget, the May Revise for fiscal year 2020-21 and other State budgets is regularly available at various State-maintained websites. An impartial analysis of the budget is posted by the Legislative Analyst Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to in this paragraph is prepared by the respective State agency maintaining each website and not by the City or Underwriter, and the City and Underwriter take no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated in this Official Statement by these references.

Financial Statements

The accounting policies of the City conform to generally accepted accounting principles. The Governmental Accounting Standards Board ("GASB") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting; (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting; and (iv) required supplementary information.

Accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. There are three groups of funds: governmental funds (which include the General Fund), proprietary funds (which include enterprise funds and internal service funds) and fiduciary funds (which are used to account for resources held for the benefit of parties outside the City). The City maintains 36 individual governmental funds. Information is presented separately in the governmental statement of revenues, expenditures, and changes in fund balances for the General Fund and the Street Maintenance and Construction Fund, both of which are considered to be major funds. Data for the 35 other funds are combined into a single aggregated presentation.

All governmental funds and fiduciary funds use the modified accrual basis of accounting. The proprietary funds use the accrual basis of accounting. The General Fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in a separate fund.

The City’s most recent audited financial statements are included in the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019, which is attached as APPENDIX B to this Official Statement. The financial statements were prepared by the City and audited by Badawi & Associates (the "Auditor").

The financial statements should be read in their entirety. The City has neither requested nor obtained permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City or General Fund. In addition, the Auditor has not reviewed this Official Statement.
Set forth on the following pages are (i) a general fund balance sheet for fiscal years 2014-15 through 2018-19 and (ii) a statement of revenues, expenditures and changes in fund balance for the City’s General Fund for the same period.
## Table A-2

**CITY OF EL CERRITO**

**General Fund Balance Sheet**

*(Audited)*

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<tbody>
<tr>
<td>ASSETS:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$1</td>
<td>$5,116,309</td>
<td>$3,107,248</td>
<td>$3,419,338</td>
<td>$4,349,089</td>
</tr>
<tr>
<td>Cash with fiscal agents</td>
<td>10,170</td>
<td>10,187</td>
<td>10,205</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>29,493</td>
<td>155,287</td>
<td>3,743</td>
<td>9,530</td>
<td>--</td>
</tr>
<tr>
<td>Due from other governments</td>
<td>3,253,667</td>
<td>1,663,837</td>
<td>2,348,549</td>
<td>2,778,497</td>
<td>2,113,059</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>--</td>
<td>1,270,421</td>
<td>1,671,263</td>
<td>385,338</td>
<td>951,617</td>
</tr>
<tr>
<td>Advance to other funds</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>988,351</td>
<td>317,967</td>
</tr>
<tr>
<td>Due from El Cerrito Redevelopment Agency</td>
<td>--</td>
<td>--</td>
<td>873,766</td>
<td>1,321,189</td>
<td>1,321,189</td>
</tr>
<tr>
<td>Successor Agency</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Inventory</td>
<td>73,942</td>
<td>110,975</td>
<td>23,595</td>
<td>11,537</td>
<td>11,772</td>
</tr>
<tr>
<td>Prepaids</td>
<td>54,300</td>
<td>59,378</td>
<td>97,381</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Land held for resale or redevelopment</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>3,421,573</strong></td>
<td><strong>8,386,394</strong></td>
<td><strong>8,135,750</strong></td>
<td><strong>8,913,780</strong></td>
<td><strong>9,064,693</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>732,767</td>
<td>883,120</td>
<td>524,897</td>
<td>346,261</td>
<td>888,579</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>47,553</td>
<td>61,268</td>
<td>1,081,986</td>
<td>1,102,088</td>
<td>1,231,944</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>849,386</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Deposits payable</td>
<td>296,624</td>
<td>500,000</td>
<td>515,730</td>
<td>645,593</td>
<td>804,162</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>33,731</td>
<td>47,682</td>
<td>515,730</td>
<td>65,000</td>
<td>80,381</td>
</tr>
<tr>
<td>Note payable</td>
<td>--</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>6,000,000</td>
<td>6,000,000</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,960,061</strong></td>
<td><strong>6,492,552</strong></td>
<td><strong>7,170,002</strong></td>
<td><strong>8,159,439</strong></td>
<td><strong>9,005,066</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DEFERRED INFLOWS OF RESOURCES</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unavailable revenue - sales tax</td>
<td>--</td>
<td>--</td>
<td>147,028</td>
<td>666,771</td>
<td>116,319</td>
</tr>
<tr>
<td>Unavailable revenue - due from other governments</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Unavailable revenue - loans receivable</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total deferred inflows of resources</strong></td>
<td>--</td>
<td>--</td>
<td>147,028</td>
<td>666,771</td>
<td>116,319</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Balances:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advance to other funds</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>988,351</td>
<td>317,967</td>
</tr>
<tr>
<td>Due from El Cerrito Redevelopment Agency</td>
<td>--</td>
<td>--</td>
<td>873,766</td>
<td>1,321,189</td>
<td>1,321,189</td>
</tr>
<tr>
<td>Successor Agency</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Items not in spendable form:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaids and Inventory</td>
<td>128,242</td>
<td>170,353</td>
<td>120,976</td>
<td>11,537</td>
<td>11,772</td>
</tr>
<tr>
<td>Restricted</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Redevelopment projects &amp; programs</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Solar Project</td>
<td>10,170</td>
<td>10,187</td>
<td>10,205</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Assigned to various contrast</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Unassigned</td>
<td>1,323,100</td>
<td>1,713,302</td>
<td>(186,277)</td>
<td>(2,233,507)</td>
<td>(1,707,620)</td>
</tr>
<tr>
<td><strong>Total fund balances</strong></td>
<td><strong>1,461,512</strong></td>
<td><strong>1,893,842</strong></td>
<td><strong>818,720</strong></td>
<td><strong>87,570</strong></td>
<td><strong>(56,692)</strong></td>
</tr>
</tbody>
</table>

| Total liabilities and fund balances | **$3,421,573** | **$8,386,394** | **$8,135,750** | **$8,913,780** | **$9,064,693** |

---

*Source: City of El Cerrito Comprehensive Annual Financial Reports.*
Table A-3  
CITY OF EL CERRITO  
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance  
(Audited)  

Fiscal Year 2014-15 | Fiscal Year 2015-16 | Fiscal Year 2016-17 | Fiscal Year 2017-18 | Fiscal Year 2018-19  
---|---|---|---|---  
**Revenues:**  
Taxes and assessments | $19,555,328 | $21,444,662 | $23,367,464 | $23,829,757 | $26,994,983  
Licenses and permits | 493,244 | 607,729 | 719,843 | 767,706 | 775,876  
Fines and penalties | 276,759 | 326,544 | 350,855 | 222,173 | 157,264  
Use of money and property | 4,036,613 | 3,621,780 | 3,373,887 | 4,115,543 | 4,091,055  
Intergovernmental revenues | 4,275,245 | 4,391,219 | 5,740,974 | 6,099,394 | 6,933,840  
Other revenues | 1,687,744 | 1,769,422 | 2,157,162 | 2,405,103 | 2,522,098  
Total revenues | 29,106,405 | 31,471,869 | 34,476,441 | 35,783,921 | 39,353,732  
**Expenditures:**  
Current:  
General government | 3,728,457 | 4,359,038 | 4,927,484 | 5,248,920 | 5,934,956  
Public works | 642,199 | 1,116,997 | 1,443,104 | 1,673,715 | 1,967,260  
Recreation | 4,153,881 | 4,465,879 | 4,818,238 | 5,183,872 | 5,794,027  
Community development | 1,687,744 | 1,769,422 | 1,575,316 | 2,050,103 | 2,522,098  
Public safety | 18,460,592 | 19,325,987 | 20,277,045 | 21,261,548 | 23,879,219  
Payment of sales tax to City of Richmond | 245,599 | -- | -- | -- | --  
Capital outlay | 135,283 | 182,594 | 45,770 | 276,683 | 276,683  
Debt service: principal | 90,858 | 93,373 | 95,955 | 98,616 | 126,504  
Debt service: interest | -- | -- | 106,389 | 103,732 | 134,436  
Total expenditures | 29,144,613 | 31,313,290 | 33,871,151 | 36,252,189 | 40,202,753  
Excess of revenues over (under) expenditures | (38,208) | 158,579 | 605,290 | (468,268) | (849,021)  
**Other financing sources (uses):**  
Proceeds from sale of capital assets | -- | 7,290 | -- | -- | --  
Issuance of debt | -- | -- | -- | -- | --  
Transfers in | 900,857 | 890,194 | 54,583 | 54,583 | 1,117,990  
Transfers out | (671,603) | (623,733) | (456,668) | (317,465) | (1,330,107)  
Capital lease financing | -- | -- | -- | -- | 116,121  
Total other financing sources (uses) | 229,254 | 273,751 | (402,085) | (262,882) | (95,996)  
Proceeds of sale of land from Contra Costa County | -- | -- | -- | -- | 800,755  
Net change in fund balance | 191,046 | 432,330 | 203,205 | (731,150) | (144,262)  
Fund balance - July 1 | 1,270,466 | 1,461,512 | 615,515 | 818,720 | 87,570  
Fund balance - June 30 | $1,461,512 | $1,893,842 | $818,720 | $87,570 | ($56,692)  

(1) As restated.  
Source: City of El Cerrito Comprehensive Annual Financial Reports.
Major Revenues

**General.** Taxes and other sources of revenue received by the City are listed in the table below. Certain general taxes currently imposed by the City are affected by Proposition 218. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 218 – Article XIIIC and Article XIIID.”

The following table presents historical audited tax revenues for fiscal years 2014-15 through 2018-19 for the City’s General Fund.

<table>
<thead>
<tr>
<th>Table A-4</th>
<th>CITY OF EL CERRITO</th>
<th>Major Tax Revenues by Source (Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fiscal Year 2014-15</td>
<td>Fiscal Year 2015-16</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>$6,804,612</td>
<td>$7,908,458</td>
</tr>
<tr>
<td>Sales Taxes(1)</td>
<td>6,455,436(2)</td>
<td>5,750,190</td>
</tr>
<tr>
<td>Local Parcel Taxes</td>
<td>1,908,856</td>
<td>1,934,752</td>
</tr>
<tr>
<td>Franchise Taxes</td>
<td>1,376,771</td>
<td>1,453,351</td>
</tr>
<tr>
<td>Business License Tax</td>
<td>722,130</td>
<td>787,122</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>3,539,300</td>
<td>319,531</td>
</tr>
<tr>
<td>Total Taxes</td>
<td>$23,913,338</td>
<td>$21,444,655</td>
</tr>
</tbody>
</table>

(1) Includes revenues from Measure A, a 1/2-cent transactions and use tax on certain retailers and other commercial enterprises within the City ("Measure A"). The revenues from Measure A are pledged to the payment of debt service on the City's 2017 Sales Tax Revenue Bonds ("Sales Tax Bonds") and will be unavailable for debt service on the Certificates. Measure A revenues for fiscal years 2014-15, 2015-16, 2016-17, 2017-18, and 2018-19 were $1,399,734, $1,800,598, $1,278,472, $1,529,550 and $1,630,826, respectively.

(2) Measure R sales tax was first levied on April 1, 2015. See “– Sales and Use Taxes – Sales Tax Rates.”

(3) Of this amount, $1,102,563 represents the City’s real property transfer tax revenues received from January through June 2019. The real property transfer tax was approved by the electorate in November 2018 and became effective in January 2019. See “– Property Taxes – Real Property Transfer Tax.”

Source: City of El Cerrito.

Property Taxes

**General.** This section describes property tax levy and collection procedures and certain information regarding historical assessed values and major property tax-payers in the City.

Property taxes represent the largest source of tax revenue to the City. See “– Assessed Valuation” below. The City received $12,428,008 in property tax revenues (representing approximately 42.60% of total General Fund revenues) for fiscal year 2018-19, which included $1,102,563 in revenues from the City’s real property transfer tax, which was approved by the electorate in November 2018 and first collected in January 2019. See “– Real Property Transfer Tax.”
Property taxes have historically been the primary revenue source affected by voter initiatives and legislative actions. With approval of Proposition 13, property tax revenues were curtailed when they were reduced by two-thirds and thereafter limited to 2% annual increases or the CPI, whichever was less. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.”

**ERAF Shift Legislation.** Certain property taxes have been shifted from local government agencies to schools by the State Legislature for deposit in the Education Revenue Augmentation Fund (“ERAF”), a shift that has resulted in diversion of City property taxes since fiscal year 1992-93. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 1A.” There can be no assurance that the State will not undertake future ERAF shifts.

**Levy and Collection.** Property taxes are levied for each fiscal year on taxable real and personal property as of the preceding January 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed public utilities property and real property the taxes on which are a lien sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State of California and may be sold at public auction.

Property taxes on the unsecured roll are due as of the January 1 lien dates and become delinquent on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Beginning in 1978-79, Proposition 13 and its implementing legislation shifted the function of property tax allocation to the counties, except for levies to support prior voted debt, and prescribed how levies on countywide property values are to be shared with local taxing entities within each county.

**Assessed Valuation.** All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.”
Future assessed valuation growth allowed under Article XIII-A (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

Assessed Valuation History. The following table shows a ten-year history of the City’s assessed valuation.

Table A-5
CITY OF EL CERRITO
Assessed Value of Taxable Property
Fiscal Years 2010-11 to 2019-20

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Local Secured</th>
<th>Utility</th>
<th>Unsecured</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>$2,921,297,403</td>
<td>$0</td>
<td>$39,345,699</td>
<td>$2,960,643,102</td>
</tr>
<tr>
<td>2011-12</td>
<td>2,881,842,764</td>
<td>0</td>
<td>38,112,554</td>
<td>2,919,955,318</td>
</tr>
<tr>
<td>2012-13</td>
<td>2,811,186,014</td>
<td>0</td>
<td>37,430,254</td>
<td>2,848,616,268</td>
</tr>
<tr>
<td>2013-14</td>
<td>2,961,865,602</td>
<td>0</td>
<td>40,596,347</td>
<td>3,002,461,949</td>
</tr>
<tr>
<td>2014-15</td>
<td>3,222,404,322</td>
<td>0</td>
<td>41,830,854</td>
<td>3,264,235,176</td>
</tr>
<tr>
<td>2015-16</td>
<td>3,547,584,767</td>
<td>0</td>
<td>41,828,039</td>
<td>3,589,412,806</td>
</tr>
<tr>
<td>2016-17</td>
<td>3,789,900,085</td>
<td>0</td>
<td>40,622,301</td>
<td>3,830,522,386</td>
</tr>
<tr>
<td>2017-18</td>
<td>4,051,635,481</td>
<td>0</td>
<td>37,711,053</td>
<td>4,089,346,534</td>
</tr>
<tr>
<td>2018-19</td>
<td>4,304,672,359</td>
<td>0</td>
<td>39,306,939</td>
<td>4,343,979,298</td>
</tr>
<tr>
<td>2019-20</td>
<td>4,555,822,972</td>
<td>0</td>
<td>43,922,044</td>
<td>4,599,745,016</td>
</tr>
</tbody>
</table>

Source: California Municipal Statistics, Inc.

Proposition 13 and Proposition 8 Property Value Adjustments. Proposition 13, passed in 1978, established the base year value concept for property tax assessments. Under Proposition 13, the 1975-76 fiscal year serves as the original base year used in determining the assessment for real property. Thereafter, annual increases to the base year value are limited to the inflation rate, as measured by the California Consumer Price Index, or 2%, whichever is less. A new base year value, however, is established whenever a property, or portion thereof, has had a change in ownership or has been newly constructed.

Proposition 8, enacted in 1978, allows for a temporary reduction in assessed value when a property suffers a “decline-in-value.” As of the January 1st (lien date) each year, the Assessor must enroll either a property’s Proposition 13 value (adjusted annually for inflation by no more than 2%) or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 value, the lower value is commonly referred to as a “Proposition 8 Value.” “Proposition 8 values” are temporary and, once enrolled, must be reviewed annually by the assessor until the Proposition 13 adjusted base year value is enrolled.
**Major Property Taxpayers.** The following table shows the principal property taxpayers in the City as determined by their secured assessed valuations in fiscal year 2019-20.

### Table A-6
**CITY OF EL CERRITO**
Principal Property Taxpayers

<table>
<thead>
<tr>
<th>Taxpayer</th>
<th>Taxable Assessed Value</th>
<th>Rank</th>
<th>Percentage of Total City Taxable Assessed Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCD-RCCA-El Cerrito LLC</td>
<td>$97,927,554</td>
<td>1</td>
<td>2.15%</td>
</tr>
<tr>
<td>KMF X El Cerrito LLC</td>
<td>58,964,411</td>
<td>2</td>
<td>1.29%</td>
</tr>
<tr>
<td>El Cerrito Shopping Center LLC</td>
<td>46,539,943</td>
<td>3</td>
<td>1.02%</td>
</tr>
<tr>
<td>Creekside Walk Ventures LLC</td>
<td>30,089,071</td>
<td>4</td>
<td>0.66%</td>
</tr>
<tr>
<td>MG Garden View Apartments LP</td>
<td>23,068,391</td>
<td>5</td>
<td>0.51%</td>
</tr>
<tr>
<td>Lucky FLA Nocal Investor LLC</td>
<td>19,285,000</td>
<td>6</td>
<td>0.42%</td>
</tr>
<tr>
<td>Civic Plaza Riley Group LLC</td>
<td>17,364,272</td>
<td>8</td>
<td>0.38%</td>
</tr>
<tr>
<td>RB Del Norte LLC</td>
<td>17,194,257</td>
<td>7</td>
<td>0.38%</td>
</tr>
<tr>
<td>1755 Eastshore LLC</td>
<td>12,484,800</td>
<td>9</td>
<td>0.27%</td>
</tr>
<tr>
<td>Longs Drug Stores Inc.</td>
<td>11,501,089</td>
<td>10</td>
<td>0.25%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$334,418,788</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Fiscal Year 2018-19 Local Secured Assessed Valuation: $4,555,822,972.
(2) Shopping center.
(3) Multifamily housing.

Source: City of El Cerrito Comprehensive Annual Financial Report.

**Teeter Plan.** The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions, including the City, for which the County acts as the tax-levying or tax-collecting agency. The Teeter Plan was effective beginning the fiscal year commencing July 1, 1993.

The Teeter Plan is applicable to all tax levies on secured property for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the City) for which the County acts as the tax-levying or tax-collecting agency.
**Real Property Transfer Tax.** The City’s real property transfer tax was approved by the electorate in November 2018, became effective in January 2019 and is expected to generate approximately $2.7 million annually. The tax is $12 for each $1,000 of the value of consideration paid for a transfer of real property, or fractional part of each $1,000 of the value of consideration.

**Sales and Use Taxes**

Sales and use taxes represent the second largest source of tax revenue to the City. This section describes the current system for levying, collecting and distributing sales and use tax revenues in the State of California. The City received $8,318,511 in sales tax revenue (representing approximately 28.51% of total General Fund revenues) for fiscal year 2018-19.

**Sales Tax Rates.** The City collects a percentage of taxable sales in the City (minus certain administrative costs imposed by the State Board of Equalization) pursuant to the Bradley-Burns Uniform Local Sales and Use Tax (the “Sales Tax Law”), as shown below.

At an election held on November 2, 2010, the voters of the City approved Measure R (by a majority vote), a measure to increase the sales tax in the City by a half-cent, to be used by the City for general purposes. Measure R was set to expire after seven years; however, in November 2014, El Cerrito voters approved the extension and increase of Measure R at the one percent sales tax rate for 12 years. The new sales tax rate went into effect on April 1, 2015, and will end on March 31, 2027. This increased El Cerrito’s sale tax rate to 10% and is expected to generate approximately an additional $1.4 million per year.

At a February 2008 election, a majority of City voters approved Measure A, which increased sales tax by a one-half cent to be used exclusively for street improvements. Prior to 2008, the City faced a backlog of street maintenance and repairs. Measure A accelerated work plan was a multi-year, intensive pothole and street repair program designed to rapidly improve the City’s street system and to complete the repairs in the most efficient and quickest way possible. As part of the Measure A Street Improvement Program, construction as completed on the 2013-14 Street Improvement Project, 2014 Pavement Rehabilitation Project, 2014 Patch Paving Program, and 2015 Slurry Seal and Curb Ramp Project to repair and resurface various streets as well as install related improvements to curb, gutter, sidewalk, curb ramps, storm drain facilities and traffic striping.

Currently, taxable transactions in the City are subject to the following sales and use tax, of which the City’s share is only a portion. The State collects and administers the tax, and makes distributions on taxes collected within the City, as follows:
Table A-7
CITY OF EL CERRITO
Sales Tax Rates
As of April 1, 2020

<table>
<thead>
<tr>
<th>Component</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide</td>
<td>7.25%</td>
</tr>
<tr>
<td>Contra Costa County Transportation Authority</td>
<td>0.50</td>
</tr>
<tr>
<td>Bay Area Rapid Transit District</td>
<td>0.50</td>
</tr>
<tr>
<td>El Cerrito Measure A (Streets)</td>
<td>0.50</td>
</tr>
<tr>
<td>El Cerrito Measure R (General Fund)</td>
<td>1.00</td>
</tr>
<tr>
<td><strong>Total Tax Rate</strong></td>
<td>9.75%</td>
</tr>
</tbody>
</table>

Source: CDTFA.

Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State of California. The use tax is imposed on the purchase, for storage, use, or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State of California where the use will occur within the State of California. For additional information, see Publication No. 44 (July 2019) entitled “District Taxes (Sales and Use Taxes)”, which can be found on the CDTFA's website at https://www.cdtfa.ca.gov/formspubs/pub44.pdf. The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City and is not incorporated in this Official Statement by reference.

Certain transactions are exempt from the State sales tax, including sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity, and water when delivered to consumers through mains, lines, and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization’s Publication No. 61 (March 2018) entitled “Sales and Use Taxes: Exemptions and Exclusions,” which can be found on the State Board of Equalization’s website at http://www.boe.ca.gov/. The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City, and is not incorporated in this Official Statement by reference.

**Sales Tax Collection Procedures.** Collection of the sales and use tax is administered by the CDTFA. This process was formerly administered by the State Board of Equalization. The Taxpayer Transparency and Fairness Act of 2017, which took effect July 1, 2017, restructured the State Board of Equalization and separated its functions among three separate
entities: the State Board of Equalization, the CDTFA, and the Office of Tax Appeals. The State Board of Equalization will continue to perform the duties assigned to it by the state Constitution, while all other duties will be transferred to the newly established CDTFA and the Office of Tax Appeals. CDTFA will handle most of the taxes and fees previously collected by the State Board of Equalization, including sales and use tax.

Under the Sales and Use Tax Law, all sales and use taxes collected by the CDTFA under a contract with any city, city and county, redevelopment agency, or county are required to be transmitted by the CDTFA to such city, city and county, redevelopment agency, or county periodically as promptly as feasible. These transmittals are required to be made at least twice in each calendar quarter.

Under its procedures, the CDTFA projects receipts of the sales and use tax on a quarterly basis and remits an advance of the receipts of the sales and use tax to the City on a monthly basis. The amount of each monthly advance is based upon the CDTFA’s quarterly projection. During the last month of each quarter, the CDTFA adjusts the amount remitted to reflect the actual receipts of the sales and use tax for the previous quarter.

According to the CDTFA, it distributes quarterly tax revenues to cities, counties, and special districts using the following method:

Using the prior year’s quarterly tax allocation as a starting point, the CDTFA first eliminates nonrecurring transactions such as fund transfers, audit payments, and refunds, and then adjusts for growth, in order to establish the estimated base amount. The CDTFA disburses 90% to each local jurisdiction in three monthly installments (advances) prior to the final computation of the quarter’s actual receipts. Ten percent is withheld as a reserve against unexpected occurrences that can affect tax collections (such as earthquakes, fire, or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 30% of the 90% distribution, while the third advance represents 40%. One advance payment is made each month, and the quarterly reconciliation payment (clean-up) is distributed in conjunction with the first advance for the subsequent quarter. Statements showing total collections, administrative costs, prior advances, and the current advance are provided with each quarterly clean-up payment.

The CDTFA receives an administrative fee based on the cost of services provided by the CDTFA to the City in administering the City’s sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City.

Other Taxes and Revenues

Utility Users Tax. The utility users tax (“UUT”) was initially approved by the voters of the City in 1991 and revised with voter approval of the ordinance in 2004. The tax has generated approximately $3 million in revenues annually for the General Fund. The ordinance calls for an 8% tax to be assessed by providers of gas, electricity, water, telephone and video/television services to all City customers and then remitted to the City. These revenues are subject to changes in market conditions, weather, and/or pricing in the sectors subject to the utility user tax ordinance. Although use of these services is generally declining, prices and rates are generally increasing on these services. Therefore, a slight decrease in overall utility user revenues is projected for coming fiscal years.
**Business License Tax.** Business License Taxes are imposed on certain types of businesses in the City and has reflected about $850,000 of General Fund revenue annually. The tax is based on factors such as a business’s number of employees or vehicles, its annual gross receipts, or a property owner’s number of residential rental units. A slight increase is projected in the new few years.

**Franchise Taxes.** Franchise taxes are paid by utilities based on various methodologies and represent over $1 million in General Fund revenue. They are projected to increase slightly over the new few years.

**Other Taxes.** Other taxes include the Transient Occupancy Tax, a 10% tax on room rates for hotels and motels, and other minor taxes. Other taxes are a minor General Fund revenue source, projected to increase slightly over the new few years.

**Tax Sharing with City of Richmond**

Pursuant to an agreement dated November 18, 1991 (the “Tax Sharing Agreement”), between the City and the City of Richmond (“Richmond”), the City and Richmond agreed that, with respect to a Home Depot located on a site consisting of 8 parcels located in the City and 13 parcels located in Richmond, the City will be allocated 30%, and Richmond will be allocated 70%, of sales taxes, property taxes, utility users’ taxes and business license taxes to be generated by the Home Depot (“Home Depot Tax Revenues”). Under the Tax Sharing Agreement, if either party receives more than its allocated share of aggregate Home Depot Tax Revenues, it must, within 30 days of each January 15 and July 15, transmit the excess above the allocated share to the other party.

**Long-Term General Fund Obligations**

Set forth below is a summary of long-term obligations payable from the City’s General Fund.

**2019-20 Tax and Revenue Anticipation Notes.** On July 28, 2019, the City issued its 2019-20 Tax and Revenue Anticipation Notes (the “2019-20 TRAN”), in the aggregate principal amount of $9,000,000, in a private placement with West America Bank. The 2019-20 TRAN matures in July 2020 and is payable from taxes, income, revenue, cash receipts and other moneys that are received by the City for the General Fund for fiscal year 2019-20. As security for the payment of the principal of and interest on the 2019-20 TRAN, the City has pledged the first “unrestricted moneys” (as defined below) to be received by the City as follows: (a) an amount equal to 50% of the principal amount of the 2019-20 TRAN in February 2020; (b) an amount equal to 50% of the principal amount of the 2019-20 TRAN in May 2020; and (c) an amount sufficient to pay interest as due on the 2019-20 TRAN at maturity, in June 2020 (collectively, “Pledged Revenues”). The principal of and interest on the 2019-20 TRAN constitutes a first lien and charge on, and is payable from, the Pledged Revenues. To the extent not so paid from the Pledged Revenues, the 2019-20 TRAN will be paid from any other moneys of the City lawfully available for such purpose. The term “unrestricted moneys” means taxes, income, revenue, cash receipts, and other moneys intended as receipts for the General Fund for fiscal year 2019-20 and that are generally available for the payment of current expenses and other obligations of the City.
2017 Certificates of Participation. On January 26, 2017, the MUFG Union Bank, N.A., executed and delivered 2017 Certificates of Participation (2006 City Hall Lease Refinancing) (the “2017 Certificates”), in the original principal amount of $7,040,000. The 2017 Certificates were outstanding in the principal amount of $6,760,000 as of June 30, 2019. Principal payments are due annually on January 15, with interest payments payable semi-annually on January 15 and July 15 through January 15, 2036. The City has covenanted in the related Lease Agreement (payments under which are certificated by the 2017 Certificates) to take such action as may be necessary to include all estimated Lease Payments and all estimated Additional Payments due under the Lease Agreement in each of its final approved budgets.

2012 Lease Revenue Bonds. On September 26, 2012, the El Cerrito Public Financing Authority issued Lease Revenue Refunding Bonds, Series 2012 (the “2012 Bonds”), in the original principal amount of $2,516,500 at 1.960% interest to provide for the refunding of the City’s outstanding 2002 Swim Center Lease Revenue Bonds. The 2012 Bonds were outstanding in the principal amount of $535,600 as of June 30, 2019. Principal payments are due annually on September 1, with interest payments payable semi-annually on March 1 and September 1 through September 1, 2020. Parcel tax revenues are pledged for the repayment of the 2012 Bonds. If parcel tax revenues are insufficient to pay the annual principal and interest payments on the 2012 Bonds, the City has covenanted to use General Fund revenues.

Solar Photovoltaic Capital Lease. On December 5, 2012, the City entered into a lease agreement in the amount of $1,595,300 at 2.75% interest with Green Campus Partners, LLC (the “Solar Lease”), to finance the purchase and installment of six solar photovoltaic electricity generation systems as six different sites in the City. Semiannual principal and interest payments of $65,236 are due each December 1 and June 1 through December 1, 2027. The Solar Lease had an outstanding principal amount of $982,950 as of June 30, 2019.

Installment Payments Relating to Redevelopment Agency’s Dissolution

The El Cerrito Redevelopment Agency (“Dissolved Redevelopment Agency”) was dissolved effective February 1, 2012, in accordance with legislation dissolving all redevelopment agencies in the State of California. In accordance with Part 1.85 of Division 24 of the California Health and Safety Code (Section 34170 et seq.) (the “Dissolution Law”), the City elected to act as the successor agency to the Dissolved Redevelopment Agency (the “Successor Agency”). The Dissolution Law provides that the Successor Agency is a separate entity from the City.

The Dissolution Law required that the Successor Agency prepare a Due Diligence Review of the Dissolved Redevelopment Agency’s accounts and assets to determine the amount of tax increment available for distribution to other taxing entities. The Successor Agency Due Diligence Review for the Dissolved Redevelopment Agency’s Other Funds and Accounts (“OFA DDR”) determined that there were no funds available for distribution to the taxing entities because all of the dissolved Redevelopment Agency’s funds had been transferred to the El Cerrito Municipal Services Corporation (“MSC”), an independent nonprofit corporation. The Oversight Board approved the OFA DDR finding that there were no funds available for distribution to the taxing entities.

Upon review of the OFA DDR, the California Department of Finance (“DOF”) determined that the transfer of the funds to the MSC was an unallowable transfer and ordered $1,981,989
returned to the Successor Agency for distribution to the County Auditor-Controller. The City, the Successor Agency and MSC filed a petition with the Sacramento Superior Court challenging the DOF’s determination; however, the court agreed with DOF’s determination. The City, Successor Agency and MSC have appealed the trial court decision and the appeal has been fully briefed and is currently awaiting oral argument.

The Dissolution Law includes a provision that any Successor Agency that did not either pay the full amount determined to be owed on the OFA DDR or enter into an Installment Payment Plan Agreement with the DOF providing for payment of the amounts determined to be owed over time by December 31, 2015, would not be eligible for a Finding of Completion from the DOF. The receipt of a Finding of Completion provides certain benefits to the Successor Agency, including the ability to spend unencumbered bond proceeds, the eligibility to re-enter into City/Disolved Redevelopment Agency loans that were nullified by the Dissolution Law and the ability to obtain approval of a Long Range Property Management Plan allowing for an orderly disposition of the Dissolved Redevelopment Agency’s real property assets.

In order to get a Finding of Completion, the City and DOF agreed to a five-installment payment plan ("Installment Payment Plan") in December 2015 whereby the City agreed to pay the $1,981,989 to the County Auditor-Controller so that the amount can be disbursed to other taxing agencies (including the City itself, which gets 22% of the distributions from the Dissolved Redevelopment Agency). All installment payments have been made. The City made the payments from residual property tax moneys that came to the City through the Redevelopment Property Tax Trust Fund (which is disbursed pursuant to the Dissolution Law) and from the proceeds of a $350,000 loan from the MSC that has no specific repayment date. The City must also repay the $350,000 loan from the MSC.

If the City were to prevail in its appeal, the amounts paid under the Installment Payment Plan would be placed on the Successor Agency’s Recognized Obligation Payment Schedule, and the City would be permitted to recover such money from future County Auditor-Controller distributions to the City.

### Employee Relations

The City had 179 authorized positions at the beginning of fiscal year 2019-20, of which 47 were sworn Police personnel and 34 were sworn Fire personnel. The City’s employees are represented by four labor groups, and Management, Confidential, and Aquatics employees are unrepresented.

<table>
<thead>
<tr>
<th>Labor Group</th>
<th>Number of Employees</th>
<th>Contract Expiration Date&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Safety - Police</td>
<td>47</td>
<td>12/31/2022</td>
</tr>
<tr>
<td>Public Safety - Fire</td>
<td>34</td>
<td>6/30/2021</td>
</tr>
<tr>
<td>SEIU</td>
<td>48</td>
<td>6/30/2022</td>
</tr>
<tr>
<td>Public Safety Management</td>
<td>10</td>
<td>Varies by classification</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Upon expiration, contract continues on existing terms until renegotiated.

There have been no work stoppages by City employees.
Risk Management

The City is a member of the Municipal Pooling Authority of Northern California. The Authority provides coverage against loss risks under the terms of a joint-powers agreement with the City and several other cities and governmental agencies.

See Note 12 in the City's fiscal year 2018-19 audited financial statements, which are attached to this Official Statement as Appendix B, for additional information about the City's risk management practices.

Employee Retirement System

This caption contains certain information relating to California Public Employees’ Retirement System ("CalPERS"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement. None of the Authority, City or Underwriter can guarantee the accuracy of such information. Actuarial assessments are “forward-looking” statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

GASB Statement No. 68. In June 2012, the GASB adopted new standards (GASB Statement No. 68, or “GASB 68”) with respect to accounting and financial reporting by state and local government employers for defined benefit pension plans. The new standards revise the accounting treatment of defined benefit pension plans, changing the way expenses and liabilities are calculated and how state and local government employers report those expenses and liabilities in their financial statements. Major changes include: (i) the inclusion of unfunded pension liabilities on the government’s balance sheet (previously, such unfunded liabilities were typically included as notes to the government’s financial statements); (ii) pension expense incorporates more rapid recognition of actuarial experience and investment returns and is no longer based on the employer’s actual contribution amounts; (iii) lower actuarial discount rates that are required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities that are required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns to will be recognized over a closed five-year smoothing period. The reporting requirements took effect in fiscal year 2014-15. Based on the adoption of the new accounting standards, beginning with the fiscal year 2014-15 actuarial valuation, the annual required contribution and the annual pension expense will be different. GASB 68 is a change in accounting reporting and disclosure requirements, but it does not change the City’s pension plan funding obligations.

Information shown in this section that has been sourced from a CalPERS Actuarial Valuation Report has not been prepared in accordance with GASB 68. For a presentation of additional information that is required by GASB 68, see Note 10 to the City’s Comprehensive
Plan Description. All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police and fire) and Miscellaneous (all other) Employee Pensions Plans (the “Plans”), cost-sharing multiple employer defined benefit pension plans administered by CalPERS. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The provisions and benefits of each plan that were in effect at June 30, 2019, are summarized as follows:

<table>
<thead>
<tr>
<th>Miscellaneous Plan</th>
<th>Hire Date</th>
<th>Benefit</th>
<th>Benefit vesting schedule</th>
<th>Benefit payments</th>
<th>Retirement age</th>
<th>Monthly benefits, as a % of eligible compensation</th>
<th>Required employee contribution rates</th>
<th>Required employer contributions rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prior to January 1, 2013</td>
<td>2.7% @ 55</td>
<td>5 years of service</td>
<td>Monthly for life</td>
<td>50</td>
<td>2.00% - 2.70%</td>
<td>8.00%</td>
<td>21.87%</td>
</tr>
<tr>
<td></td>
<td>On or after January 1, 2013</td>
<td>2% @ 62</td>
<td>5 years of service</td>
<td>Monthly for life</td>
<td>52</td>
<td>1.00% - 2.50%</td>
<td>6.25%</td>
<td>6.25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Safety - Police Plan</th>
<th>Hire Date</th>
<th>Benefit</th>
<th>Benefit vesting schedule</th>
<th>Benefit payments</th>
<th>Retirement age</th>
<th>Monthly benefits, as a % of eligible compensation</th>
<th>Required employee contribution rates</th>
<th>Required employer contributions rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prior to January 1, 2013</td>
<td>3% @ 50</td>
<td>5 years of service</td>
<td>Monthly for life</td>
<td>52</td>
<td>3.00%</td>
<td>9.00%</td>
<td>33.82%</td>
</tr>
<tr>
<td></td>
<td>On or after January 1, 2013</td>
<td>2.7% @ 57</td>
<td>5 years of service</td>
<td>Monthly for life</td>
<td>50</td>
<td>2.00% - 2.70%</td>
<td>11.50%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Safety - Fire Plan</th>
<th>Hire Date</th>
<th>Benefit</th>
<th>Benefit vesting schedule</th>
<th>Benefit payments</th>
<th>Retirement age</th>
<th>Monthly benefits, as a % of eligible compensation</th>
<th>Required employee contribution rates</th>
<th>Required employer contributions rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>On or after January 1, 2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.00%</td>
<td>11.50%</td>
<td></td>
</tr>
</tbody>
</table>
Benefit vesting schedule 2.7% @ 57
Benefit payments 5 years of service
Benefit payments Monthly for life
Retirement age 50
Monthly benefits, as a % of eligible compensation 2.00% - 2.70%
Required employee contribution rates 11.50%
Required employer contributions rates 11.50%

The City is required to contribute at an actuarially determined rate of annual covered payroll, plus a fixed payment of unfunded liability. The actuarially determined rates and amounts for each plan for the fiscal years ended June 30, 2019, through June 30, 2021, are as follows:

### City's Required Employer Contribution Rate

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Employer Normal Cost Rate</th>
<th>Employer Payment of Unfunded Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Plan - Classic</td>
<td>12.212%</td>
<td>$1,231,229</td>
</tr>
<tr>
<td>Miscellaneous Plan - PEPRA</td>
<td>6.842</td>
<td>1,846</td>
</tr>
<tr>
<td>Safety-Police Plan - Classic</td>
<td>20.556</td>
<td>2,498,404</td>
</tr>
<tr>
<td>Safety-Police Plan - PEPRA</td>
<td>12.141</td>
<td>1,212</td>
</tr>
<tr>
<td>Safety-Fire Plan - PEPRA</td>
<td>12.141</td>
<td>1,282</td>
</tr>
<tr>
<td>2019-20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Plan - Classic</td>
<td>13.182%</td>
<td>$1,404,112</td>
</tr>
<tr>
<td>Miscellaneous Plan - PEPRA</td>
<td>6.985</td>
<td>2,729</td>
</tr>
<tr>
<td>Safety-Police Plan - Classic</td>
<td>21.927</td>
<td>2,955,657</td>
</tr>
<tr>
<td>Safety-Police Plan - PEPRA</td>
<td>13.034</td>
<td>3,276</td>
</tr>
<tr>
<td>Safety-Fire Plan - PEPRA</td>
<td>13.034</td>
<td>1,813</td>
</tr>
<tr>
<td>2020-21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Plan - Classic</td>
<td>14.194%</td>
<td>$1,542,149</td>
</tr>
<tr>
<td>Miscellaneous Plan - PEPRA</td>
<td>7.732</td>
<td>4,523</td>
</tr>
<tr>
<td>Safety-Police Plan - Classic</td>
<td>23.674</td>
<td>3,306,700</td>
</tr>
<tr>
<td>Safety-Police Plan - PEPRA</td>
<td>13.044</td>
<td>7,125</td>
</tr>
<tr>
<td>Safety-Fire Plan - PEPRA</td>
<td>13.044</td>
<td>2,967</td>
</tr>
</tbody>
</table>

*Source: CalPERS Actuarial Reports dated August 2017, August 2018, and July 2019.*

The City's total contributions to each plan in fiscal years 2017-18, 2018-19 and 2019-20 were as follows:

### Miscellaneous Plan

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total City Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>$1,267,816.78</td>
</tr>
<tr>
<td>2018-19</td>
<td>1,408,271.92</td>
</tr>
<tr>
<td>2019-20</td>
<td>1,397,760.71</td>
</tr>
</tbody>
</table>

### Safety-Police Plan

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total City Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>$1,793,825.90</td>
</tr>
<tr>
<td>2018-19</td>
<td>1,999,602.75</td>
</tr>
<tr>
<td>2019-20</td>
<td>1,849,815.04</td>
</tr>
</tbody>
</table>

### Safety-Fire Plan

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total City Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>$1,924,878.05</td>
</tr>
<tr>
<td>2018-19</td>
<td>2,202,928.89</td>
</tr>
<tr>
<td>2019-20</td>
<td>2,118,077.58</td>
</tr>
</tbody>
</table>

**Funded Status.** The following table sets forth the schedule of funding for the City's Miscellaneous, Safety-Police, and Safety-Fire pension plans for the fiscal years ended June 30, 2016, 2017, 2018.
### Miscellaneous Plan

#### Miscellaneous Plan - Classic

<table>
<thead>
<tr>
<th>Valuation Date (June 30)</th>
<th>Accrued Liability</th>
<th>Market Value of Assets</th>
<th>Unfunded Liability</th>
<th>Funded Ratio (1)</th>
<th>Annual Covered Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$49,777,692</td>
<td>$31,687,182</td>
<td>$18,090,510</td>
<td>63.7%</td>
<td>$4,863,691</td>
</tr>
<tr>
<td>2017</td>
<td>52,784,582</td>
<td>34,734,477</td>
<td>18,050,105</td>
<td>65.8</td>
<td>4,872,517</td>
</tr>
<tr>
<td>2018</td>
<td>57,323,516</td>
<td>37,269,868</td>
<td>20,053,648</td>
<td>65.0</td>
<td>4,978,297</td>
</tr>
</tbody>
</table>

#### Miscellaneous Plan - PEPRA

<table>
<thead>
<tr>
<th>Valuation Date (June 30)</th>
<th>Accrued Liability</th>
<th>Market Value of Assets</th>
<th>Unfunded Liability</th>
<th>Funded Ratio (1)</th>
<th>Annual Covered Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$228,912</td>
<td>$206,800</td>
<td>$22,112</td>
<td>90.3%</td>
<td>$1,209,913</td>
</tr>
<tr>
<td>2017</td>
<td>430,332</td>
<td>408,601</td>
<td>21,731</td>
<td>95.0</td>
<td>1,282,271</td>
</tr>
<tr>
<td>2018</td>
<td>715,573</td>
<td>658,044</td>
<td>57,529</td>
<td>92.0</td>
<td>1,487,336</td>
</tr>
</tbody>
</table>

(1) Based on the market value of assets.

*Source: CalPERS Actuarial Report Dated July 2019.*

### Safety-Police Plan

#### Safety-Police Plan - Classic

<table>
<thead>
<tr>
<th>Valuation Date (June 30)</th>
<th>Accrued Liability</th>
<th>Market Value of Assets</th>
<th>Unfunded Liability</th>
<th>Funded Ratio (1)</th>
<th>Annual Covered Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$121,203,599</td>
<td>$80,358,400</td>
<td>$40,845,199</td>
<td>66.3%</td>
<td>$7,254,709</td>
</tr>
<tr>
<td>2017</td>
<td>128,583,157</td>
<td>86,999,870</td>
<td>41,583,287</td>
<td>67.7</td>
<td>7,158,298</td>
</tr>
<tr>
<td>2018</td>
<td>138,612,535</td>
<td>91,780,070</td>
<td>46,832,465</td>
<td>66.2</td>
<td>7,353,844</td>
</tr>
</tbody>
</table>
### Safety-People Plan - PEPRA

<table>
<thead>
<tr>
<th>Valuation Date (June 30)</th>
<th>Accrued Liability</th>
<th>Market Value of Assets</th>
<th>Unfunded Liability</th>
<th>Funded Ratio (1)</th>
<th>Annual Covered Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$454,618</td>
<td>$411,347</td>
<td>$43,271</td>
<td>90.5%</td>
<td>$1,189,792</td>
</tr>
<tr>
<td>2017</td>
<td>789,467</td>
<td>742,844</td>
<td>46,623</td>
<td>94.1</td>
<td>1,617,401</td>
</tr>
<tr>
<td>2018</td>
<td>1,250,981</td>
<td>1,132,286</td>
<td>118,695</td>
<td>90.5</td>
<td>1,755,726</td>
</tr>
</tbody>
</table>

(1) Based on the market value of assets.


### Safety-Fire PEPRA Plan

<table>
<thead>
<tr>
<th>Valuation Date (June 30)</th>
<th>Accrued Liability</th>
<th>Market Value of Assets</th>
<th>Unfunded Liability</th>
<th>Funded Ratio (1)</th>
<th>Annual Covered Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$101,234</td>
<td>$89,312</td>
<td>$11,922</td>
<td>88.2%</td>
<td>$232,675</td>
</tr>
<tr>
<td>2017</td>
<td>220,456</td>
<td>209,018</td>
<td>11,438</td>
<td>94.8</td>
<td>550,581</td>
</tr>
<tr>
<td>2018</td>
<td>389,350</td>
<td>357,340</td>
<td>32,010</td>
<td>91.8</td>
<td>686,356</td>
</tr>
</tbody>
</table>

(1) Based on the market value of assets.


### Recent Actions Taken by CalPERS

On February 18, 2014, the CalPERS Board (the “CalPERS Board”) approved new demographic actuarial assumptions based on a 2013 study of recent experience. The largest impact, applying to all benefit groups, is a new 20-year mortality projection reflecting longer life expectancies and that longevity will continue to increase. Because retirement benefits will be paid out for more years, the cost of those benefits will increase as a result. The CalPERS Board also assumed earlier retirements for Police 3%@50, Fire 3%@55, and Miscellaneous 2.7%@55 and 3%@60, which will increase costs for those groups. As a result of these changes, rates increased beginning in fiscal year 2016-17 (based on the June 30, 2014 valuation) with full impact in fiscal year 2020-21.

On November 18, 2015, the CalPERS Board adopted a funding risk mitigation policy intended to incrementally lower its discount rate – its assumed rate of investment return – in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. The policy established a mechanism to reduce the discount rate by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing discount rate, currently 7.0%, by at least four percentage points. CalPERS staff modeling anticipates the policy will result in a lowering of the discount rate to 6.5% in about 21 years, improve funding levels gradually over time and cut risk in the pension system by lowering the volatility of investment returns. More information about the funding risk mitigation policy can be accessed through CalPERS’ web site at the following website address:

https://www.calpers.ca.gov/docs/funding-risk-mitigation-policy.pdf

The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City, and is not incorporated in this Official Statement by reference.
On December 21, 2016, the CalPERS Board voted to lower its discount rate from 7.5% to 7.0% over the next three years according to the following schedule.

<table>
<thead>
<tr>
<th>Valuation Date</th>
<th>Fiscal Year Required</th>
<th>Discount Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2016</td>
<td>2018-19</td>
<td>7.375%</td>
</tr>
<tr>
<td>June 20, 2017</td>
<td>2019-20</td>
<td>7.250</td>
</tr>
<tr>
<td>June 30, 2018</td>
<td>2020-21</td>
<td>7.000</td>
</tr>
</tbody>
</table>

For public agencies like the City, the new discount rate began increasing contribution costs in fiscal year 2018-19. Lowering the discount rate means employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities and that active members hired after January 1, 2013, under PEPRA will see their contribution rates rise.

On February 13, 2018, the CalPERS Board voted to shorten the period over which CalPERS will amortize actuarial gains and losses from 30 years to 20 years for new pension liabilities, effective for the June 30, 2019, actuarial valuations. Amortization payments for all unfunded accrued liability bases will be computed to remain a level dollar amount throughout the amortization period, and certain five-year ramp-up and ramp-down periods will be eliminated. As a result of the shorter amortization period, the contributions required to be made by employers may increase beginning in fiscal year 2021-22.

**Other Post-Employment Benefits ("OPEB")**

The City does not provide health care benefits to its retired employees; however, the City provides post-retirement health care benefits to employees who retire in good standing from the City by allowing them to maintain their health plan benefit level at the time of retirement at the retiree’s own cost, if permitted by the health insurance carrier. The City's medical insurance providers charge the City the same premiums for retirees who are not yet eligible for Medicare as they charge for active employees. Since retirees typically have higher health care costs than active employees, the retiree premium rates are being subsidized by the inclusion of active lives in setting rates. As of June 30, 2018, 187 employees (including inactive employees or beneficiaries currently receiving benefits and active employees) were covered by the benefit terms for the plan.

The City’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019, and in particular Note 10 thereto, includes information about the City’s post-employment healthcare liabilities and funding.

Based on an actuarial valuation as of June 30, 2017, the City’s total OPEB liability as of June 30, 2019, was $2,994,539.

For the fiscal year ended June 30, 2019, the City recognized an OPEB expense of $307,465.

**Investment Policies and Procedures**

The City invests its funds in accordance with the City’s Investment and Portfolio Policy (the “Investment Policy”), which is subject to annual review and approval by the City Council.
The purpose of the Investment Policy is to establish the investment goals of safety, liquidity, and return on investments (in that order). The Investment Policy complies with the provisions of the California Government Code, Sections 53600 through 53659 (the authority governing investments for municipal governments in the State). The Investment Policy limits the City to investments authorized by State law (Sections 53601 et seq). In addition, the Investment Policy establishes further guidelines.

It is the policy of the City to invest public funds in a manner which provides for safety of principal while providing sufficient liquidity to cover the City’s short and long-term needs while generating the appropriate yield.

The City Council receives monthly investment reports. According to the report for the month ended March 31, 2020, the City has invested funds as set forth in the table below.

<table>
<thead>
<tr>
<th>Table A-8</th>
</tr>
</thead>
<tbody>
<tr>
<td>CITY OF EL CERRITO</td>
</tr>
<tr>
<td>Investment Portfolio as of March 31, 2020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Par Value</th>
<th>Cost Value</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAIF</td>
<td>$8,201,628</td>
<td>$8,201,628</td>
<td>$8,201,628</td>
</tr>
<tr>
<td>Union Bank/Blackrock Liquidity</td>
<td>187,423</td>
<td>187,423</td>
<td>187,423</td>
</tr>
<tr>
<td>Mechanics Bank</td>
<td>1,075,647</td>
<td>1,075,647</td>
<td>1,075,647</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10,094,697</strong></td>
<td><strong>$10,094,697</strong></td>
<td><strong>$10,094,697</strong></td>
</tr>
</tbody>
</table>


Population

As of January 1, 2020, the population of the City was estimated to be 24,953. The following table presents population data for the last five years for the City, County and State.

<table>
<thead>
<tr>
<th>Table A-9</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNTY OF CONTRA COSTA</td>
</tr>
<tr>
<td>Population</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>City of El Cerrito</th>
<th>County of Contra Costa</th>
<th>State of California</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>24,559</td>
<td>1,128,405</td>
<td>39,131,307</td>
</tr>
<tr>
<td>2017</td>
<td>24,608</td>
<td>1,138,861</td>
<td>39,398,702</td>
</tr>
<tr>
<td>2018</td>
<td>24,675</td>
<td>1,145,141</td>
<td>39,586,646</td>
</tr>
<tr>
<td>2019</td>
<td>24,852</td>
<td>1,150,621</td>
<td>39,695,376</td>
</tr>
<tr>
<td>2020</td>
<td>24,953</td>
<td>1,153,561</td>
<td>39,782,870</td>
</tr>
</tbody>
</table>

Source: California State Department of Finance, Demographic Research Unit.
Employment and Industry

The Oakland-Hayward-Berkeley Metropolitan Division ("MD") encompasses Alameda and Contra Costa Counties. The unemployment rate in the Oakland-Hayward-Berkeley MD was 3.9% in March 2020, up from a revised 3.0% in February 2020, and above the year-ago estimate of 3.2%. This compares with an unadjusted unemployment rate of 5.6% for California and 4.5% for the nation during the same period. The unemployment rate was 3.8% in Alameda County and 4.0% in the County.

The table below lists employment by industry group for the County for the years 2015 to 2019.

### Table A-10
CONTRA COSTA COUNTY
Annual Averages Civilian Labor Force, Employment and Unemployment, Employment by Industry
(March 2019 Benchmark)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civilian Labor Force (1)</td>
<td>1,363,500</td>
<td>1,384,900</td>
<td>1,397,800</td>
<td>1,403,300</td>
<td>1,406,100</td>
</tr>
<tr>
<td>Employment</td>
<td>1,297,300</td>
<td>1,324,400</td>
<td>1,345,500</td>
<td>1,359,400</td>
<td>1,364,200</td>
</tr>
<tr>
<td>Unemployment</td>
<td>66,200</td>
<td>60,400</td>
<td>52,300</td>
<td>43,900</td>
<td>41,900</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>4.9%</td>
<td>4.4%</td>
<td>3.7%</td>
<td>3.1%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Wage and Salary Employment: (2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>1,200</td>
<td>1,300</td>
<td>1,400</td>
<td>1,300</td>
<td>1,400</td>
</tr>
<tr>
<td>Mining, Logging and Construction</td>
<td>63,100</td>
<td>68,200</td>
<td>71,400</td>
<td>75,100</td>
<td>75,800</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>88,100</td>
<td>91,000</td>
<td>95,500</td>
<td>100,400</td>
<td>99,600</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>47,000</td>
<td>48,100</td>
<td>48,700</td>
<td>47,500</td>
<td>45,600</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>111,800</td>
<td>113,400</td>
<td>114,400</td>
<td>114,400</td>
<td>112,100</td>
</tr>
<tr>
<td>Transportation, Warehousing and Utilities</td>
<td>37,500</td>
<td>39,200</td>
<td>40,500</td>
<td>41,900</td>
<td>42,900</td>
</tr>
<tr>
<td>Information</td>
<td>25,300</td>
<td>26,700</td>
<td>27,100</td>
<td>27,800</td>
<td>27,900</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>37,400</td>
<td>38,800</td>
<td>38,700</td>
<td>37,200</td>
<td>37,100</td>
</tr>
<tr>
<td>Real Estate and Rental and Leasing</td>
<td>16,800</td>
<td>16,900</td>
<td>17,400</td>
<td>17,800</td>
<td>18,000</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>177,200</td>
<td>180,900</td>
<td>184,300</td>
<td>189,300</td>
<td>191,900</td>
</tr>
<tr>
<td>Educational and Health Services</td>
<td>178,600</td>
<td>185,900</td>
<td>191,500</td>
<td>194,300</td>
<td>197,700</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>106,600</td>
<td>111,700</td>
<td>114,900</td>
<td>117,700</td>
<td>120,100</td>
</tr>
<tr>
<td>Other Services</td>
<td>38,100</td>
<td>39,100</td>
<td>40,200</td>
<td>41,000</td>
<td>41,300</td>
</tr>
<tr>
<td>Federal Government</td>
<td>13,800</td>
<td>13,900</td>
<td>13,800</td>
<td>13,400</td>
<td>13,400</td>
</tr>
<tr>
<td>State Government</td>
<td>39,900</td>
<td>39,700</td>
<td>39,300</td>
<td>39,400</td>
<td>39,600</td>
</tr>
<tr>
<td>Local Government</td>
<td>115,600</td>
<td>119,800</td>
<td>121,500</td>
<td>121,800</td>
<td>122,100</td>
</tr>
<tr>
<td>Total, All Industries (3)</td>
<td>1,098,000</td>
<td>1,134,600</td>
<td>1,160,600</td>
<td>1,180,400</td>
<td>1,186,700</td>
</tr>
</tbody>
</table>

---

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: Labor Division of the California State Employment Development Department.
Principal Employers

The following table shows the principal employers in the City, listed alphabetically, as shown in the City’s Comprehensive Annual Financial Report for fiscal year ending June 30, 2019.

Table A-11
CITY OF EL CERRITO
Principal Employers\(^{(1)}\)

<table>
<thead>
<tr>
<th>Employer</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Barnes and Noble</td>
<td>Nation’s</td>
</tr>
<tr>
<td>Bed Bath &amp; Beyond</td>
<td>Pastime Hardware</td>
</tr>
<tr>
<td>City of El Cerrito</td>
<td>Prospect Sierra School</td>
</tr>
<tr>
<td>CVS Pharmacy</td>
<td>Romano’s Macaroni Grill</td>
</tr>
<tr>
<td>El Cerrito Royale</td>
<td>Safeway</td>
</tr>
<tr>
<td>Fat Apple’s Restaurant</td>
<td>Shields Nursing Center</td>
</tr>
<tr>
<td>Home Depot</td>
<td>Trader Joe’s</td>
</tr>
<tr>
<td>Honda of El Cerrito</td>
<td>US Post Office</td>
</tr>
<tr>
<td>Lucky’s</td>
<td>West Contra Costa Unified School District</td>
</tr>
<tr>
<td>Berkeley Country Club</td>
<td></td>
</tr>
</tbody>
</table>

\(^{(1)}\) Data not available for total employees for each employer.
Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2016 through 2020:

Table A-12
CITY OF EL CERRITO
Effective Buying Income
2016 through 2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Area</th>
<th>Total Effective Buying Income</th>
<th>Median Household Effective Buying Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(000’s Omitted)</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>City of El Cerrito</td>
<td>$998,213</td>
<td>$70,573</td>
</tr>
<tr>
<td></td>
<td>Contra Costa County</td>
<td>37,417,068</td>
<td>68,074</td>
</tr>
<tr>
<td></td>
<td>California</td>
<td>981,231,666</td>
<td>53,589</td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>7,757,960,399</td>
<td>46,738</td>
</tr>
<tr>
<td>2017</td>
<td>City of El Cerrito</td>
<td>$1,034,072</td>
<td>$73,185</td>
</tr>
<tr>
<td></td>
<td>Contra Costa County</td>
<td>39,248,375</td>
<td>69,967</td>
</tr>
<tr>
<td></td>
<td>California</td>
<td>1,036,142,723</td>
<td>55,681</td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>8,132,748,136</td>
<td>48,043</td>
</tr>
<tr>
<td>2018</td>
<td>City of El Cerrito</td>
<td>$1,102,688</td>
<td>$78,153</td>
</tr>
<tr>
<td></td>
<td>Contra Costa County</td>
<td>42,543,271</td>
<td>74,398</td>
</tr>
<tr>
<td></td>
<td>California</td>
<td>1,113,648,181</td>
<td>59,646</td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>8,640,770,229</td>
<td>50,735</td>
</tr>
<tr>
<td>2019</td>
<td>City of El Cerrito</td>
<td>$1,182,823</td>
<td>$82,665</td>
</tr>
<tr>
<td></td>
<td>Contra Costa County</td>
<td>46,121,254</td>
<td>79,603</td>
</tr>
<tr>
<td></td>
<td>California</td>
<td>1,183,264,399</td>
<td>62,637</td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>9,017,967,563</td>
<td>52,841</td>
</tr>
<tr>
<td>2020</td>
<td>City of El Cerrito</td>
<td>$1,263,907</td>
<td>$87,166</td>
</tr>
<tr>
<td></td>
<td>Contra Costa County</td>
<td>48,775,464</td>
<td>83,242</td>
</tr>
<tr>
<td></td>
<td>California</td>
<td>1,243,564,816</td>
<td>65,870</td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>9,487,165,436</td>
<td>55,303</td>
</tr>
</tbody>
</table>

Commercial Activity

Summaries of the historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables.

Total taxable sales during calendar year 2019 in the City were reported to be $261,691,340, a 1.34% decrease from the total taxable sales of $265,240,187 reported during calendar year 2018.

### TABLE A-13
CITY OF EL CERRITO
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Retail Stores</th>
<th>Total All Outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>Taxable</td>
<td>Number</td>
</tr>
<tr>
<td>of Permits</td>
<td>Transactions</td>
<td>of Permits</td>
</tr>
<tr>
<td>2015(1)</td>
<td>$283,340</td>
<td>603</td>
</tr>
<tr>
<td>2016</td>
<td>243,393</td>
<td>612</td>
</tr>
<tr>
<td>2017</td>
<td>244,418</td>
<td>618</td>
</tr>
<tr>
<td>2018</td>
<td>246,120</td>
<td>621</td>
</tr>
<tr>
<td>2019</td>
<td>241,345</td>
<td>644</td>
</tr>
</tbody>
</table>

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Department of Tax and Fee Administration.

Total taxable sales during calendar year 2019 in the County were reported to be $18,048,985,195, a 2.51% increase over the total taxable sales of $17,607,890,223 reported during calendar year 2018.

### TABLE A-14
CONTRA COSTA COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Retail Stores</th>
<th>Total All Outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>Taxable</td>
<td>Number</td>
</tr>
<tr>
<td>of Permits</td>
<td>Transactions</td>
<td>of Permits</td>
</tr>
<tr>
<td>2015(1)</td>
<td>$11,420,248</td>
<td>23,996</td>
</tr>
<tr>
<td>2016</td>
<td>11,756,808</td>
<td>24,064</td>
</tr>
<tr>
<td>2017</td>
<td>12,302,863</td>
<td>24,114</td>
</tr>
<tr>
<td>2018</td>
<td>13,163,891</td>
<td>25,317</td>
</tr>
<tr>
<td>2019</td>
<td>13,301,946</td>
<td>26,210</td>
</tr>
</tbody>
</table>

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Department of Tax and Fee Administration.
Construction Activity

The following tables show a five-year summary of the valuation of building permits issued in the City and the County.

**TABLE A-15**

**CITY OF EL CERRITO**

Building Permit Valuation

(Valuation in Thousands of Dollars)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permit Valuation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Single-family</td>
<td>$4,480.0</td>
<td>$1,250.0</td>
<td>$1,195.0</td>
<td>$2,650.0</td>
<td>$5,569.8</td>
</tr>
<tr>
<td>New Multi-family</td>
<td>9,065.1</td>
<td>23,027.3</td>
<td>0.0</td>
<td>250.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Res. Alterations/Additions</td>
<td>9,126.4</td>
<td>8,282.4</td>
<td>8,810.0</td>
<td>9,741.2</td>
<td>9,355.4</td>
</tr>
<tr>
<td>Total Residential</td>
<td>$22,671.5</td>
<td>$32,559.7</td>
<td>$10,005.0</td>
<td>$12,641.2</td>
<td>$14,925.2</td>
</tr>
<tr>
<td>New Commercial</td>
<td>$458.2</td>
<td>$103.1</td>
<td>$374.0</td>
<td>$285.0</td>
<td>$50.0</td>
</tr>
<tr>
<td>New Industrial</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>New Other</td>
<td>4,235.6</td>
<td>1,452.7</td>
<td>2,559.9</td>
<td>13,647.6</td>
<td>1,328.9</td>
</tr>
<tr>
<td>Com. Alterations/Additions</td>
<td>2,006.5</td>
<td>987.3</td>
<td>616.8</td>
<td>2,841.5</td>
<td>5,704.6</td>
</tr>
<tr>
<td>Total Nonresidential</td>
<td>$6,700.3</td>
<td>$2,543.1</td>
<td>$3,550.7</td>
<td>$16,774.1</td>
<td>$7,083.5</td>
</tr>
</tbody>
</table>

**New Dwelling Units**

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Multiple Family</td>
<td>57</td>
<td>131</td>
<td>0</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>62</td>
<td>134</td>
<td>3</td>
<td>10</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: Construction Industry Research Board, Building Permit Summary.

**TABLE A-16**

**CONTRA COSTA COUNTY**

Building Permit Valuation

(Valuation in Thousands of Dollars)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permit Valuation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Single-family</td>
<td>$402,109.1</td>
<td>$629,638.5</td>
<td>$605,151.7</td>
<td>$541,940.5</td>
<td>$576,116.0</td>
</tr>
<tr>
<td>New Multi-family</td>
<td>82,008.6</td>
<td>123,088.7</td>
<td>155,051.9</td>
<td>55,154.8</td>
<td>169,461.5</td>
</tr>
<tr>
<td>Res. Alterations/Additions</td>
<td>256,617.8</td>
<td>301,221.7</td>
<td>312,967.0</td>
<td>354,340.6</td>
<td>337,089.0</td>
</tr>
<tr>
<td>Total Residential</td>
<td>$740,735.5</td>
<td>$1,053,948.9</td>
<td>$1,073,170.6</td>
<td>$951,435.9</td>
<td>$1,082,666.5</td>
</tr>
<tr>
<td>New Commercial</td>
<td>$94,171.8</td>
<td>$122,256.4</td>
<td>$144,878.8</td>
<td>$133,930.0</td>
<td>$200,592.4</td>
</tr>
<tr>
<td>New Industrial</td>
<td>21,149.5</td>
<td>15,020.1</td>
<td>11,624.8</td>
<td>3,552.0</td>
<td>52,919.3</td>
</tr>
<tr>
<td>New Other</td>
<td>103,359.8</td>
<td>170,219.6</td>
<td>309,861.2</td>
<td>108,530.0</td>
<td>189,246.6</td>
</tr>
<tr>
<td>Com. Alterations/Additions</td>
<td>191,855.7</td>
<td>219,320.4</td>
<td>333,717.2</td>
<td>361,757.0</td>
<td>287,139.5</td>
</tr>
<tr>
<td>Total Nonresidential</td>
<td>$410,536.8</td>
<td>$526,816.5</td>
<td>$800,082.0</td>
<td>$607,769.0</td>
<td>$729,897.8</td>
</tr>
</tbody>
</table>

**New Dwelling Units**

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family</td>
<td>1,439</td>
<td>1,909</td>
<td>1,853</td>
<td>1,732</td>
<td>1,647</td>
</tr>
<tr>
<td>Multiple Family</td>
<td>588</td>
<td>629</td>
<td>1,043</td>
<td>272</td>
<td>1,161</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,027</td>
<td>2,538</td>
<td>2,896</td>
<td>2,004</td>
<td>2,808</td>
</tr>
</tbody>
</table>

Source: Construction Industry Research Board, Building Permit Summary.
Education

The City is part of the West Contra Costa Unified School District ("WCCUSD"), which also serves other west Contra Costa County communities. In the City, WCCUSD operates one early intervention preschool, three public elementary schools, one public middle school, and one public high school. Nearby higher education institutions include Contra Costa College and the University of California-Berkeley.

Transportation

Highly developed transportation facilities of the San Francisco-Oakland Metropolitan area are readily available to the residents of the City. The City is traversed by Interstate 80 (Eastshore Freeway). Five miles north, California Highway 4 runs east from I-80 to Concord, where freeway connections can be made to San Jose (I-680), the Central Valley (I-580), and Los Angeles (I-5). The community is also served by the Bay Area Rapid Transit (BART) system with stations near both the north and south boundaries of the City, the East Bay Paratransit Service and the AC Transit bus system.
APPENDIX C

FORM OF OPINION OF BOND COUNSEL
APPENDIX D

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal, interest and other payments on the Notes to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Notes and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Notes (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Notes (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is
a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The information contained on this Internet site is not incorporated herein by reference.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.
APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of El Cerrito (the “City”) in connection with the issuance by the City of the $_____ City of El Cerrito 2020-21 Tax and Revenue Anticipation Notes (the “Notes”). The Notes are being issued pursuant to a resolution adopted by the City Council of the City on June 2, 2020, (the “Resolution”). The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Notes and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Dissemination Agent” shall mean Willdan Group, Inc., or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“Official Statement” means the final official statement dated ___________, 2020, executed by the District in connection with the issuance of the Notes.

“Participating Underwriter” shall mean Hilltop Securities Inc., the original purchaser of the Notes required to comply with the Rule in connection with offering of the Notes.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Notes:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.
(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be
given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Notes under the Resolution.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13) (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material.” The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event’s occurrence is material for purposes of U.S. federal securities law.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 3(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 4. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the City shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

Section 5. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Willdan Group, Inc.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a) it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Notes, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized Bond Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
(c) the proposed amendment or waiver either (i) is approved by holders of the Notes, or (ii) does not, in the opinion of the Trustee or nationally recognized Bond Counsel, materially impair the interests of the holders or beneficial owners of the Notes.

Section 7.  Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 8.  Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate any holder or beneficial owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 9.  Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney’s fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 10.  Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Notes and shall create no rights in any other person or entity.

Date: _____________, 2020

CITY OF EL CERRITO

By __________________________

City Manager

ACKNOWLEDGED AND ACCEPTED:

WILLDAN GROUP, INC.
City of El Cerrito
10940 San Pablo Avenue
El Cerrito, California 94530

Ladies and Gentlemen:

Hilltop Securities Inc. (the “Underwriter”) offers to enter into this Note Purchase Agreement (the “Note Purchase Agreement”) with the City of El Cerrito (the “City”). This offer is made subject to written acceptance by the City prior to 11:59 p.m., Pacific Daylight Time, on the date hereof, and, upon such acceptance, this Note Purchase Agreement will be binding upon the City and the Underwriter.

The City acknowledges and agrees that: (i) the purchase and sale of the Notes (as such term is defined below) pursuant to this Note Purchase Agreement is an arm’s-length commercial transaction between the City and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not and has not been acting as a “municipal advisor” (as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended) to the City; (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters); (iv) the Underwriter has financial interests that may differ from and be adverse to those of the City; and (v) the City has consulted its own legal, financial and other advisors to the extent that it has deemed appropriate for this transaction. The Underwriter has provided to the City prior disclosures under Rule G-17 of the Municipal Securities Rulemaking Board which have been received by the City.

1. Purchase and Sale of the Notes. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the City for reoffering to the public, and the City hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the City’s 2020-21 Tax and Revenue Anticipation Notes in the aggregate principal amount of $________ (the “Notes”). The aggregate purchase price to be paid by the Underwriter for the Notes shall be $________, being the principal amount of the Notes, [plus] original issue [premium] of $________, and less an Underwriter’s discount of $________.

2. The Notes. The Notes shall be dated its date of issuance and shall mature on July 1, 2021. The Notes is being issued under a resolution adopted by the City Council of the City (the “Resolution”), in full conformity with the Constitution and laws of the State of California including
Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the “Act”), as amended and supplemented. The Notes will bear interest at the rate of _____% per annum, priced to yield _____% to maturity. The Notes will be registered initially in the name of “Cede & Co.” as nominee of The Depository Trust Company (“DTC”) in New York, N.Y., the securities depository for the Notes.

3. **Use of Documents.** The City has delivered to the Underwriter its Preliminary Official Statement dated __________, 2020 (the “Preliminary Official Statement”). As of its date, such Preliminary Official Statement has been “deemed final” by the City for purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”), except for information permitted to be omitted by said Rule. The City agrees to deliver to the Underwriter a final Official Statement, dated the date hereof (the “Official Statement”) within seven (7) business days from the date hereof and in sufficient time to accompany any confirmations requesting payment sent to purchasers. The Preliminary Official Statement and the Official Statement shall be in the designated electronic format to comply with the Rule and the rules of the Municipal Securities Rulemaking Board (“MSRB”). The City has approved the distribution by the Underwriter of the Official Statement and the City hereby authorizes the Underwriter to use, in connection with the offer and sale of the Notes, the Official Statement and the Resolution and all information contained herein and therein and all other documents, agreements, certificates or statements furnished by the City to the Underwriter or entered into in connection with the transactions contemplated by this Note Purchase Agreement.

The City will undertake, pursuant to a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), to provide ongoing periodic disclosure and notices of the occurrence of certain listed events. A description of such undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

4. **Establishment of Issue Price.** (a) The Underwriter agrees to assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Bond Counsel (as defined herein), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Notes.

(b) Unless otherwise set forth in Exhibit A hereto, the City will treat the first price at which 10% of the Notes (the “10% test”) is sold to the public as the issue price of the Notes. At or promptly after the execution of this Note Purchase Agreement, the Underwriter shall report to the City the price or prices at which the Underwriter has sold to the public the Notes.

Subsection (c) shall apply only if the Underwriter agrees to apply the hold-the-offering-price rule, as described below.

(c) The Underwriter confirms that it has offered the Notes to the public on or before the date of this Note Purchase Agreement at the offering price (the “initial offering price”), or at the corresponding yield, set forth in Exhibit A attached hereto. Exhibit A also sets forth, as of the date of this Note Purchase Agreement, that the 10% test has not been satisfied with respect to the Notes and the City and the Underwriter agrees that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of the Notes as of the sale date as the issue price of the Notes (the “hold-the-offering-price rule”). So long as the hold-
the-offering-price rule remains applicable to the Notes, the Underwriter will neither offer nor sell any unsold portion of the Notes to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriter has sold at least 10% of the Notes to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells the Notes to the public, whether or not the Closing Date (as hereinafter defined) has occurred, until either the portion of the Notes allocated to it has been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Notes, provided that the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter and as set forth in the related pricing wires.

(B) to promptly notify the Underwriter of any sales of the Notes that, to its knowledge, is made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the Underwriter shall assume that each order submitted by an underwriter, dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Notes allocated to it, whether or not the Closing Date has occurred, until either all of the portion of the Notes allocated to it has been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Notes, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.
(e) The City acknowledges that, in making the representations set forth in this Section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes.

(f) The Underwriter acknowledges that sales of any Notes to any person that is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party;

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public);

(iii) a purchaser of any of the Notes is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) “sale date” means the date of execution of this Note Purchase Agreement by all parties.

5. Closing. At 8:00 a.m., Pacific Daylight Time, on July __, 2020, or at such other time and on such other date as shall have been mutually agreed upon by the City and the Underwriter (the
“Closing Date”), the City will deliver to the Underwriter, through the facilities of DTC, the Notes in registered form duly executed and other documents hereinafter mentioned, and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds to the order of the City (the “Closing”).

6. Representations, Warranties and Agreements of the City. The City hereby represents, warrants and agrees with the Underwriter that:

   (a) The City is a political subdivision, organized and existing pursuant to the Constitution and laws of the State of California (the “State”), and has all requisite right, power and authority to conduct its business, to adopt the Resolution, to issue the Notes and to execute this Note Purchase Agreement and the Continuing Disclosure Certificate (collectively, the “City Documents”), and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by the City Documents.

   (b) All representations and warranties set forth in the Resolution are true and correct on the date hereof and are made for the benefit of the Underwriter as if set forth herein.

   (c) (i) At or prior to the Closing, the City will have taken all actions required to be taken by it to authorize the issuance and delivery of the Notes; (ii) the execution and delivery of the Notes and the City Documents, the adoption by the City of the Resolution, and the performance by the City of the obligations contained in the City Documents, have been duly authorized and such authorization will be in full force and effect at the time of the Closing, and when duly executed and delivered the Notes and the City Documents will each constitute the valid and legally binding obligation of the City enforceable against the City in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws in effect for the protection of debtors and by application of general principles of equity; (iii) this Note Purchase Agreement has been duly executed and delivered and constitutes the valid and legally binding obligation of the City enforceable against the City in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws in effect for the protection of debtors and by application of general principles of equity; (iv) the Board of Supervisors has duly authorized the consummation by the City of all transactions contemplated by the City Documents and the Resolution; and (v) the City has authorized and approved the Preliminary Official Statement and the Official Statement and the distribution thereof by the Underwriter.

   (d) No consent, approval, authorization, license, order, filing, registration, qualification, election or referendum, of or by any person, organization, State court or State governmental agency or public body whatsoever is required for the consummation of the transactions contemplated hereby, except for such actions as have been taken or as may be necessary to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may designate (except that the City shall not be responsible for the failure to comply with any such laws or regulations with regard to Blue Sky).
(e) The adoption of the Resolution and the execution and delivery of this Note Purchase Agreement, and compliance with the provisions hereof and thereof, will not in any material respect conflict with, or constitute a breach of or default under, the City’s duties under the Resolution or any law, administrative regulation, court decree, resolution, by-laws or other agreement to which the City is subject or by which it or any of its property is bound.

(f) Except as otherwise disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before any State court or public body, pending or, to the best knowledge of the City, threatened against the City: (i) in any way affecting the existence of the City or in any way challenging the respective powers of the City or the entitlement of the officials of the City to their respective offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of the Notes, the application of the proceeds of the sale of the Notes, or the collection of revenues or taxes of the City pledged or to be pledged or available to pay the principal of and interest on the Notes, or the pledge thereof, or in any way contesting the validity of the Notes or the City Documents, or contesting the powers or authority of the City with respect to the Notes or the City Documents; or (iii) in which a final adverse decision would (a) materially adversely affect the consummation of the transactions contemplated by the City Documents, or (b) declare the City Documents to be invalid or unenforceable in whole or in material part.

(g) As of the date thereof and at all times prior to the execution of this Note Purchase Agreement, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except for information permitted to be omitted therefrom by the Rule.

(h) As of the date hereof, the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If between the date of the Official Statement and the Closing (i) any event shall occur or any pre-existing fact or condition shall become known which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall promptly notify the Underwriter thereof, and (ii) if in the reasonable opinion of the Underwriter and the City, such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the City will at its expense supplement or amend the Official Statement in a form and in a manner jointly approved by the Underwriter and the City, which approval shall not be unreasonably withheld.

(i) The City undertakes that, for a period beginning with the day on which the Notes is delivered to the Underwriter and ending on the earlier of (i) the 25th day following the end of the underwriting period, as defined in the Rule, or (ii) 90 days following Closing, it will (a) apprise the Underwriter of all material developments, if any, occurring with respect to the City and (b) if determined by the City or requested by the Underwriter, prepare a supplement to the Official Statement in respect of any such material event. The period described in the preceding sentence shall be reduced to twenty-five (25) days following the end of the underwriting period if the Official Statement has been deposited with the MSRB and is available from such depository upon request. The Underwriter hereby agrees to use its
best efforts to deposit the Official Statement with the MSRB so that such period will be reduced to twenty-five (25) days following the end of the underwriting period. Unless otherwise notified in writing by the Underwriter, the City may assume that the end of this underwriting period occurs on the date when the City delivers the Notes to the Underwriter.

(j) Between the date hereof and the Closing, without the prior written consent of the Underwriter, the City will not have issued any bonds, notes or other obligations for borrowed money except as may be described in or contemplated by the Official Statement.

(k) Any certificates signed by any official of the City and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein but not of the person signing the same.

(l) The City will punctually pay or cause to be paid the principal of and interest to become due on the Notes in strict conformity with the terms of the Resolution and the Notes and it will faithfully observe and perform all of the conditions, covenants and requirements of the Notes and the City Documents.

(m) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request in order (i) to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Note for investment under the laws of such states and other jurisdictions and will, if requested by the Underwriter, use its best efforts to continue such qualifications in effect so long as required for distribution of the Notes; provided that the City shall not be required to pay any fees in connection with the foregoing or to subject itself to service of process in any jurisdiction in which it is not presently so subject.

(n) Between the date hereof and the Closing, the City will not modify or amend the Resolution without the prior written consent of the Underwriter.

(o) The City will enter into the Continuing Disclosure Certificate in order to provide the information required therein. Except as disclosed in the Official Statement, the City has not failed to comply in all material respects with any continuing undertaking under the Rule during the previous five years.

(p) The Notes will be issued only under and within the limits of the Act, and, as such, is a general obligation of the City, but payable only out of certain taxes, income, revenue, cash receipts and other moneys to be received by the City attributable to the City’s Fiscal Year 2020-21, as set forth in the Resolution.

(q) The City’s Comprehensive Annual Financial Report (CAFR) as of June 30, 2019, for the fiscal year ended on such date, as described or set forth, as appropriate, in the Official Statement, is true, complete and correct and fairly presents the financial condition of the City as of such date and the results of its operations for such fiscal year. There has been no material adverse change in the financial condition of the City since June 30, 2019, except as described in the CAFR or the Official Statement.
(r) In order to effect the pledge of Pledged Revenues provided in the Resolution, the City hereby agrees to be deposited in the Special Account (as defined in the Resolution) (a) on [January 31, 2021], an amount equal to [50]% of the principal amount of and interest on the Notes at maturity from unrestricted revenues received by the City in [January, 2021]; and (b) on [May 31, 2021], an amount equal to [50]% of the principal amount of and interest on the Notes at maturity from unrestricted revenues received by the City in [May, 2021] (and any amounts received thereafter provided for or attributable to Fiscal Year 2020-21), until the amount on deposit in the Payment Account is equal to the percentage of the principal and interest due on the Notes.

7. Conditions to Obligations of Underwriter at Closing. The Underwriter has entered into this Note Purchase Agreement in reliance upon the representations and warranties of the City contained herein and the performance by the City of its obligations hereunder, as of the date hereof and as of the Closing. The obligation of the Underwriter to purchase the Notes at the Closing is subject to the following further conditions, any or all of which can be waived by the Underwriter in writing:

(a) The representations and warranties of the City contained herein shall be true and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing and otherwise pursuant hereto shall be true and correct in all material respects at and as of the Closing;

(b) At and as of the Closing (i) the Official Statement, this Note Purchase Agreement, the Continuing Disclosure Certificate and the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been jointly agreed to in writing by the City and the Underwriter; (ii) all actions under the Act which, in the opinion of Jones Hall, A Professional Law Corporation, Bond Counsel (“Bond Counsel”), shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the City shall perform or have performed all of its obligations required under or specified in the Resolution or this Note Purchase Agreement to be performed at or prior to the Closing;

(c) To the best knowledge of the City, based on reasonable inquiry, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, is pending or threatened against the City which has any of the effects described in Paragraph 6(f) hereof or contesting in any way the completeness or accuracy of the Official Statement; and

(d) At or prior to the Closing, the Underwriter shall have received a copy of the following documents in each case dated at and as of the Closing and satisfactory in form and substance to the Underwriter:

(1) An approving opinion of Bond Counsel as to the Notes in the form attached to the Official Statement as APPENDIX C, addressed to the City, together with a reliance letter addressed to the Underwriter;

(2) A supplemental opinion of Bond Counsel, dated the date of Closing, addressed to the Underwriter, to the effect that:
(i) The Note Purchase Agreement has been duly executed and delivered by the City and is a valid and binding agreement of the City, except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against counties in the State and except that no opinion need be expressed with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability;

(ii) The statements contained in the Official Statement in the sections thereof entitled “THE NOTES,” “TAX MATTERS,” and the Appendix containing the form of approving opinion, excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Resolution and the Notes and the form and content of the approving opinion, present a fair and accurate summary of the provisions thereof; and

(iii) The Notes are not subject to the registration requirements of Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(3) The negative assurance letter, dated the date of the Closing and addressed to the City and the Underwriter, of Jones Hall, A Professional Law Corporation, as Disclosure Counsel to the City, to the effect that based upon their participation in the preparation of the Preliminary Official Statement and the Official Statement as Disclosure Counsel to the City and without having undertaken to determine independently the accuracy or completeness of the contents in the Preliminary Official Statement and the Official Statement, such counsel has no reason to believe that the Preliminary Official Statement, as of its date and as of the date of the Note Purchase Agreement, and the Official Statement, as of its date and as of the Closing Date (except for information therein with respect to DTC or with respect to any financial, numerical or statistical data, or any estimates, assumptions and expressions of opinion, contained in the Official Statement, including any of the appendices thereto, as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein, in light of the circumstances under which they were made, not misleading in any material respect;

(4) An opinion of the City Attorney, addressed to the Underwriter, to the effect that:

(i) The City is a charter city and municipal corporation duly organized and validly existing under and by virtue of the Constitution and laws of the State of California;

(ii) The Resolution was duly adopted on June 2, 2020 at a meeting of the City Council which was called and held pursuant to law, with all public notice required by law, and at which a quorum was present and
acting throughout and the Resolution is in full force and effect and has not been amended, modified or rescinded;

(iii) There is no action, proceeding or investigation at law or in equity before or by any court, public board or body pending or, to the best of the City Attorney’s knowledge, threatened against or affecting the City in which an unfavorable decision, ruling or finding would materially adversely affect the participation of the City in, or consummation of, the transactions contemplated by the Official Statement, the Notes, the Note Purchase Agreement or the Resolution, or in any way contesting the existence of the City or its powers with respect thereto, nor, to the best of the City Attorney’s knowledge, is there any basis for any such action, suit, proceeding or investigation;

(iv) The City has full right and lawful authority to adopt the Resolution and to execute and deliver the Notes, the Note Purchase Agreement and the Official Statement, such documents have been duly authorized, executed and delivered on behalf of the City, and the Note Purchase Agreement and the Resolution constitute the legal, valid and binding obligations of the City enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or limiting creditors’ rights generally, by the principles of equity if equitable remedies are sought, by the exercise of judicial discretion and by the limitations on remedies against counties in the State;

(v) To the best of the City Attorney’s knowledge, the adoption of the Resolution and the execution and delivery of the Notes, the Note Purchase Agreement and the Official Statement and compliance by the City with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument applicable to or binding upon the City or any existing law, regulation, court order or consent decree to which the City is subject; and

(vi) Based upon examinations which we have made and our discussions in conferences with certain officials of the City and others with respect to the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement (including the Appendices attached thereto), nothing has come to our attention which would lead us to believe that the Official Statement (other than financial and statistical data therein and incorporated therein by reference and DTC and its book entry system, as to which no opinion need be expressed) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
The certificate of the City, dated the Closing Date, to the effect that:

(i) the City is a charter city and municipal corporation duly organized and existing under the Constitution and the laws of the State;

(ii) the Resolution was duly adopted at a meeting of the City Council which was called and held pursuant to law with all public notice required by law and at which a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been amended, modified or rescinded;

(iii) the adoption of the Resolution and the execution and delivery of the Notes and the City Documents and compliance with the provisions hereof and thereof, under the circumstances contemplated thereby and hereby, do not conflict with or constitute on the part of the City a material breach of or material default under any agreement or other instrument applicable or binding upon the City or any of its properties or any existing law, regulation, court order or consent decree to which the City or any of its properties is subject;

(iv) the City has full right and lawful authority to deliver the Official Statement, to execute and deliver the Notes, and to execute and deliver the City Documents, to adopt the Resolution and the City has duly authorized, executed and delivered the Official Statement and the City Documents;

(v) Except as otherwise disclosed in the Official Statement, there is no action, suit or proceeding, inquiry or investigation before or by any State court, public board or body, other than as disclosed in the Official Statement pending or, to the best knowledge of the City, threatened against or affecting the City, (a) contesting in any way the completeness or accuracy of the Official Statement, or wherein an unfavorable decision, ruling or finding is likely to have a material adverse effect on the financial condition of the City, the transactions contemplated by the City Documents, the Resolution or by the Official Statement, or (b) which will adversely affect the validity or enforceability of, or the authority or ability of the City to perform its obligations under the Notes, the City Documents, the Resolution, or any other agreement or instrument to which the City is a party and which is used or contemplated for use in consummation of the transactions contemplated by the City Documents, the Resolution or the Official Statement;

(vi) The representations and warranties of the City herein are true and correct in all material respects as of the date made and as of the date of the Closing, and the City has performed all its obligations required under or specified in the Resolution and the City Documents to be performed at or prior to the Closing; and

(vii) The Official Statement did not contain as of its date and does not contain as of the Closing Date any untrue statement of a material fact and
did not omit as of its date and does not omit as of the Closing Date to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(6) A certificate of the Clerk of the City Council, together with a fully executed copy of the Resolution, to the effect that:

(i) such copy is a true and correct copy of the Resolution; and

(ii) the Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect at and as of the Closing Date, except for amendments, if any, adopted with the consent of the Underwriter;

(7) An non-arbitrage certification from the City in form and substance satisfactory to Bond Counsel, signed by an official of the City;

(8) Evidence that the Notes have been rated as set forth in the Official Statement and that such rating continues in effect as of the Closing;

(9) Certified copies of the Resolution and one executed original of each of the City Documents and such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request in order to evidence compliance by the City with legal requirements, the truth and accuracy, at and as of the Closing, of the representations, warranties and agreements of the City herein contained and the statements contained in the Official Statement, and the due performance and satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the City;

(10) An opinion, dated the Closing Date, addressed to the Underwriter, of Kutak Rock LLP, counsel to the Underwriter (“Underwriter’s Counsel”), in such form as may be acceptable to the Underwriter; and

(11) Such additional certificates, instruments and other documents as the Underwriter may reasonably deem necessary.

8. Termination of Obligations of Underwriter. If the City shall be unable to satisfy the conditions set forth in Section 7 to the obligations of the Underwriter contained in this Note Purchase Agreement, the obligations of the Underwriter under this Note Purchase Agreement may be terminated by the Underwriter by notice to the City at, or at any time prior to, the Closing Date. Notwithstanding any provision herein to the contrary, the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing in its sole discretion.

The Underwriter shall also have the right to terminate, in its sole discretion, its obligations under this Note Purchase Agreement, by notice to the City at, or at any time prior to the Closing, if between the date hereof and the Closing:
(i) an event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein not misleading in any material respect and, in either such event, the City refuses to permit the Official Statement to be supplemented to supply such statement or information or the effect of the Official Statement as so supplemented is, in the judgment of the Underwriter, to materially adversely affect the market for the Notes or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Notes; or

(ii) legislation shall be introduced in, enacted by, reported out of committee, or recommended for passage by the State, either House of the Congress, or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is proposed for consideration by either such committee by any member thereof or presented as an option for consideration by either such committee by the staff or such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Internal Revenue Code (which, if enacted, would be effective as of a date prior to the Closing) shall be filed in either House, or a decision by a court of competent jurisdiction shall be rendered, or a regulation or filing shall be issued or proposed by or on behalf of the Department of the Treasury or the Internal Revenue Service of the United States, or other agency of the federal government, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service of the United States, in any such case with respect to or affecting (directly or indirectly) the taxation of interest received on obligations of the general character of the Notes which, in the opinion of the Underwriter, materially adversely affects the market for the Notes or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Notes; or

(iii) an order, decree or injunction of any court of competent jurisdiction, or any order, ruling or regulation of the Securities and Exchange Commission, is issued or made with the purpose or effect of prohibiting the issuance, offering or sale of the Notes as contemplated hereby or legislation has been enacted, or a bill favorably reported for adoption, or a decision by any court rendered, or a ruling, regulation, proposed regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter, to the effect that the Notes or any other securities of the City or of any similar body of the type contemplated herein are not exempt from the registration, qualification or other requirements of the Securities Act and as then in effect, or of the Trust Indenture Act of 1939, as amended and as then in effect; or

(iv) legislation is introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Notes, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Notes, including any or all
underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(v) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war or other calamity or crisis, or escalation thereof, the effect of which on financial markets is such as to make it, in the reasonable judgment of the Underwriter, impractical or inadvisable to proceed with the offering of the Notes as contemplated in the Official Statement; or

(vi) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Notes or similar obligations; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers such as to make it, in the judgment of the Underwriter, impractical or inadvisable to proceed with the offering of the Notes as contemplated in the Official Statement; or

(vii) a general banking moratorium shall have been declared by federal or New York or California state authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred such as to make it, in the judgment of the Underwriter, impractical or inadvisable to proceed with the offering of the Notes as contemplated in the Official Statement; or

(viii) a downgrading or suspension of any rating of any debt securities issued by the City, or (ii) there shall have been any official statement as to a possible downgrading (such as being placed on “credit watch” or “negative outlook” or any similar qualification) of any rating by a national rating service of any debt securities issued by the City, including the Notes; or

(ix) any investigation or proceeding is pending or threatened by the Securities and Exchange Commission against the City; or

(x) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the City, its property, income, securities (or interest thereon), the validity or enforceability of the Notes; or

(xi) any materially adverse change in the financial condition of the City.

9. Conditions to Obligations of the City. The performance by the City of its obligations under this Note Purchase Agreement with respect to issuance, sale and delivery of the Notes to the Underwriter is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the City and the Underwriter of opinions and certificates being delivered at or prior to the Closing by persons and entities other than the City.
10. Expenses. (a) The Underwriter shall be under no obligation to pay, and the City shall pay from its available funds or from the proceeds of the Notes, the following expenses: (i) all expenses in connection with the preparation, distribution and delivery of the Preliminary Official Statement, the Official Statement, and any amendment or supplement thereto, and this Note Purchase Agreement; (ii) all expenses in connection with the printing, issuance and delivery of the Notes; (iii) the fees and disbursements of Bond Counsel and Disclosure Counsel; (iv) the fees and disbursements of counsel and consultants, including the City’s financial advisor, in connection with the Notes; (v) the disbursements of the City in connection with the Notes; (vi) any and all fees incurred in connection with obtaining a rating on the Notes or in obtaining any form of credit enhancement; and (vii) all expenses in connection with the preparation, execution and delivery of the Resolution and the Notes. The City will also pay (or cause to be paid) expenses (included in the expense component of the spread) incurred on behalf of the City’s employees (including, but not limited to, meals, transportation, lodging and entertainment) which are incidental to implementing this Note Purchase Agreement.

(b) The City has agreed to pay the Underwriter’s discount set forth in paragraph 1 of this Note Purchase Agreement, and inclusive in the expense component of the Underwriter’s discount are actual expenses incurred or paid for by the Underwriter on behalf of the City in connection with the marketing, issuance, and delivery of the Notes, including, but not limited to, fees and expenses of Underwriter’s Counsel, CUSIP fees, fees of the California Debt and Investment Advisory Commission, and transportation, lodging, and meals for the City’s employees and representatives.

11. Notices. Any notice or other communication to be given under this Note Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) shall be given by telephone or telex, confirmed in writing, or by delivering the same in writing, if to the City, to the address first written above, attention: City Manager, or if to the Underwriter: Hilltop Securities Inc., 2533 S. Coast Highway 101, Suite 250, Cardiff by the Sea, California 92007, Attention: Mike Cavanaugh.

12. Parties in Interest: Survival of Representations and Warranties. This Note Purchase Agreement when accepted by the City in writing as specified herein shall constitute the entire agreement between the City and the Underwriter and is made solely for the benefit of the City and the Underwriter (including its respective successors and assigns). No other person shall acquire or have any right hereunder or by virtue hereof. The obligations of the City arising out of its representations and warranties in this Note Purchase Agreement shall not be affected by any investigation made by or on behalf of the Underwriter.

13. Execution in Counterparts. This Note Purchase Agreement may be executed in counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.
14. **Applicable Law.** This Note Purchase Agreement shall be interpreted under, governed by and enforced in accordance with the laws of the State of California.

Very truly yours,

HILLTOP SECURITIES INC.

By ______________________________
Managing Director

The foregoing is hereby agreed to and accepted as of the date first above written:

CITY OF EL CERRITO

By ______________________________
Authorized Officer

Time of Execution: _____________ p.m. California time
EXHIBIT A

ISSUE PRICE CERTIFICATE OF THE UNDERWRITER

$_________
CITY OF EL CERRITO
2020-21 TAX AND REVENUE ANTICIPATION NOTES

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Hilltop Securities Inc. (“Hilltop”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned tax and revenue anticipation notes (the “Notes”).

1. **Sale of the Notes.** As of the date of this certificate, the first price at which at least 10% of the Notes was sold to the Public is the price listed in Schedule A.

2. **Defined Terms.**
   
   (a) **Issuer** means the City of El Cerrito.

   (b) **Public** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

   (c) **Underwriter** means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Hilltop’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Jones Hall, A Professional Law Corporation, Bond Counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.
HILLTOP SECURITIES INC.

By:______________________________

Name:____________________________

Dated: July __, 2020
SCHEDULE A

SALE PRICE OF THE NOTES

(Attached)
Date:       June 2, 2020
To:         El Cerrito City Council
From:       Sky Woodruff, City Attorney, City Management
Subject:    City Manager Signature Authority Ordinance

ACTION PROPOSED
Introduce by title and waive any further reading of an Ordinance adding Section 2.12.240 to the El Cerrito Municipal Code regarding City Manager Signature Authority.

BACKGROUND
Under State law (Government Code Section 40602), the Mayor is to sign all contracts for the City unless the City Council delegates that authority to the City Manager or other official by way of an ordinance. In the past, when the City Council has approved a contract, the City Council has often delegated to the City Manager the authority to sign the contract for the City on a case-by-case basis through either a specific resolution approving a particular contract or by adoption of a staff recommendation contained in a staff report that included that specific authorization for a particular contract. In reviewing this practice, the City Attorney has determined that the City's delegation of this contract execution power would be strengthened and clarified if this authority was codified into the Municipal Code rather than authorized solely on a case-by-case basis.

ANALYSIS
Currently, El Cerrito Municipal Code Section 4.04.020 designates the City Manager as the City's purchasing officer with authority to negotiate and recommend execution of contracts, but does not provide authority for the City Manager to sign contracts. With the adoption of this Ordinance, the City Manager would be formally authorized to execute contracts when the Mayor is not available or when it would be expedient to do so. It is important to note that this Ordinance has to do with execution of contracts rather than approval of contracts or authorized spending limits; this Ordinance is not modifying the City's Procurement Policy.

STRATEGIC PLAN CONSIDERATIONS
This Ordinance supports the City's Strategic Plan Goal B "Achieve long-term financial sustainability" by ensuring the City's procedures represent best practices in financial management.

ENVIRONMENTAL CONSIDERATIONS
This section is not applicable to this agenda item.
FINANCIAL CONSIDERATIONS
This section is not applicable to this agenda item.

LEGAL CONSIDERATIONS
The City Attorney has reviewed and approved of the proposed Ordinance.

Reviewed by:

Karen Pinkos, City Manager

Attachments:
1. Ordinance
AN ORDINANCE OF THE CITY OF EL CERRITO ADDING SECTION 2.12.240 TO THE EL CERRITO MUNICIPAL CODE REGARDING CITY MANAGER SIGNATURE AUTHORITY

WHEREAS, Government Code Section 40602 provides that the mayor of the city shall sign all warrants drawn on the city treasurer; all written contracts and conveyances made or entered into by the city; and all instruments requiring the city seal; and

WHEREAS, Government Code Section 40602 further provides that the legislative body of a city may provide, by ordinance, that the instruments described above be signed by an officer other than the mayor; and

WHEREAS, this Ordinance amends the El Cerrito Municipal Code to grant authority to the City Manager of the City of El Cerrito execute documents as provided for in Government Code Section 40602.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF EL CERRITO DOES HEREBY ORDAIN as follows:

Section 1: Incorporation of Recitals. The City Council finds that the above Recitals are true and correct and are incorporated herein by reference.

Section 2: Add Section 2.12.240 to the El Cerrito Municipal Code. Chapter 2.12 (City Manager) of Title 2 (Administration) of the El Cerrito Municipal Code is hereby amended to add a new Section 2.12.240 to read as follows:

2.12.240 – Authority to sign documents

It shall be the duty of and the city manager is hereby authorized to execute documents as provided in California Government Code Section 40602, whenever such documents are within the city manager’s purchasing authority or have been approved by the city council for execution by the city manager by resolution, motion, minute order or other appropriate action.

Section 3: Severability. If any section, subsection, sentence, clause or phrase of this chapter 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 chapter. The city council hereby declares that it would have passed the ordinance codified in this chapter, and each and every section, subsection, sentence, clause or phrase not declared invalid or unconstitutional without regard to whether any portion of this chapter would be subsequently declared invalid or unconstitutional.

Section 4: Effective Date. This Ordinance shall take effect and be enforced thirty days after the date of its adoption. Prior to the expiration of fifteen days from the passage thereof, the ordinance or a summary thereof shall be posted or published as may be required by law, and thereafter the same shall be in full force and effect.
THE FOREGOING ORDINANCE was introduced at a regular meeting of the City Council on June 2, 2020 and passed by the following vote:

AYES: Councilmembers
NOES: Councilmembers
ABSENT: Councilmembers
ABSTAIN: Councilmembers

ADOPTED AND ORDERED published at a regular meeting of the City Council held on June 16, 2020 and passed by the following vote:

AYES: Councilmembers
NOES: Councilmembers
ABSENT: Councilmembers
ABSTAIN: Councilmembers

APPROVED:

_____________________ 
Gregory B. Lyman, Mayor

ATTEST:

_______________________
Holly M. Charléty, City Clerk

ORDINANCE CERTIFICATION

I, Holly M. Charléty, City Clerk of the City of El Cerrito, do hereby certify that this Ordinance is the true and correct original Ordinance No. (2020-XX) of the City of El Cerrito; that said Ordinance was duly enacted and adopted by the City Council of the City of El Cerrito at a meeting of the City Council held on the 2nd day of June, 2020; and that said Ordinance has been published and/or posted in the manner required by law.

WITNESS my hand and the Official Seal of the City of El Cerrito, California, this _ _____ day of June, 2020.

__________________
Holly M. Charléty, City Clerk
Date:       June 2, 2020
To:         El Cerrito City Council
From:       Alexandra Orologas, Assistant City Manager, City Management
Subject:    Adoption of a Memorandum of Understanding between the City of El
            Cerrito and the El Cerrito Public Safety Management Association -
            Battalion Chief Unit

ACTION PROPOSED
Adopt a resolution approving an agreement between the El Cerrito Public Safety
Management Association - Battalion Chief Unit (PSMA - Battalion Chief Unit) modifying
salaries and creating a new Memorandum of Understanding.

BACKGROUND/ANALYSIS
On August 15, 2017, the City Council approved a two year agreement with the PSMA -
Battalion Chief Unit through Resolution 2017-62 by modifying salaries and creating
Memorandum of Understanding effective July 1, 2017 through June 30, 2019. The
PSMA - Battalion Chief Unit represents four (4) Battalion Chiefs in the Fire Department.
Since the time of expiration, the City has been in process of negotiating with
representatives of the PSMA - Battalion Chief Unit for a successor MOU. It should be
noted that the MOUs of both Local 1230 and the PSMA - Battalion Chief Unit are
typically consistent.

The PSMA Battalion Chief Unit has recognized the City’s fragile financial position that
has been further exacerbated by COVID-19. As such, PSMA has offered to forgo any
Cost of Living Adjustments (COLAs) for both 2019 and 2020.

The following is a summary of the agreement with PSMA - Battalion Chief Unit. The
agreement will be effective between July 1, 2019 through June 30, 2022:

Wages:

- Effective July 2019, all there shall not be a salary increase for any classification
  in the PSMA - Battalion Chief Unit.
- Effective July 2020, there shall not be a salary increase for any classification in
  the PSMA - Battalion Chief Unit.
- Effective the first full pay period of July 2021, the base monthly salary will be
  increased by 3%.
- Effective July 2019, the uniform allowance for Fire Battalion Chiefs will be
  increased from $725 per fiscal year to $800 per fiscal year. Effective July 2020,
  this number will increase to $1000 per year.
Agenda Item No. 7.C.

The “cash in-lieu” benefit provided to bargaining unit members that have medical coverage through another health plan, will be adjusted to $350 per month for a) employees hired after December 31, 2020; or b) existing employees who discontinue the City’s medical coverage and opt for “cash in-lieu” of medical coverage at a later date. Additionally, the “cash in-lieu” benefit will be capped at the current City contribution rate of $793.18 per month.

Consistent with current practice, Battalion Chiefs will be compensated while assigned to support emergency incidents or preposition for emergency incidents. Any time worked outside of their 56-hour or 40-hour workweek will be compensated at the overtime rate of time and a half.

The City would like to thank the PSMA - Battalion Chief Unit for their collaboration during this complex time and appreciates the leadership that this bargaining unit has shown.

STRATEGIC PLAN CONSIDERATIONS
Adopting the Resolution for the PSMA - Battalion Chief Unit fulfills Goal A, Deliver Exemplary Government Services, including the strategies of “Recruiting and retaining a talented and effective workforce” and “Maintain emphasis on providing excellent customer service.”

ENVIRONMENTAL CONSIDERATIONS
This section is not applicable to this agenda item.

FINANCIAL CONSIDERATIONS
The total cost savings of the PSMA - Battalion Chief Unit forgoing their 3% COLA in July 2019 is $38,522.38. This cost savings would be realized in the FY 2019-2020 budget. The total cost savings of the PSMA Battalion Chief Unit forgoing their 3% COLA in July 2020 is $38,522.38. This cost savings would be realized in the FY 2020-2021 budget.

The total cost of PSMA - Battalion Chief Unit increase of 3% in July 2021 is $38,522.38. This cost would be realized in the FY 2021-2022 budget. The total cost for a $75 retroactive uniform allowance increase for FY 2019-2020 is $300. The total cost for the $200 uniform allowance increase for FY 2020-2021 is $800.

LEGAL CONSIDERATIONS
This section is not applicable to this agenda item.
Reviewed by:

Karen Pinkos, City Manager

Attachments:
1. Resolution
2. Exhibit A to Reso
RESOLUTION 2020-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO TO ADOPT MEMORANDA OF UNDERSTANDING WITH THE PUBLIC SAFETY MANAGEMENT ASSOCIATION BARGAINING UNIT BATTALION CHIEF

WHEREAS, it is in the City’s best interest to recruit and retain high quality public safety management employees for the City; and

WHEREAS, an effective means for achieving this objective is to provide competitive salaries, benefits, and conditions of employment for said employees; and

WHEREAS, the City has recognized four bargaining units within the Public Safety Management Association as follows: Battalion Chief, Police Management, Fire Chief, and Police Chief; and

WHEREAS, the City and the Public Safety Management Association have met and conferred in good faith; and

WHEREAS, the City of El Cerrito and the Public Safety Management Association representatives have reached agreement regarding matters within the scope of representation, including wages, hours and other terms and conditions of employment as specified in the attached Memoranda of Understanding (Exhibit A) for the bargaining unit Battalion Chief.

NOW, THEREFORE, BE IT RESOLVED, that the El Cerrito City Council hereby adopts the attached Memoranda of Understanding for the Public Safety Management Association bargaining unit Battalion Chief; and directs the City Manager to execute the agreement.

BE IT FURTHER RESOLVED that this resolution shall become effective immediately upon passage and adoption.

I CERTIFY that at a regular meeting on June 2, 2020 the City Council of the City of El Cerrito passed this Resolution by the following vote:

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

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on June __, 2020.

________________________
Holly M. Charléty, City Clerk

APPROVED:

________________________
Gregory B. Lyman, Mayor
MEMORANDUM OF UNDERSTANDING

BETWEEN

THE CITY OF EL CERRITO

AND

THE EL CERRITO PUBLIC SAFETY MANAGEMENT ASSOCIATION

BATTALION CHIEF

JULY 1, 2017 THROUGH JUNE 30, 2022
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE CITY OF EL CERRITO
AND
PUBLIC SAFETY MANAGEMENT ASSOCIATION – BATTALION CHIEF

This Memorandum of Understanding is entered into pursuant to the Meyers-Milias-Brown Act (Government Code Section 3500 et seq). The parties to this Memorandum of Understanding are the City of El Cerrito, State of California, which hereinafter shall be referred to as “City,” and the El Cerrito Public Safety Management Association – Battalion Chief, which hereinafter shall be referred to as “Battalion Chief.” The parties have met and conferred in good faith regarding wages, hours and other terms and conditions of employment for the employees represented by the Association – BC and have freely exchanged information, opinions and proposals and have endeavored to reach agreement on all matters relating to the employment, conditions and employee relations of such employees.

This Memorandum of Understanding shall be presented to the City Council as a joint recommendation of the undersigned for salary, fringe benefits and other working conditions for the period July 1, 2017 through June 30, 2022, and shall be in full force and effect at such date as herein prescribed, upon ratification by both the City Council and affected members of the Public Safety Management Association – Battalion Chief.

City of El Cerrito

Public Safety Management Association - Battalion Chief

Karen Pinkos
Scott Hanin
City Manager

Stephen Bonini
Association Representative

Date: _________________________  Date: _________________________
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE CITY OF EL CERRITO
AND
PUBLIC SAFETY MANAGEMENT ASSOCIATION – BATTALION CHIEF

This Agreement is entered into by and between the City of El Cerrito, hereinafter referred to as the “City,” and the El Cerrito Public Safety Management Association – Battalion Chief, hereinafter referred as the “Battalion Chief.” This Agreement establishes the salaries, benefits, and conditions of employment for the City’s public safety management employees – Battalion Chiefs as follows:

CHAPTER 1
MANAGEMENT EMPLOYEES

1.1 Management employees are, for purposes of this section, those actively involved in the following classification: Battalion Chief

CHAPTER 2
SALARIES AND BENEFITS

2.1 Salary
- **Effective July 2019** there shall not be a salary increase for any classification in this bargaining unit.
- **Effective July 2020** there shall not be a salary increase for any classification in this bargaining unit.
- **Effective the first full pay in July 2021** all Fire Battalion Chiefs shall receive a 3.0% salary increase.

A. Effective July 1, 2017 all Fire Battalion Chiefs shall receive a 4.0% salary increase.

A. Effective the first full pay period in July 2018 all Fire Battalion Chiefs shall receive a 2.0% salary increase.

A. The following control point shall apply and serve as the midpoint of the approved monthly salary range:

| Fire Battalion Chief | $14,059,253 |

B. A salary range of 25% above and below the control point shall be created,
within which a Department Head or the City Manager may approve salary adjustments of up to 5% or 10% per calendar year, respectively.

C. In order to preserve appropriate internal salary relationships and minimum salary compaction, the City Manager may from time to time adjust the salary range in order to reach a minimum of 15% base rate of pay separation between the control point for Fire Battalion Chief and top step Fire Captain/Paramedic. Further, the Fire Battalion Chief assigned to training receives an additional 10% added to salary for the assignment.

2.2 Uniform Allowance
The uniform allowance for Fire Battalion Chiefs is $725 per fiscal year. Effective July 2019 the uniform allowance for Fire Battalion Chiefs shall be $850 per fiscal year. Effective July 2020 the uniform allowance for Fire Battalion Chiefs shall be $1000 per fiscal year. Uniform allowance shall be paid on the first payroll date in December, covering the fiscal year beginning the prior July. Such payment shall be by check, separate from the normal payroll check.

2.3 Auto Allowance
The City will supply an automobile to management employees who, in the opinion of the City Manager, require a City vehicle as an integral part of their work. Alternately, the City will provide a cash allowance of up to $200 per month in lieu of use of a City automobile.

2.4 Pension Plan Benefits
A. PERS PICKUP
Effective the first full pay period in July 2016, all Fire Battalion Chiefs shall contribute a total of 12.0% to the Public Employees Retirement System.

B. Effective June 30, 2001 the City’s contract with PERS was amended to provide to employees the 3% at Age 50 Public Employees’ Retirement System plan. The City’s 3% at age 50 retirement plan has the PERS single highest year option, and service credit for unused sick leave option.

2.5 Flexible Benefits Plan
The City has a Flexible Benefits Plan which is consistent with Section 125 of the Internal Revenue Code. The plan is known as “Citiflex.” For the duration of this agreement, the plan provides the following:

A. With the exception of the employee who chooses the “no medical plan” option, the City will contribute an amount equivalent to the lowest cost (currently Kaiser) medical plan rate according to dependent status regardless of which medical plan is chosen. “According to dependent status” means that if an employee is single the employee shall receive the equivalent to the lowest cost (currently Kaiser) single premium in employee’s flexible spending account. If the employee and a dependent are enrolled in a City medical
plan, the employee shall receive the equivalent to the lowest cost (currently Kaiser) two-party premium in employee’s flexible spending account. If the employee and more than one dependent are enrolled in a City medical plan, the employee shall receive the equivalent to the lowest cost (currently Kaiser) family premium in employee’s flexible spending account.

B. The employee may select one of the following medical plans within their individual Flexible Benefits Plan:
   - HMO Kaiser (S)
   - Alternative HMO

C. In the event that the employee selects a medical plan which exceeds the City’s premium contribution, the employee is responsible to pay the difference through payroll deduction.

D. In the event that an employee has alternate comprehensive group medical coverage through a spouse’s medical plan or some other group medical plan, the employee may select elect to receive “cash in-lieu” of medical coverage after they provide proof of such medical coverage to the Human Resources Department. a “no medical plan” option. (Proof of alternate coverage is required.) In this event, the City shall contribute the Seven Hundred and Ninety-three dollars and Eighteen Cents ($793.18) per month, equivalent to the lowest medical plan (Kaiser) single premium to their Flexible Benefit Plan and the employee may receive this amount in cash, in which case the amount is treated as taxable income, or the employee may reallocate it toward the purchase of other benefits in the Plan, or a combination of both. The “cash in-lieu benefit amount shall be $350 per month for: a) Employees hired after December 31, 2020; or b) existing employees who discontinue the City’s medical coverage and opt for “cash in lieu” of medical coverage at a later date as long as they meet the requirements as described above.

E. In the event that the employee has alternate comprehensive group medical coverage through a spouse’s medical plan or some other group medical plan, the employee may select a “no medical plan” option. (Proof of alternate coverage is required.) In this event, the City shall contribute the equivalent to the single lowest cost (currently Kaiser) medical premium to their Flexible Benefit Plan and the employee may receive this amount in cash, in which case the amount is treated as taxable income, or the employee may reallocate it toward the purchase of other benefits in the Plan, or a combination of both.

E. The employee may contribute salary up to the IRS limits on a pretax basis in order to purchase the following benefits:

- Medical Premiums, Co-Payments, and Deductibles
- Dental Premiums, Co-Payments, and Deductibles
• Un-reimbursed Medical & Dental Expenses
• Dependent Care

Rules governing the allocation and distribution of such funds shall conform to applicable sections of State and Federal tax codes and the City of El Cerrito's Flexible Benefits Plan.

F. The health benefit programs recognize the participation of domestic partners of the eligible employee. Please refer to the City’s Citiflex document for details.

G. During the term of the contract, the City may establish a City-wide task force for the purpose of exploring alternate health plans, including PERS Health, for both active and retired employees. The City or Fire Chief|Police Chief agrees to reopen negotiations for the sole purpose of implementing alternative medical coverage.

2.6 Dental Plan
The City will pay the full cost of employee plus dependent coverage effective July 1, 2002.

2.7 Retirement Health Plan
A. Retirees, survivors of retirees and survivors of deceased employees, unless prohibited by the carrier, will be permitted to maintain the current level of health plan benefits available to employees. Retirees, survivors of retirees and survivors of deceased employees may maintain such health plan benefits at their discretion and with no cost to the City.

B. Post Employment Health Plan Retiree Medical:
Effective July 2008 the City shall contribute $300.00 per month for the member’s Post employment Health Plan account.

2.8 Life Insurance
The City will provide a term life insurance policy for management employees. The principal sum shall be equal to the annual salary rounded to the nearest $1,000 (up to a maximum of $100,000).

2.9 Long-term Disability Insurance
The City shall provide employees with long-term disability insurance with coverage of two-thirds salary and a sixty-day elimination period. Like regular wages, this benefit is taxable.

2.10 Benefit Status

A. The salary and benefits contained within this Memorandum of Understanding are granted only to employees who are in a current pay status. The City shall
incur no cost, nor shall benefits accrue for retirees, survivors, or employees in a non-pay status, unless the employee is granted medical leave of absence or military leave of absence.

B. In the event an employee is in a non-pay status because of a disputed workers’ compensation claim, benefits under this article shall be continued upon written agreement of the affected employee to repay to the City the amount of any premiums paid by the City during the non-pay status period if the employee’s claim is denied by the Workers Compensation Appeals Board or withdrawn by the employee prior to a decision by the Board.

CHAPTER 3
HOLIDAYS

3.1 Holidays
The number of designated holidays for Fire Suppression personnel shall be thirteen (13). The following holidays are designated “holidays” and shall be the basis for benefits associated with this section:

New Year’s Day  Columbus Day
Martin Luther King Jr. Day  Veteran’s Day
Lincoln’s Birthday  Thanksgiving Day
Washington’s Birthday  Day after Thanksgiving
Memorial Day  Christmas Day
July 4th  Employee’s Birthday
Labor Day

For the Fire Battalion Chief assigned to training, the recognized municipal holidays are as follows:

New Year’s Day  Labor Day
Dr. M. L. King Jr. Birthday  Veteran’s Day
(3rd Monday in January)  Thanksgiving
Presidents’ Day  Day after Thanksgiving
(3rd Monday in February)  ¼ Day Christmas Eve
Memorial Day  Christmas Day
Independence Day (July 4)  ½ Day New Year’s Eve

In the event that any of the recognized holidays for the Fire Battalion Chief who is assigned to training falls on a Sunday, the following Monday shall be considered a holiday for pay purposes. In the event that any of the aforementioned days fall on a Saturday, the preceding Friday shall be considered a holiday for pay purposes. (Department heads may make changes in the above schedule in accordance with the needs of their departments.) The afternoons of Christmas
Eve and New Year’s Eve, commencing at 12 noon, shall be considered holidays for pay purposes. In the event Christmas Eve and New Year’s Eve falls on a Sunday or a Monday, the preceding Friday afternoons shall be considered holidays for pay purposes. Some adjustments may be made if necessitated by an alternative work schedule.

In addition to the recognized municipal holidays, the Fire Battalion Chief assigned to training shall receive annually three floating holidays, subject to the same requirements for scheduling vacation. For a Battalion Chief newly assigned to training, the floating holidays are pro-rated quarterly based on date-of-assignment. Floating holidays must be taken during the fiscal year they are received and may not be carried over and accumulated.

Employees are allowed an additional holiday on their birthday or another day at the convenience of the City.

3.2 Eligibility
An employee on leave of absence without pay shall not receive any compensation for holidays occurring during such leave.

An employee returning to a pay status from a non-pay status shall be eligible for holiday compensation only if the employee was in a pay status on the workday preceding the holiday.

3.3 Compensation for Municipal Holidays
Fire Battalion Chiefs, who are shift personnel, shall receive compensation equal to one-half of shift salary (i.e., twelve hours at 24-hour rate) for paid holidays.

CHAPTER 4

SICK LEAVE, WORKERS’ COMPENSATION, FAMILY SICK LEAVE, AND OTHER LEAVES

4.1 Accrual of Sick Leave
For each completed month of service, employees in shift positions shall accrue sick leave credit of twenty-four hours per month. Sick leave for employees with twenty or more years of service shall accrue sick leave credit of thirty-six hours per month. Sick leave accrual while an employee is assigned to a (40) hour workweek is at the rate of 11 hours and 25 minutes per calendar month worked, provided the employee has worked or been authorized leave with pay for at least ten working days in the month.

4.2 Sick Leave - Maximum Accrual
The maximum accumulation of sick leave is unlimited.

4.3 **Activity During Sick Leave**  
No employee who is absent from work on sick leave shall engage in any work or other activity that would interfere with the employee’s ability to return to work to perform regular duties.

4.4 **Sick Leave Retirement Benefit**  
Upon retirement from City service, an employee shall be entitled to compensation for one-fourth of the accumulated sick leave on the books at the time of such retirement, with a maximum payment equivalent to 200 hours pay for the 40 hour per week employees and 10 shifts for the 56 hour per week employees, at the employee’s option. Actual sick leave remaining on the books will be reported to PERS in accordance with PERS regulations governing the sick leave credit contract option. In no case will unearned sick leave be reported for the purpose of increasing the member's retirement as prohibited by PERS.

The date of disability retirement for employees may be established or determined to be effective prior to the expiration of sick leave benefits.

In reporting the number of days of accumulated sick leave to PERS, the City shall obtain clarification from and comply with PERS regulations.

4.5 **On-the-Job Injury**  
Regular full-time sworn employees are eligible for benefits (salary continuance) for time off work due to on-the-job injuries as specified in Labor Code Section 4850.

4.6 **Accrued Sick Leave As Life Insurance**  
The value of the employee’s accrued sick leave shall be paid (based upon the current hourly rate) to the surviving spouse or designated beneficiary, upon the death of a represented employee.

4.7 **Family Sick Leave**  
Under Labor Code Section 233, employees may utilize accrued sick leave to care for an ill or injured child, spouse or parent. The City has extended this provision to include domestic partners and their dependent children. There is no requirement that the illness or injury reach the level of seriousness provided for under the Family and Medical Leave Acts. However, if the illness or injury qualifies under the Family and Medical Leave Act, it also satisfies the “family sick leave” criteria. The maximum “family sick leave” allowed each calendar year that is subject to this provision is one half (1/2) of the employee’s annual accrual of sick leave. Additional family sick leave may be taken subject to departmental regulations and approval of the Fire Chief and City Manager.

4.8 **Bereavement Leave**
Employees are entitled to time off with pay when there is a death or anticipated death in the immediate family. Bereavement leave shall not exceed two shifts (or five (5) consecutive days for 40-hour employees) when death is anticipated.

Bereavement leave after death shall not exceed that period of time between death and the day of the funeral, providing the funeral is held within five days following death. Bereavement leave is not chargeable to sick leave. Additional time may be granted and charged as sick leave when, in the opinion of the department head, unusual circumstances identify the need for additional time off.

Immediate family is defined as spouse, domestic partner, child, parent, parent-in-law, sister, brother, sister-in-law, brother-in-law, grandparent, spouse's grandparent, grandchild, son-in-law, daughter-in-law, or any other relative of the employee or employee's spouse residing in the same household, or who has resided with the employee in the same household for three or more years. In cases where death has occurred involving someone other than the immediate family, the department head shall make the decision as to qualification for bereavement leave.

4.9 Administrative Leave
Management employees shall receive administrative leave in recognition of extraordinary working hours and conditions. The City Manager will annually approve the number of leave days by individual employee based on the amount of overtime performed and the quality of work produced. The annual amount of time assigned shall not exceed eighty (80) hours. Unused administrative leave cannot be carried over from year to year or cashed out at year-end or upon separation.

4.10 Family and Medical Leave
Pursuant to State and Federal law, the City will provide family and medical care leave for eligible employees. The City Family Care and Medical Leave policy sets forth employees’ rights and obligations with respect to such leave. Rights and obligations which may not be specifically set forth in the City's policy are set forth in the Department of Labor regulations implementing the Federal Family and Medical Leave Act of 1993 ("FMLA") and the regulations of the California State Pregnancy Disability Act and the California Fair Employment and Housing Commission implementing the California Family Rights Act ("CFRA") (Government Code Section 12945.2). Unless otherwise provided by the City's policy or this Memorandum of Understanding, "Leave" under this article shall mean leave pursuant to the FMLA.

CHAPTER 5
VACATION
5.1 Eligibility
Employees shall be eligible to take a paid vacation at the end of the first year of continuous service, and annually thereafter, unless otherwise provided by the City Manager.

5.2 Scheduling
The scheduling of annual vacation leave and the amount to be taken at any one time shall be determined by the department head in accordance with departmental regulations and with regard for the needs of the City and the preference of the employee.

5.3 Vacation at Termination
Management employees leaving the municipal service with accrued vacation leave shall be paid the amount of accrued vacation to the date of termination. Payment for accrued vacation shall be at the employee's current rate of pay.

5.4 Effect of Extended Military Leave
A management employee who interrupts his/her City service because of extended military leave shall be compensated for accrued vacation at the time the leave becomes effective.

5.5 Sick Leave During Vacation
Vacation leave may be converted to sick leave subject to the review and approval of the department head and the City Manager if an employee is injured or sick during the vacation for a period in excess of 24 hours.

5.6 Vacation Cap and Implementation
A. Vacation Cap Effective January 1, 2015
Effective January 1, 2015, the vacation cap shall be two (2) times the employee's annual vacation accrual rate. Thereafter, at any time an employee reaches the maximum accrual, the employee will cease accruing vacation hours until such time as the balance falls below the cap. After January 1, 2015, no employee will be allowed to accrue vacation hours above the cap, unless an employee has a work-related injury and is on 4850.

B. Implementation
Effective January 1, 2015, any employee who has vacation hours in excess of two (2) times the annual accrual rate, the excess hours will be placed in a separate vacation bank.

5.7 Separate Vacation Bank
Effective January 1, 2015, any accrued vacation in excess of two (2) times the annual vacation accrual rate will be placed in a separate Vacation Bank for each
affected employee. This will be a single, one time process. Employees shall be entitled to use or sell the hours in the Bank for vacation in the same manner as regular vacation hours. The hours shall be paid out at the employee’s current rate of pay.

5.8 Vacation Cash-Out
Effective August 1, 2014, employees may annually cash-out up to 16 days (128 hours) of vacation provided that they have taken a minimum of 16 vacation days (or administrative leave for management employees) in the previous fiscal year and maintain a vacation balance of 40 hours at the time of vacation cash out. Employees may elect to cash-out a maximum of two (2) times annually and each cash-out request must be a minimum of 8 days (64 hours). Employees must reduce their separate vacation bank first when cashing out vacation. All requests must be in writing to the Human Resources Manager for initial review with final approval by the City Manager.

If an employee wants to request an irrevocable vacation cash-out, they must provide written notice to the Human Resources Manager, or designee, no later than July 1 of the fiscal year before the fiscal year in which the employee wishes to cash-out vacation leave. The amount requested cannot exceed the amount stated above. An employee can cash-out during the months of May and December. The notice shall indicate how many vacation leave hours the employee wishes to cash-out the following year.

5.9 Accrual
Unless otherwise provided by the City Manager, vacation leave will be accrued from the first day of employment when a management employee is in a pay status and will be credited on a monthly basis. Municipal holidays shall not be counted during vacation. The vacation accrual schedule for shift Fire Battalion Chiefs is as follows:

<table>
<thead>
<tr>
<th>Vacation Benefit</th>
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<tbody>
<tr>
<td>Shift Battalion Chief</td>
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<table>
<thead>
<tr>
<th>Service Yrs</th>
<th>Annual Shifts/Hours</th>
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<tbody>
<tr>
<td>Accrue during 1 through 5 yrs</td>
<td>6 shifts/144 hours</td>
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<tr>
<td>6 through 15 yrs</td>
<td>9 shifts/216 hours</td>
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<tr>
<td>16 through 25 yrs</td>
<td>12 shifts/288 hours</td>
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<tr>
<td>26 through 30 yrs</td>
<td>13 shifts/312 hours</td>
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The vacation schedule for the training Fire Battalion Chief is on the next page.

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<tr>
<th>Vacation Benefit</th>
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<tr>
<td>Training Battalion Chief</td>
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<tr>
<td>Service</td>
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<tr>
<td>---------------</td>
</tr>
<tr>
<td>Accrue during 1st year</td>
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<tr>
<td>2</td>
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**Hrs. Earned/Year**

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<tr>
<th>Service</th>
<th>(40-hour week)</th>
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<tbody>
<tr>
<td>Accrue during 1st year</td>
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<td>168</td>
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<td>20</td>
<td>176</td>
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CHAPTER 6

WORK SCHEDULE/OVERTIME

6.1 Workweek
The workweek for Fire management employees is as required by the City.

The work schedule for Fire Battalion Chiefs assigned to emergency response operations shall consist of twenty-four hour duty shifts, not to exceed two hundred sixteen hours in a twenty-seven-day period.

Fire Battalion Chiefs who are not assigned to emergency response operations shall work a standard 40 hours per workweek.

6.2 Overtime Calculation for Shift Battalion Chiefs
The 24-hour shift rate is calculated by multiplying the base salary by twelve months and dividing by the yearly 56-hour rate of 2,912 hours (56 hours by 52 weeks). Overtime under the 24-hour shift rate shall be paid for all overtime assignments on emergency response operations greater than eight consecutive hours and for all non-on-call overtime.

6.3 California Fire Service and Rescue Emergency Mutual Aid
Consistent with the El Cerrito City Council Resolution 2015-28 for portal to portal overtime reimbursement for all personnel assigned to emergency incidents through the California Fire Assistance Agreement, Battalion Chiefs will be compensated portal to portal while in the course of their employment and away
from their official duties and assigned to an emergency, in support of emergency incidents or prepositioned for emergency incidents. The City will compensate the Battalion Chiefs for any time worked outside of their regular 56-hour or 40-hour workweek. This compensation will be at the overtime rate of time and one-half (1-1/2).

CHAPTER 7
EDUCATION BENEFITS

7.1 Tuition Refund Plan
Management employees are eligible for educational cost reimbursement up to a maximum of $1,000 per year for work-related studies at a recognized college, university or professional school. Course content should relate to one of the following:

A. Knowledge or skills needed by an employee in his/her present job;

B. Preparation for promotional opportunities or advancement in the same or different field within the City organization.

C. The requirements of a program leading to a degree, at an approved institution, which enhances the employee's job knowledge or on-the-job skills.

Procedures for obtaining reimbursement and limitations regarding reimbursement may be found in the City of El Cerrito administrative procedure on educational expense reimbursement.

CHAPTER 8
MISCELLANEOUS POLICIES FOR FIRE BATTALION CHIEFS

8.1 Continuing Education
It is the policy of the City that management employees take part in some educational or training course each year, and the City Council will attempt to provide funds in each budget for such purpose.

8.2 Membership
It is the policy of the City to provide paid membership in approved professional associations for management employees. This policy shall include publications associated with membership and other educational materials as may be approved.

8.3 Conferences
It is the policy of the City that each management employee attend (as a member) a professional conference of his or her peers each year at City expense; however, travel outside the state of California may be discouraged due to budgetary restraints.

8.4 Benefit Relationship to Rank and File
If new or deleted material benefits and/or cost sharing mechanisms are agreed to with the Firefighters’ Association, they would apply to the Fire Battalion Chief.
Date: June 2, 2020
To: El Cerrito City Council
From: Alexandra Orologas, Assistant City Manager, City Management
Subject: Management and Confidential Employees CalPERS Contribution Resolution

ACTION PROPOSED
Adopt a resolution (1) requiring Management and Confidential Employees to be required to pay an additional one percent (1%) into the required employer California Employees' Retirement System (CalPERS) contribution; and (2) authorizing the Mayor to sign an addendum to the City Manager’s Employment Agreement requiring an additional 3% contribution into the required CalPERS contribution.

BACKGROUND/ANALYSIS
The salaries, benefits, and conditions of employment for the City’s Management and Confidential employees (Management/Confidential) are governed by resolution of the City Council. The most recent update to the Management/Confidential Employees Resolution was Resolution 2020-32, approved by the City Council on May 19, 2020.

This proposed resolution requires Management/Confidential employees to pay an additional contribution into the required employer CALPERS contribution, specifically:

- Effective the first full pay period in July 2020, Classic and California Public Employees Pension Reform Act (PEPRA) Management/Confidential employees will pay an additional 1% into the required employer CalPERS contribution, for a total of 9% contribution towards CalPERS for classic employees and 13% contribution for PEPRA employees (or 50% of costs, whichever is greater).

Per CalPERS, PEPRA members/employees are defined as:

- A member who joined CalPERS prior to January 1, 2013, who, on or after January 1, 2013, is hired by a different CalPERS employer following a break in service of more than six months.
- A new hire who joined CalPERS for the first time on or after January 1, 2013, and who has no prior membership in another California public retirement system.
- A new hire who joins CalPERS for the first time on or after January 1, 2013, and who was a member of another California public retirement system prior to that date, but who is not subject to reciprocity upon joining CalPERS.
Any CalPERS member who does not fall under any of these definitions is a Classic member/employee.

In addition, this resolution authorizes the Mayor to sign addendum to the City Manager’s Employment contract that the City Manager will pay an additional 3% contribution into the required employer CALPERS contribution, for a total of 11%, effective the first full pay period in July 2020.

STRATEGIC PLAN CONSIDERATIONS
Adopting the Resolution for Management/Confidential Employees fulfills Goal A, Deliver Exemplary Government Services, including the strategies of “Recruiting and retaining a talented and effective workforce” and “Maintain emphasis on providing excellent customer service”; and, Goal B, "Achieve long-term financial sustainability."

ENVIRONMENTAL CONSIDERATIONS
This section is not applicable to this agenda item.

FINANCIAL CONSIDERATIONS
The total on-going cost savings of Management/Confidential employees contributing an additional one percent (1%) into the required employer CalPERS Contribution is $69,168.80. The total ongoing cost savings of the City Manager contributing an additional three percent (3%) into the required employer CalPERS Contribution is $7,311.92. These above referenced savings would begin in FY 2020-2021.

LEGAL CONSIDERATIONS
This section is not applicable to this agenda item.

Reviewed by:

Karen Pinkos, City Manager

Attachments:
1. Resolution
RESOLUTION NO. 2020-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO REQUIRING MANAGEMENT AND CONFIDENTIAL EMPLOYEES TO BE REQUIRED TO PAY AN ADDITIONAL ONE PERCENT (1%) INTO THE REQUIRED EMPLOYER CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS) CONTRIBUTION AND AUTHORIZING AN ADDENDUM TO THE CITY MANAGER EMPLOYMENT AGREEMENT REQUIRING AN ADDITIONAL THREE PERCENT (3%) INTO THE REQUIRED CALPERS CONTRIBUTION

WHEREAS, the City is a member agency of the California Public Employees’ Retirement System; and

WHEREAS, the City is in financial hardship and has pursued citywide employee concessions in order to achieve long-term financial sustainability; and

WHEREAS, this action will serve to help to achieve this objective; and

NOW, THEREFORE, BE IT RESOLVED that the El Cerrito City Council hereby requires Management and Confidential employees to pay an additional one percent (1%) into the required employer CALPERS contribution, effective the first full pay period in July 2020.

BE IT FURTHER RESOLVED that this resolution authorizes the Mayor to sign an addendum to the City Manager’s Employment Contract that establishes that the City Manager will be required pay an additional 3% contribution into the required employer CalPERS contribution, effective the first full pay period in July 2020.

I CERTIFY that at a regular meeting on June 2, 2020 the City Council of the City of El Cerrito passed this Resolution by the following vote:

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

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on June ____, 2020.

________________________
Holly M. Charléty, City Clerk

APPROVED:

________________________
Gregory B. Lyman, Mayor
SUPPLEMENTAL AGENDA MATERIALS
(Revised 6/8/2020)

CITY COUNCIL MEETING
June 2, 2020

PUBLIC COMMENT INDEX

1. Public Comments received by 12:00 p.m. June 2, 2020
2. Public Comments Read into the Record

A. AGENDA ITEM 6.A. – Revisions to FY 2020-21 Master Fee Schedule

1. PowerPoint Presentation

MAYOR’S COMMENTS
The following Public Comments were received by 12:00 p.m. 6/2/2020, were provided directly to City Councilmembers in advance of the meeting, and were posted online as supplemental materials at www.el-cerrito.org/CouncilMeetingMaterials.

Public Comments – Not on the Agenda:
1. Rachel Stark
2. Sue and Paul Duncan

Agenda Item 6B - Amendment to Inclusionary Zoning Ordinance
1. Mike Branagh

Agenda Item 7A - Tax and Revenue Anticipation Notes – FY 2020-21 Short Term Cash Flow Financing
1. Valerie Snider
1- update on the budget deficit and plan to improve it

2-El Cerrito needs to push back on the county for the opening of restaurants and salons. There currently is NO timeline to reopen while the majority and almost all of the state has reopened - including SF and Santa Clara Counties who have decided to reopen restaurants for outdoor dining. Contra Costa has more SUICIDES this year than Covid related deaths. Mental health is at an all time low and businesses are hurting and may go under. PUSH BACK ON COUNTY.
Good evening,

Sue and Paul Duncan, El Cerrito.

As the council continues to consider the difficult options to make very difficult cuts to the city’s services and employees, please remember that the city will always need strong fire and police departments. It also needs a robust budget for vegetation management on both city and private properties.

This year, temperatures are higher than normal, the rainfall has been much below normal and the weeds are growing as I write this.

We walked in HNA off of King Ct. last week and were shocked at the amount of tall dry weeds and poison oak present in and around the unkempt eucalyptus stand. Usually, volunteers go into this area and rake the detritus into piles for the ECFD to burn. With so much poison oak in the stand this year, it will be very difficult to have much of this work done. Unless volunteers who are immune to poison oak can be found, I fear the city will have to pay to have this work done.

Please allocate adequate funds to clear the excess vegetation this year and to maintain what was done by the CalFire Delta crews and others last year.

Thank you and be safe.

Sue and Paul Duncan
6/1/2020

City of El Cerrito
City Council
10890 San Pablo Ave

Dear Councilmembers-

We appreciate you taking the time to hear and consider the amendments to the inclusionary housing ordinance before you this evening. We are the owners and developers of both 10300 San Pablo (the Guitar Center) and 10192 San Pablo (Rob’s automotive). Since we began working in the City of El Cerrito back in 2016 we have known that El Cerrito would be a strong but up and coming housing market and we have been excited to be a part of this growth.

It has been our intention to begin the construction of 10192 San Pablo after we have seen the response and received pre-sales on 10300 San Pablo. Unfortunately, due to delays by the utility companies and most recently with the Shelter in Place shutdown of construction we have had delays in our construction at 10300. We are currently projecting completion of the 10300 project by the end of 2020 and have been receiving positive feedback from our marketing efforts. The cost to produce construction documents and prepare for building permits is substantial and the proposed extension before you tonight will help provide us with some cost relief until we have received revenue from the 10300 project.

As mentioned in the staff report we purchased the land at 10192 San Pablo and designed our project based on the idea that there was not an inclusionary housing ordinance; this extension helps us maintain the assumptions we had when we went through the entitlement process. We support what staff has presented this evening and urge you to vote in favor of the proposed changes.

Sincerely,

Mike Branagh
Regarding the City of El Cerrito’s serious cash flow and going concern problems, I urge the City Council to make across-the-board cuts in managers’ salaries. The City Manager and Finance Director should explain why Tax Revenue Anticipation Notes are needed to pay operating expenses, and what changes will be made to avoid expensive borrowing. Please, do not insult our intelligence by blaming the City’s financial mess on the corona virus. The fiscal mismanagement was at play long before anyone heard the words “covid-19” or “pandemic.”

Valerie Snider
El Cerrito, California
The following Public Comments were received and read into the record during the meeting.

Public Comments – Not on the Agenda:

1. Donald Simon
2. Ira Sharenow
3. Cathy Hanville
4. Doug Woodville
5. Elizabeth Thorsnes
6. Nick Zamorano
7. Sherry Drobner

Public Comments – on Agenda Item #6A:

1. Howdy Goudey

Public Comments – on Agenda Item #6B:

1. Howdy Goudey

Public Comments – on Agenda Item #7A:

1. Dianne Brenner
2. Ira Sharenow
3. Cathy Hanville
4. Denise Sangster
Dear Mayor and El Cerrito City Council

As you know, during a financial crisis it responsible management tightens its belt. During the last recession in 2008, El Cerrito did not and it progressively list its reserve funds and became quite deficient in unfunded pension liabilities and being in the red for the past two years and most certainly for this fiscal year as well. That pattern led to El Cerrito being found by the California State Auditor as the 7th most financially at-risk city in the entire state (out of 472 other cities) in their October 2019 report. Yet El Cerrito did nothing to rectify that situation until the Shelter In Place order. Because of not having funds El Cerrito has neglected services in areas too many to list here (disaster services, curb repair, curb trees, cleanup of garbage, street repair, the CERT program, social services, and others have all been neglected. The pat answer is, “We do not have funds for that”.

Let me suggest some positive ways to rectify our financial crisis.

1. First, recognize that El Cerrito is in a financial crisis
2. Acknowledge that it was in a financial crisis even before the SIP
3. Acknowledge that the financial crisis was due to a lack of oversight.
4. Come up with an efficient plan to rectify the chronic “over-optimism” or neglect of the above.

As you know San Francisco has already begun austerity measures despite it having a huge surplus and reserves before the SIP. Those reserves were depleted by providing services for their citizens. They have already implemented a temporary hiring freeze, the elimination of all raises, and the elimination of many staff positions that non-essential. It should be easier for a small city like El Cerrito to do at least the same.

I urge you to acknowledge that past budget assumptions the past few years did not come in anywhere close to the actual revenue minus expenditures at the end of the year. After analysis, I would say that the budget proposal for 2020-2021 is quite unrealistic. High paid managerial positions in all departments must be cut. Then finally we will see a balanced budget at the end of the year, not another shortfall. Surgical cuts are needed, not a 10% cut across the board. That requires some research.

Secondly, please look at the $300 a month car allowance for 25 employees which come to around $95,000 a year. That and other such perks are excessive and should have been eliminated years ago. Especially now since office staff is working only four days a week or 17 days a month, the allowance comes to $18/day car allowance per employee; yet do they use their cars in the performance of their work? By what criteria are these perks determined?

Please provide oversight and due diligence. Cut management staff, not services.

Thank you,

Donald Simon, El Cerrito Resident
I believe that the city council needs to hold a virtual Town Hall by the end of next week.

What was the bidding process used to hire all of the various financial consultants?

After years of warnings, finally in November 2018, the independent auditor issued his “going concern” statement at a public council meeting.

One might have thought that El Cerrito would have tightened its belt. Not so! The new Transparent California data is out and it appears as though the city went on a major spending spree. The top tier employees received significant increases in total compensation.

Karen’s total compensation went UP by $49,318.15. Mark’s total compensation went up by $19,067.75.

Looking at the cash flow data associated with the proposed payday loan indicates that personnel costs will not be going down any time soon.

Ira Sharenow
El Cerrito, CA
I just wanted to take a moment to ask the City Council take some time to acknowledge the protests going on right now. I would love if you would have a moment of silence and also make a proclamation supporting the Black Lives Matter movement.

I very much appreciate Chief Keith’s letter to public last week. I think it was a good first step and I do believe Chief Keith has good intentions. I would hope that the Council could encourage the Chief to continue to look at any issues of racial disparities in arrests and make sure that his officers are trained well and fully in de-escalation tactics and implicit bias. I know the Chief gives you a thorough report annually and I would ask that these aspects be added to his report. I think the public needs to know and understand how these issues are addressed in our community. I know many think that because we live in this liberal bubble there are not racial issues and that is not at all true.

I know there is a peaceful and social distant protest planned for Thursday at 5:30pm including a car only version. I hope that some of the Council Members can attend.

Thank you
#Blacklivesmatter

Cathy Hanville
El Cerrito
My name is Doug Woodville and I've been an El Cerrito resident for almost 10 years.

On May 30th I wrote the City Council members, City Manager and Police Chief asking for the City to make a statement in support of ending institutional racism and to provide guidance on how El Cerrito residence can take action.

I have not received a response and stand by my initial statement asking for the support. I do realize that the Chief of Police provided a statement in regards to the murder of George Floyd however I think it failed to address the underlying causes.

As I look at the the El Cerrito PD website on "Training Outlines/Materials" there are many pdf's that include course objectives, procedures, safety guidelines etc. but when I click the link for the "discriminatory harassment" section it has none of that. It simply has a scanned one page document (please see attached) with no outlines, no procedures and no objectives. Lets start here El Cerrito. Where is the training for our officers and what does it consist of?

Thank you
Doug Woodville
Policy 314 – Discriminatory Harassment

**Officer Identification**

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**Training Specifications**

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**Attestation**

I have received, read, and understand my agency’s vehicle pursuit policy.

Signature

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To the El Cerrito City Council and the El Cerrito City Manager,

First, I understand that this topic might not seem important given all that is going on in the world at this moment, but the topic is virtually never mentioned by anyone in the city but happened to be mentioned in the City Manager’s May 21st update. And second, all numbers upon which calculations in this email are based are from the city. Exact sources are available upon request.

I am totally discouraged by the City Manager’s May 21st update on the city’s Rent Registry Program. This program requires owners of residential rental property to report specific data such as rents and evictions during the annual business license renewal process. It was established to collect data to inform the City Council about the rental market, trends, and housing stock. Landlords were required to pay $44 per unit for the first year of the program.

Nearly a year ago, about 950 rental housing owners representing about 2800 rental housing units submitted rent registry forms. According to the City Manager’s update, only about 65% of these forms have been processed to date, either 618 owners or 1820 units—it isn’t clear which. If it is units, this means that about 10 units each day of an 18-day month were processed over 10 months. This is unacceptably slow, and I believe that the reason the process has been this slow is the unnecessarily complex design of the forms, which do not lend themselves readily to data collection even if they are submitted digitally.

While the City Manager said “staff is exploring ways to streamline the next reporting period,” I have to wonder why we should have a staff that already missed badly try to redo the form. Why not hire a consultant trained in designing forms for data collection? We seem to hire consultants for everything else, and this cost should be minimal. Why put landlords through another confusing form and the cost of submitting it, not to mention getting no information for our efforts, since the first round of rent registry forms is already completely out of date and moot? Wasted, in fact. Do we have to do that again or can we get a reliable form designed by an expert?

Further, not only is last year’s information now completely out of date, that data represents only about 66% of the total number of rental units in the city! 34% of rentals units neither pay for business licenses nor provide data and pay into the rent registry! Not even considering incomplete data for the city, at this year’s fee of $39 a unit, this lapse amounts to a loss to the city of about $57,000 for the rent registry and more than $165,000 for the business license fund—$222,000 in all. That would buy us all the library hours in the world! Why, I ask, does this situation still exist???

I was a supporter of a rent registry, against all advice from the rental housing industry, because I believe in having real information with respect to rents and evictions in our city rather than guesses from Zillow or hysterical claims by tenant advocacy groups.
The great preponderance of our landlords are small-timers, not corporate, and I have long believed that our mom and pop landlords might well be a great housing resource in the city, not a problem to be quelled. Unfortunately, it appears that we have no way of knowing for another year if that is so.

It is extremely difficult for me to take the city seriously with respect to protecting housing and tenants.

Sincerely,

BJ Thorsnes
As we approach the time to address the fire safety issue in El Cerrito, I want to thank the many homeowners who have taken the initiative to clean up their yards and create defensible space on their properties. A special thanks to those EC residents who helped neighbors with cleaning their properties during the fire prevention month of May. Many hours were spent weed whacking, trimming tree branches and removing dead and unsafe trees. These efforts will go a long way for preventing a wildfire from occurring on their properties and surrounding properties. As I understand, the El Cerrito fire department has begun the 2020 Fire Abatement Program through visual property inspections followed by letters to those homeowners who are found not to be in compliance with the EC Vegetation Management Standards. Hopefully those homeowners cited will be able to bring their properties into compliance within a timely matter so that re-inspections can be avoided thus saving the fire department time, money and resources for conducting re-inspection after re-inspection. In the event that re-inspections become necessary, however, I would urge the fire department to charge a penalty/fine for each homeowner who is in violation and causes the fire department to conduct these re-inspections. This was discussed at a recent city council meeting and most agreed that this would be an appropriate way to reduce the number of re-inspections and motivate homeowners to voluntarily comply with the vegetation management standards. Such a program was adopted and implemented in 2020 by the Oakland Fire Department and I urge city council and city staff to do likewise. Under such a program, homeowners would be allowed a specific time period to mitigate the problem for which they were cited and then "self-report" by providing photographic evidence or submitting an invoice or itemized receipt from a contracted provider. If a property owner can demonstrate that the deficiency has been remedied, then this will eliminate the need for an in-person re-inspection from the fire department and therefore no penalty fee would be levied. If the homeowner does not comply by following the self-reporting mechanism and a in-person re-inspection has to occur, then the homeowner would be charged a fee for each re-inspection. Such a program implemented in El Cerrito would lessen the need to conduct re-inspections and get cooperation from homeowners to satisfactorily mitigate the problem and avoid being fined. Thank you for your attention to this matter.

Nick Zamorano
El Cerrito Resident
Make El Cerrito Fire Safe
Dear Mayor and City Council Members and City Manager and City Staff -

As we watched the horror of George Floyd take his last breath - we must speak out against police violence. And we know this is not a single incident but a systemic issue. We know this because Amy Cooper, a white woman using white privilege threatened to call the police on a black man, knowing full well that such a call could lead to the tragic outcome of death, because it has happened so many times before.

Now we see our society in chaos, and as our Governor stated in recent days, we have failed black people and we have failed people of color. Our system of justice does not work for all, only for some. It is time for us to interrupt racism and the silence that makes us complicit when we don’t speak out. We shall not be complicit in a system that places value in white lives over people of color.

We invite you and the community to stand in solidarity with those who are seeking justice for the George Floyds that have passed through our world prematurely- who leave behind families and friends- who might have been your brother or sister or cousin. Who might be here today if they were white.

El Cerrito Progressives invite you to End White Silence by joining community members on Thursday, June 4th at 5:30p.m. in front of City Hall and the Police Department along San Pablo Ave. The action will be following the health guidelines under our City regulations. Standing areas will be marked 6 feet apart and all attendees are required to wear a mask. We will also have a caravan for those who prefer to be in a car. Cars will be meeting at the DMV and circling the immediate area. We encourage people to bring a sign that reads END WHITE SILENCE.

Sincerely - El Cerrito Progressives
Mayor Lyman and Council members,

I appreciate the revision to the EV permit fee to remove the plan check portion, making it $195 instead of $321, especially as this is a prescriptive, expedited permit process that does not require detailed review. This revised fee is now consistent with the $194 permit fee for a general purpose 40A circuit, which is really the same scope.

The PV permit fee needs the same attention. At your last meeting on this topic, no Council member took any issue with the solar PV permit rising from $361 to $495, a 37% increase that is far out of scale with the few percent rise that was applied to most fees. How is such a large rise justified? What changed from last year? Most residential solar permits also fall under a prescriptive, expedited process.

Solar permits under the expedited process do not require a detailed plan check anymore than a residential EV permit. The application either meets the prescriptive criteria or not, it is trivial to confirm and that is the whole point of an expedited process. Please direct staff to explore revising the solar permit fee to remove the plan check fee for all solar applications that meet the expedited criteria.

Thank you,
Howdy Goudey
El Cerrito
Mayor Lyman and Council members,

I support extension of the inclusionary housing exemption for existing projects that qualified for this exemption. If it allows even just one of these projects to move forward, it will be helpful.

However, given the importance of the inclusionary ordinance to help produce affordable housing in our community, I encourage you to send a clear message that this is the final extension that will be granted for this exemption.

While the city has a number of new affordable housing units and we are doing well on our regional housing targets for affordable units, this is mostly a legacy of redevelopment agency owned sites and not the Specific Plan itself. The Specific Plan has not produced significant numbers of affordable units on its own, which is why the inclusionary ordinance that you passed is crucial to achieve new affordable housing in El Cerrito.

We are in uncertain times, but the exempted developers have already had a couple of years to perform and will get more than another year. Please send them the message that the time to enjoy the current conditions of their entitlements is not indefinite, and that this extension is their chance to perform.

Thanks,
Howdy Goudey
El Cerrito
Comments to City Council Meeting June 2, 2020

Dianne Brenner, El Cerrito resident

Thank you, Mr. Mayor, City Council and staff. These are some things I have noticed while observing our city’s budget-related proceedings since last October.

In October 2019, the California State Auditor published a list of Top Cities Facing Financial Challenges. El Cerrito is number 7 on the ranked-order list of 471 cities. El Cerrito is also among the top 3 “Fiscally Challenged” cities in our region – the other two being Richmond and Oakland.

Recently both the City manager and members of City Council have made statements to the effect that before the pandemic, they were on track to secure the financial health and long-term sustainability of the city. I find this to be misleading. The financial challenges El Cerrito is facing have been building for about a decade, and prior to the pandemic, no significant systemic budget changes had been made. Yes, the situation has been made worse by the COVID-19 pandemic, but any attempt to imply that everything would have been OK if not for the pandemic, or that our city is no worse off than any other jurisdiction that has been impacted by the pandemic, is just plain misleading.

At the last city council meeting two weeks ago, in May, your consultants presented the strategy they plan to use to help you make decisions about budget cuts. A plan, not yet begun, nearly 8 months after the public disclosure of El Cerrito’s financial challenges.

The TRAN loans have been increasing over the years – from $3.5 million in 2011 to $9 million sought for this year. A $9 million loan is enormous when seen against an annual budget of $40 million. This routine of seeking ever larger bridge loans to meet financial obligations at the end of each fiscal year should not be business as usual. Now we have news that your regular lender has refused the loan this year and if you are granted a loan from some other source, the costs and interest are likely to be significantly higher than before, possibly amounting to several hundred thousand dollars. We will be watching to see if this cost gets as much discussion as the funds needed to maintain the library hours.

25 members of Management were getting a now-suspended “auto allowance” and no one was required to document the expense by recording or reporting actual mileage. The allowance was approximately $300/month/person and for the city to break even at this rate, those staff would have to be driving an average of 30 miles per day on city business every working day of the month.

El Cerrito’s emergency reserve fund is at or below zero at present, because those funds were routinely used to fill budget gaps. Furthermore, the target for this account was only 10% of the budget, when the recommendation for a city with limited sources of revenue like El Cerrito is that reserves should be closer to 20% (per your consultant).

Many of you have been serving on City Council for multiple terms. Those of you who are running for re-election in November have about 5 months to make a big difference here. Show us what you can do.
I am glad to see that this year the council is participating in the budget process. On June 4, 2019 the council approved the CAFR as a consent item. Then on a motion by Mr. Lyman and a second by Mr. Quinto, the council unanimously approved, without any discussion, the $9 million payday loan.

This year’s document raises questions.

Section 2 says that the maximum interest will be 5%. I note that 5% plus fees is a lot more than the 1.5% of Mr. Lyman’s calculator calculation.

P. 71 What does this mean: The Underwriter’s discount on the purchase of the Notes shall not exceed 3.50% of the par amount of the Notes? What is the potential cost to the city of that discount?

In detail, how were the cash flow projections computed? Do you really think that the 2021 sales tax amount will be larger than the 2020 amount? Why is the June 2021 sales tax amount projected to be more than 5 times the June 2020 amount?

Why are total disbursement and personnel costs essentially unchanged year over year? How will you build reserves? Mr. Quinto, you spoke about the need to make the government smaller. Now is the time to publish your proposal.

P. A-21. I noticed that for CalPERS, the discussion omits the fire department classic plan. Is that a material error?

If the city does not get the payday loan, it will not be able to pay all of its bills in July and August. Can the council publicly disclose the city’s contingency plans?

Ira Sharenow
El Cerrito, CA
Holly,
Thanks for letting me know. Here it is. Sorry about that.
Cathy

Begin forwarded message:

From: Cathy Hanville
Subject: Public Comment Agenda item 7A
Date: June 2, 2020 at 3:12:03 PM PDT
To: City Clerk <cityclerk@ci.el-cerrito.ca.us>

That this item is even on the agenda shows the public that we were not on the right track before COVID. If we were on the right track we would not have such a poor bond rating. If we were on the right track the amount we were borrowing would be going down each year until it was eliminated. If we were on the right track a bank with whom we have done business for many years would not have refused to give us this loan.

I am attaching a spreadsheet I did on the costs of the TRANS since they started in 2011. You will notice that information from 2011 and 2014 were not available anywhere online and I am waiting for a records response for those two years. This chart is something I had to create because this information has to be dug for and is not accessible in a transparent manner online.

Please notice that I put in the tentative number for 2020 and used the 3% projected rate. There is reason to believe that the interest rate might even be higher than that.

What this chart shows is that in the past 8 years the city has wasted over 1.3 million dollars on loan costs. I can understand under certain circumstances taking the initial loan but the plan always should have been to take it and then not take it again or at least to reduce the amount until the loan was unnecessary. The opposite has occurred. The loan amounts have increased almost every year and this year my conservative estimate of loan costs are $360,000. For a city that just fought the public over 100k in library hours that is an enormous waste of resources.

I hope that the city can even obtain this loan because otherwise I fear bankruptcy is around the corner. If we do get it then long term planning needs to be done around how to eventually eliminate the need for the loan. The city functioned for years without it but now has taken it on as a cost of doing business. Even if we get it this year the idea of getting it again next year seems improbable as the city’s financial position is going to deteriorate more as a result of the current economic crisis.

There continues to be a lack of urgency even as we are on the edge of bankruptcy. The level of transparency and dialogue with the community continues to be awful. We should not have to be chasing down information from the City Clerk. It should be readily available online. The City Manager’s reports should have a financial update. The city should not be having public budget meetings at 1pm on a work day. I hope that you do not continue to ignore us but instead work towards long term solutions.

Cathy Hanville
El Cerrito
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To Members of the Council:

The City lacks credibility with its financial forecasts, planning, and data integrity. The current situation for the City of El Cerrito is mostly of the Council’s and City leadership’s making.

The TRAN does not pass the smell test and needs an independent review and analysis, such as the FAB, before the Council takes any action.

I believe the City should reserve the remainder of the debt ceiling limit for an emergency, such as a natural disaster. The City has other options available to it, including a more aggressive restructuring, that it should pursue expeditiously instead of taking on more debt.

Sincerely
Denise Sangster

Sent from my iPhone
1) Duplicate fees in the “Misc. Projects/Items” and “Other Misc. Fees and Assessment” sections

2) “Residential Electric Vehicle Fees” moved to not requiring plan review

3) “Electrical” portion of the MPE Fees added in- previously omitted

4) “STMP” Fees and Language revised by WCCTAC
The events over the last 10 days requires remarks. I am especially disgusted by the senseless and horrifying death of George Floyd. Racism is fear and hatred. We have no room for racism in El Cerrito. My thanks and appreciation go out to our Police Chief and officers who share this reaction to the unjust death and who are actively planning ways to prevent this in El Cerrito. We all, regardless of our race or ethnicity, have a responsibility to actively fight racism. We need to consciously work to eradicate our bias and fear and move towards love, peace and active inclusive behavior.

Gregory B. Lyman, Mayor