

Council Questions
April 9, 2024 – City Council Meeting

ITEM 3.1 Fiscal Year 2024-25 Capital Improvement Program

1. For project 25-10 Shoreline Landfill Gas, Cap, and Leachate Maintenance, can SRPC funds be use for this rather than Solid Waste funds? (Page 14 of the staff report)

Landfill Postclosure operations are funded from both the Solid Waste Fund and Shoreline Community Fund. Operation and maintenance costs for the 544-acre and Vista sites are funded from the Solid Waste Fund as revenue from previous landfilling operations at these sites was allocated to the Solid Waste Fund to benefit rate payers. The City did not deposit refuse at the Crittenden site (all waste was deposited while the site was held by previous owners), and operating costs have been charged to the Shoreline Community Fund. The split in operating cost is approximately 82 percent Solid Waste Fund (544-acre and Vista sites) and 18 percent Shoreline Community Fund (Crittenden site). Major capital project costs for the landfill sites are funded from the Shoreline Community Fund. A \$23 million Shoreline Community bond issue in 1993 funded replacement of most of the gas system at the landfill, groundwater extraction systems, and construction of the surface caps on the Vista and Crittenden sites. Staff will change the funding source allocations for Project 25-10, Shoreline Landfill Gas, Cap, and Leachate Maintenance, to reflect this funding strategy in the final recommended CIP document Council will consider this June.

2. For project 15-54, Drought Response, what is this project about?

On [May 19, 2015](#), Council approved a midyear CIP for Drought Response to increase water conservation outreach efforts. The project focused on outreach, education, and providing customers detailed information about their water use. All of these programs reflect industry best practices and expanding programs such as home water reports and smart metering will position the City to move effectively address the current and future droughts. This CIP was kept open after the drought to receive grant reimbursements and is scheduled to be closed by the end of Fiscal Year 2023-24 now that all reimbursements have been received.

3. Can staff provide a scope of work/project description for “Active Transportation Improvements” in Table 5 on Page 20 of the staff report?

The Active Transportation Improvements project is programmed every other year, at approximately \$600,000, and intended to provide pedestrian and/or bicycle spot or smaller scale improvements at various locations, where the locations are not typically identified at the time of Council’s adoption of the project. The project can also be used to conduct feasibility studies and fill a funding gap or provide matching funds for a grant for a larger scale project. Depending on the location of improvements, project scope may include curb ramps, curb, gutter, sidewalk, median refuge islands, raised crosswalks, bulb-outs, rectangular rapid flashing beacons, in-roadway warning lights, LED-enhanced signs, traffic signal modifications, roadway lighting, signs, striping, etc. When staff identifies location(s) and improvement(s) needs, this project allows staff to implement those improvements. For the Fiscal Year 2024-25 project, Middlefield Road from Rengstorff Avenue to Shoreline Boulevard was the location identified for this project, with funding at \$1 million, to begin evaluation of protected bikeways along this corridor.

4. Can staff provide scopes of work/project descriptions for each of the projects listed in Table 6 on Page 21 of the staff report?

Please see the table below which replicates Table 6 in the Council memo and now includes details to project scopes.

PROJECT YEAR	PROJECT TITLE, CATEGORY AND DESCRIPTION	UNRESTRICTED AMOUNT (THOUSANDS) & SOURCES
2023-24	Street Reconstruction Project (24-28) – Pavement – Project scope includes removal of existing roadway pavement and construction of new curb, gutter, and roadway pavement on Anna Avenue and Elka Avenue.	\$120 (CIP Reserve and Measure B)
	Fire Station No. 3, Feasibility Study and Preliminary Design (24-31) – Facility – Fire Station No. 3 is one of the older stations in the City (61 years) and this project will conduct a study and preliminary design for replacing Fire Station No. 3.	\$1,000 (CIP Reserve)
	Firefighter Personal Protective Equipment Storage at Fire Stations, 1, 3, and 4 (24-32) – Health & Safety – This project will construct dedicated and isolated storage facilities at Fire Stations 1, 3, and 4 to properly accommodate Personal Protective Equipment (PPE) such as fire gear and suits. Fire gear and suits are to be stored separately from living quarters within the fire station to limit contaminant exposure to firefighters. The PPE storage facilities shall include hanging racks, ventilation mechanisms, motion-activated lighting, and door closers.	\$1,250 (CIP Reserve)
	Security Badge System, Phase II and III (24-35) – Facility – The project provides for ongoing badge system needs to secure areas for staff, protecting building infrastructure, and building secure zones. These next phases will include additional access controls in City Hall, the Public Safety Building, and the Shoreline maintenance building.	\$120 (CIP Reserve)
2022-23	Hope Street and Villa Street Traffic Signal Installation (23-29) – Cost Share with Developer – This is the City’s proportional share of the costs for the developer to install a new 8-phase traffic signal at the intersection of Hope Street and Villa Street. It also includes connecting the new signal to the existing signal at the Castro Street and Villa Street intersection to coordinate signal timing between these two signals.	\$1,070 (Cost Share w/ Developer)
	Adobe Building—Patio Tiles Replacement (23-34) – Safety – This project will address the various walking surfaces in need of repair surrounding the Adobe Building. The existing Moffett Boulevard frontage walkway does not meet ADA requirements. In the interior plaza, the brick pavers have significant vertical displacement due to uplift from tree roots, while other brick pavers are loose due to failing mortar joints.	\$700 (CIP Reserve and C/C Tax)

	Citywide Benchmark Program (23-38) – Maintenance – The City maintains a citywide vertical control network of 138 survey benchmarks. These benchmarks are permanent markers in the field established at known elevations used by the City, developers, and engineers to establish elevations for design of public and private improvements. This project will verify existing benchmark information (elevation) and will replace missing or damaged benchmarks.	\$190 (C/C Tax)
2021-22	MOC Confined Space/Trench, Design (22-33) – Safety – The project is to design and subsequently construct an "in-ground" confined space and trench rescue training facility. This facility will provide a location for the annual mandatory Cal-OSHA training and drills required of Fire Department and Public Works personnel.	\$126 (C/C Tax, Water, WW)
	SCT Bridge Over Central/Evelyn Replace Deck and Paint (22-35) – Facility – This project will replace the existing timber decking walking surface, which is showing signs of significant wear, with a slip-resistant and longer lasting surface, as well as painting the existing bridge structure for preventative maintenance.	\$1,212 (CIP Reserve and PLF)

5. Can staff provide a scope of work/project description for “Generator Project, Planning and Implementation (24-34)?”

The project will design and install emergency generators on vital City facilities not currently capable of running during a power outage. The facilities include City Hall, Center for the Performing Arts, Teen Center, and the library.

6. Is “SCT Bridge Over Central/Evelyn Replace Deck and Paint (22-35)” eligible for federal grant funding for bridge maintenance? <https://www.fhwa.dot.gov/bipartisan-infrastructure-law/bridges.cfm>

All bridges that are listed in the National Bridge Inventory (NBI) are eligible for funding under the Bipartisan Infrastructure Law, Bridge Formula Program. These bridges are typically highway or rail bridges. The Stevens Creek Trail Bridge is not on the NBI and therefore is not eligible for this funding.

7. Can staff provide the fund balances for each of the General Fund Reserves? If a feasible option, can staff provide recommendations for the potential use of funding from Reserves to deliver a capital improvement project recommended for deferral?

The list of General Fund Reserves and their balances are attached.

Per Council Policy A-11, Section 4, Financial and Budgetary Policy, each of the funds have an intended purpose to provide funds that have been identified for a need. Changes to the use or amounts of reserve funding is a Council policy decision. Please note that there are future needs identified for the use of some reserves (for example, the need to use the Strategic Property Acquisition Reserve and the Open Space Acquisition Reserve to purchase future park land). Council Policy A-11 is also attached.

8. What is the status of the Robert Green Hotel project? Isn't the light at Hope and Villa tied to that?

The Robert Green Hotel and Office development is currently on hold and the City does not have a timeline on when the development will proceed. As a condition of the development, the developer is to install a new 8-phase traffic signal at the intersection of Hope Street and Villa Street and the City must reimburse the developer for the City's proportional share of the costs.

9. What are the criteria used for evaluating equity?

The equity lens evaluation conducted for the CIP is like the equity lens being applied as part of the City's annual budget process. For each of the recommended new CIP projects and recommended major scope changes for previously approved CIP projects, staff considers the following two questions:

1. Does the project benefit communities of color and/or low-income residents? If the project is located within neighborhoods with these demographics and is providing a transportation, utility service, park or recreational, or other public services improvement, the answer is yes.
2. Does the project burden communities of color and/or low-income residents? In this case, consideration is given to whether the project is creating negative impacts within neighborhoods with these demographics. For instance, is the City locating a CIP project for a major infrastructure project (transportation, utilities, facility, etc.) that is designed to provide Citywide benefits that disproportionately burdens communities of color and/or low-income residents with additional traffic, construction impacts, or ongoing operational impacts, such as air pollution, noise, etc.

Staff generally found that most CIP projects are neutral in terms of burden or benefits because they are preventive maintenance, replacing end-of-life infrastructure, meeting regulatory requirements, or safety related. The locations for these projects are prioritized based on need and systematic maintenance practices Citywide.

Staff has not identified any projects where the locations disproportionately burdened these community groups in terms of additional traffic, construction impacts, or ongoing operational impacts, such as air pollution or noise. This is likely due to the City's priorities for capital improvements to maintain existing infrastructure/pavement/buildings and focus on active transportation improvements, new parks and recreational facilities, sea level rise, and sustainability rather than widening freeways or roads to add vehicle lanes or adding impactful facilities such as sewage treatment or waste processing plants.

10. As we go through the re-paving projects, what is typically included related to bike lanes and streetscape/landscaping improvements?

Pavement projects often include restriping and upgrades to bike lanes with bike buffer areas (where space allows) and green paint conflict areas. Additional improvements include installation of high-visibility crosswalks and upgrades to curb ramps to be compliant with the Americans with Disabilities Act (ADA). Landscape improvements are not typically included in resurfacing projects due to limited pavement funding resources but are included as part of larger corridor or complete street improvement projects.

11. Combining design and construction into one project reduces administration costs and processing, right?

Combining design and construction phases into one project provides the following benefits:

- A more accurate number of active projects by eliminating the need for a new CIP for each phase of a project (planning/feasibility study, design, and construction),
- Flexibility on use of unexpended funds from a previous project phase,
- Improved tracking of project history under one project, and
- Less projects to track and administer for staff, reducing staff time spent on administration and processing.

12. Has Sunnyvale been approached with the concept of making the bike lane on Evelyn two-way on the North side of the street? There are many fewer curb cuts and intersections on that side of the street.

Public Works reached out to City of Sunnyvale regarding their Evelyn Avenue bikeway project. The project proposes a shared-use path/trail for both pedestrians and cyclists on one side of the Evelyn Avenue corridor between Mathilda Avenue and Bernardo Avenue by shifting the bike lanes to the north side of Evelyn to make space for the multi-use trail and keeping on-street parking and sidewalks on the south side of Evelyn Avenue.

13. What criteria is staff using to answer the question regarding equity impacts of our CIP projects?

See the previous response to question 9 regarding criteria used for evaluating equity.

14. Regarding the El Camino Real/Castro Protected Intersection and Castro Bikeway Improvements (Yosemite/High School), Design and Construction. Has this been approved by Council?

On May 15, 2023, staff brought recommendations to the Council Transportation Committee (CTC) for the Castro Street Bikeway Feasibility Study for Castro Street between Yosemite and California Street. Staff had identified, and CTC supported, moving forward with the Castro Street segment from El Camino Real to Yosemite Avenue to include a protected intersection at El Camino Real and buffered bikeways along this corridor. The project was included in the five-year CIP as a Fiscal Year 2024-25 project, adopted by Council on June 27, 2023.

15. What's the state of Calderon Park? Why is there a "lack of parkland?"

The 711 Calderon Park site was acquired by the City in September 2023 for a future park site, and design has not yet started. The intent of the justification information provided for 711 Calderon Park in Table 5 was to identify a lack of both park land funds and unrestricted funds to fund this project. Fees collected from developments are dedicated to projects based on the planning area that the fee was originally collected from. The future park at 711 Calderon Avenue is within the Central Planning Area (Park Land Dedication fund), which currently has a balance of approximately \$400,000. This amount is not sufficient to fund the design and construction of a new park. Staff will continue to monitor both park land and unrestricted fund balances and track future developments to plan for future design and construction of the park.

ITEM 4.1 A Resolution Authorizing the California Farmers' Markets Temporary Use of Parking Lot 12 for up to 20 Sundays Between April 14, 2024, and September 29, 2024

1. Is there a legal reason why Council approval is necessary?

Mountain View City Code Section 19.67 prohibits obstruction from free use of parking lots. Under City Code Section 19.92, only City Council has the authority to designate temporary parking lot closures. No other authority has been granted to the City Manager or City Engineer.

2. Once the construction starts on Lot 12, where will the Farmer's Market go on days when the Caltrain lot is not available?

Staff is exploring a range of options including evaluating other city owned surface parking lots in Downtown, private parking lots and the temporary closure of a street to accommodate the Farmer's Market. The current alternates to Lot 12 all present some operational challenges due to the various constraints such as size of space, loading/unloading requirements, and relocation logistics. Given the impending development of Lot 12, conversations with the California Certified Farmer's Market have accelerated.

ITEM 4.3 Miramonte Reservoir Fence Replacement, Project 23-42-Variou Actions

1. Is the fence on the shared property line, or completely on City of Mountain View property?

The existing and new replacement fence will be on the shared property line. This is to maintain property separation and avoid property boundary location questions in the future.

2. The staff report mentions "signs of deterioration due to ongoing irrigation overspray by neighboring properties." Since neighboring properties appear to have contributed to the deterioration, is a cost-share with the neighbors proposed or possible?

As a water distribution agency, the City must maintain site security for all of the City's water systems including the water reservoirs, and the integrity of the fencing system is of utmost importance. Due to deteriorating conditions of the existing fence, predominately from age and recent storms, it is the City's priority to replace it with a more robust and durable fence.

A plan to include cost-sharing with the 16 neighbors would require 16 individual agreements, and one or more neighbors who elect to not participate due to funding or other reasons would delay the City's need to maintain site security for this critical infrastructure. This is consistent with past practice on other CIP projects that include fencing where the City has fully funded new fences. For these reasons, a cost-sharing approach was not pursued. Legal review would be needed to determine if the City could mandate cost-sharing for replacement fences with private property owners.

3. Did any Mountain View residents participate in either of the community meetings?

As the reservoir site is located within the City of Los Altos, City of Mountain View residents were not engaged to participate. The stakeholders included in the process were the 16 properties that abut the reservoir site and staff from the City of Los Altos. The replacement of the fence directly impacts the 16 properties.

4. What is the difference in cost between Option 1 and Option 2?

The recommended Option 2 (engineered lumber) and steel posts cost about \$130,000 more than Option 1 (plasticized lumber) and composite posts. This results in higher costs but will provide the City with a stronger and more durable fence system.

5. Please explain what the reservoir are used for.

The Miramonte reservoirs consist of two concrete reservoirs capable of storing a total of 3.3 million gallons of water. Miramonte reservoirs provide water storage for fire suppression and emergency water outages from the City's water suppliers. In addition, these reservoirs provide water pressure stabilization for Mountain View north of Central Expressway.

ITEM 6.1 R3 Zoning District Update-Goals, Phasing, Subdistricts, and Location Criteria

1. On page 4 of the staff report, in the SB 684 section, it references car share. What are the criteria to be considered car share for this purpose?

For parking requirements under SB 684, a local agency may not impose off-street parking standards if a public car share service/vehicle (e.g., Zipcar) is located within one block of the project.

2. On page 8 of the staff report, is there any information on why the recent form-based codes updates that are done to smaller areas of the benchmarking cities, resulted in more projects?

The increase in projects is largely due to three reasons: zoning standards being updated to the community's vision and expectations, procedural and regulatory barriers being removed, and objective standards being in place.

3. Why is keeping the 1- and 2-story overlay zones considered to be downzoning? (Page 22 of the staff report.)

The most effective way to limit heights is by reducing the allowed density. With typical unit sizes and setbacks, currently allowed densities at 25 to 35 dwelling units per acre cannot fit within a one-story envelope. This is illustrated in the table below. To support a one-story overlay, densities would need to be reduced to approximately 15 du/ac. Further, this standard could be superseded through State Density Bonus.

	15 du/ac Project	25 du/ac Project	35 du/ac Project
Floor Area Ratio @ 1500 sf/unit	Approx. 0.5	Approx. 0.9	Approx. 1.2
Height @ 35% Coverage (current standard)	2 stories	3 stories	4 stories
Height @ 50% Coverage (modified standard)	1 story	2 stories	3 stories

- Can you provide a list of past developments in the R3 district and include the number of units and total number of bedrooms that were demolished, and the number of units and total number of bedrooms that were built in their place?

The following table is a selection of recent projects within the R3 zoning district that were approved in the last 5 years.

Address	Demo Units	New Units	Demo Bedrooms	New Bedrooms
918 Rich Avenue	0	32	0	61
570 S Rengstorff Ave	70	85	132	266
1555 W Middlefield Rd	116	115	140	374
851 Sierra Vista Ave	3	9	Unknown	36
1950 Montecito Ave	34	33	64	78
2310 Rock St	59	55	103	149
2005 Rock St	20	15	40	43

- What are the densities permitted under SB 684, and how does this compare to the Medium-Density Residential Land Use Designation (up to 25 dwelling units per acre) in the General Plan?

SB 684 creates a ministerial permitting process for eligible development projects and allows the greater of 30 units per acre or the density allowed by a local ordinance, plus state density bonus. Regardless of the density, a project proposed under SB 684 may only include 10 or fewer residential units. SB 684's allowable density of 30 units per acre is greater than the Medium Density General Plan designation, which currently allows 25 units per acre plus state density bonus. However, the Medium Density General Plan designation does not limit projects to 10 units or fewer.

- Does SB 684 guarantee up to 10 units in all multifamily zoning districts, including R3, where not otherwise physically precluded by the development standards stipulated in SB 684?

No. SB 684 allows projects up to a total of 10 units at a density of up to the greater of 30 dwelling units per acre or the existing maximum density, plus density bonus. If a parcel is too small to allow 10 units at those densities, only the allowable number of units can be built. Further, there are many other criteria in the law, including minimum densities equal to the General Plan density, average unit sizes, and when a site is eligible to develop under the legislation, which make it difficult to provide generalities about which projects may take advantage of the statute.

The attached spreadsheet was prepared to show the range of parcel sizes affected by SB 684 at different densities, and the number of units that can be built under the statute at each parcel size.

- On a small R3-zoned lot with a Medium-Density Residential LUD, are there scenarios in which the maximum number of units yielded from SB 684 exceeds the maximum number of units that could be produced under the existing General Plan designation?

Yes, see the attached spreadsheet for detailed information. For example, at 25 du/ac, an 8,000 square foot lot would be allowed 4 units without density bonus, but at 30 du/ac under SB 684, would be allowed 5 units.

8. If the answer to Question #7 is “yes,”, then would such a development produced by SB 684 be treated as a legal non-conforming use, since it would exceed the density permitted by the General Plan? Or would it be akin to a development created under the state density bonus law and treated in that manner?

Despite the fact that the development may be inconsistent with some of the adopted City development standards, the project would not be considered non-conforming as it conforms to the standards of SB 684 which preempts any inconsistent elements; therefore, the use conforms to all applicable standards. This is akin to a project utilizing state density bonus.

9. Also, if the answer to Question #7 is “yes,” is there a clear legal or practical reason why it is advantageous for the City to retain a density maximum in the General Plan that is less than the density permitted under SB 684?

Retaining a maximum density of less than 30 du/ac in some areas or increasing the maximum density to at least 30 du/ac throughout the R3 zoning district is a policy decision, neither of which have legal constraints or advantages, and both approaches may have various practical considerations. Like SB 9, the City Council may wish to maintain broadly applicable zoning standards and densities that differ from those superseded by State law, especially if the State law may have requirements that limit its applicability. For example, as shown on the spreadsheet, increasing densities on some parcel sizes from 25 du/ac to 30 du/ac may make them ineligible to take advantage of SB 684 and its ministerial approval.

10. What are the constraints imposed by SB 684 that would deter or prohibit its use? (For example, SB 684 has certain anti-displacement provisions, like SB 330. What other constraints or limitations exist in this law?)

The following are the key criteria for projects using SB 684:

1. A subdivision with 10 or fewer units and parcels.
2. Parcel must be:
 - a) Zoned for multifamily (includes mixed-use).
 - b) Less than 5 acres.
3. Newly created parcels must be at least 600 sf.
4. New development must produce at least as many units as the General Plan density (if not in HE Sites Inventory, which is the case for all R3 sites). This is 25 du/ac in 70% of R3, 35 du/ac in about 28% of R3, and 80 du/ac in another small area.
5. The City cannot impose development standards that preclude building at 30 du/ac, so the max density would be the greater of 30 du/ac or the existing General Plan density.
6. The net habitable floor area of each unit cannot exceed an average of 1,750 sf.
7. Project must comply with local inclusionary housing requirements.
8. Project cannot demolish/alter any units with existing or recent (5 years) tenants at any income, rent controlled units, units that had been rented at below moderate rates, or units that had been withdrawn from the market in last 15 years.
9. Additional criteria regarding safety and environmental protection (e.g., parcels within flood hazard areas).

11. What is the relationship between SB 478 and SB 684?

SB 478 requires the City's to allow an FAR of at least 1.0 for 3 to 7 units and at least 1.25 for 8 to 10 units. In addition, it prohibits the City from enforcing minimum lot size and lot coverage standards that constrain such developments. SB 684 uses the same floor area ratio standards set by SB 478. The key difference is that SB 684 applies to projects seeking subdivisions, while SB 478 applies to multifamily projects between 3 and 10 units generally. In addition, SB 684 preempts local densities, while SB 478 does not.

12. What is the relationship between SB 684 and the state density bonus law?

Applicants are able to use State Density Bonus for SB 684 projects. In many cases, applicants must use State Density Bonus to meet the minimum density requirement. However, SB 684 allows a maximum of 10 units, with or without the use of the state density bonus law.

13. For a 3–10-unit development proposal, what are the differences between the conventional City process and the SB 684 ministerial process? What does the conventional City process allow or do for an applicant that would not be available to them under the SB 684 ministerial process?

The difference between the conventional Planning process and SB 684 is that the former requires a public hearing (before the Zoning Administrator or the City Council, depending on the number of parcels) and the City is required to conduct environmental review. Such hearings may result in conditions of approval. A ministerial approval is issued by staff and must be approved if the project satisfies predefined criteria allowed by statute and local ordinance. Because a ministerial approval does not involve discretion, no CEQA review is triggered.

14. Are there R3-zoned properties with more housing units than what the General Plan would allow? Are these legal non-conforming uses, and how do we treat them? (See also Question #18 below.)

Yes, there are properties with more housing units than what the General Plan would allow. If there are sites that currently contain more units than allowed under the General Plan or Zoning, they would be considered non-conforming structures, and some research would be necessary to determine if they are legal. Until 2030 per SB 330, they would be prohibited from redeveloping unless they replace the number of existing units, so redevelopment options may be limited if the allowable density plus a density bonus would allow fewer units than currently exist on the site. Regardless, nonconforming uses would be allowed structural improvements if necessary for safety or to comply with other laws. After SB 330's replacement requirements sunset in 2030, nonconforming uses would be able to redevelop with the number of units allowed by the density, plus density bonus. If damaged by natural disaster less than 50%, they would be allowed to rebuild with the previous units and building design. If damaged by natural disaster more than 50%, they would be allowed the previous number of units, but would need to comply with other R3 development standards.

15. Page 22 of the staff report includes this paragraph:

“Height overlay areas—The existing one- and two-story overlay areas... may only be consistent with R3-A, no matter what General Plan designation currently applies. In other words, it may not be possible to craft a zoning district that can accommodate densities above ~15 to 25 dwelling units per acre within a one- or two-story volume.

Therefore, if the City Council wishes to maintain or limit the change in these overlay areas, the City would need to identify areas to upzone to balance this downzoning under SB 330."

- A. Are these overlays that limit heights to one- or two-stories legally enforceable? (For instance, the Medium-Density Residential Land Use Designation in the General Plan explicitly includes a height guideline up to 3 stories.)

While, the overlay height limits are legally enforceable, a proposed housing development project that utilized the state density bonus provisions could potentially exceed the standard through a request for a concession or waiver.

- B. With SB 684 in place, what would "downzoning" mean on (small) multifamily zoning districts? Is "downzoning" legally and practically available as an option to the City?

Under SB 330, decreasing densities is legally permitted provided that the City concurrently increases densities in other areas so that there is no net loss of residential development capacity under the City's zoning or land use designations. Although state laws such as SB 684 and the density bonus may allow some projects to develop at higher densities than the City's development standards ordinarily allow, the City's zoning and land use designations continue to apply to projects that do not qualify for or choose to avail themselves of such state laws.

- C. Even more precisely, if a small R3-zoned parcel were "downzoned," would the SB 684 densities override the downzoning and serve as a de facto minimum density?

If the density of a parcel is reduced to below 30 du/ac, an applicant could use SB 684 to develop up to a maximum of 30 du/ac (plus density bonus) if they meet all the conditions of SB 684. However, such projects would be limited to 10 units, meaning that a lower density could be applied to larger projects.

16. Is the conditional use permit requirement for multifamily uses in the R2 Zoning District legally enforceable?

Yes, the CUP requirement for multifamily in R2 continues to be enforceable, except in cases where superseded through State-mandated streamlining.

17. Housing Element program 1.3(a) is very specific in its commitments:

"Conduct a development prototype study, update definitions as necessary for consistency between plans and districts and revise multi-family development standards in major districts (including R3) and Precise Plans to ensure projects can, at minimum, meet their allowed density and are economically feasible where possible through reductions of physical development standards. Economic feasibility and the cumulative effects of standards will be inputs in the reduction of standards. Where appropriate, calibrate standards to lot size. Focus on standards with the greatest feasibility impacts on underutilized sites, such as open area, parking, and building coverage."

A. What does (or will) the “development prototype study” include?

It would involve an update to the prototype study conducted in 2020, looking at both ownership and rental building types, and determining the standards that constrain development of projects at allowed densities. In addition, there will also be analysis of the most economically constraining existing development standards, which can then aide staff in identifying ways to reduce those constraints for Council consideration.

B. Can staff provide the analysis that has been conducted demonstrating the impact of various reductions/modifications of development standards on the economic feasibility of residential development in the R3 Zoning District?

The analysis provided in October 2020 (Attachment 2 [here](#)) included an economic feasibility analysis of rental projects. The analysis will be updated to look at ownership projects.

C. Are reductions in development standards (without increases in density) sufficient to achieve economic feasibility?

Unknown at this time. We have not completed the analysis for stacked ownership projects.

D. How would increases in density affect economic feasibility?

Increases in density can improve feasibility. In some cases, however, increases in density require a more complicated building or construction type, which may then reduce feasibility if the costs are much higher to build.

E. How is staff interpreting the “economic feasibility” references in the Housing Element program above? And, specifically, what needs to be done to fulfill/complete this program commitment?

To complete this action, the City must modify existing development standards to effectively increase the building envelope on these sites. These modifications to development standards must support a range of development types at the allowed density, and there must be economically feasible development types (where possible) at the allowed density.

18. The March 8, 2022, City Council meeting (“Housing Element Update-Draft Sites Inventory and Draft Goals and Policies”) included the below reminder of a Council work plan item regarding legal non-conforming residential structures with densities exceeding the GP LUD:

“The City Council’s 2021-2023 Strategic Roadmap Action Plan includes the following action: ‘Housing Densities. Conduct a review of parcels with existing units that exceed the density currently allowed by the Zoning Ordinance/General Plan and hold a Council Study Session to discuss a recommended approach.’”

In the report, staff provides this discussion:

“The analysis and recommendations below focus on parcels with existing units greater than the density allowed in R1 and R2. Analysis and recommendations regarding R3 will be provided in 2023, and staff recommends Council discuss this issue as part of the R3 Zoning Update project.” (Page 18)

In the staff responses to Council questions submitted in advance of the 3/8/2022 meeting, the question “Why weren't any of the areas for R3 considered,” was asked with the following response:

The vast majority of R3 sites were eliminated based on the following:

1. *There would be too little net new capacity for feasible development.*
2. *The existing parcel is too small for feasible development.*
3. *The development would displace CSFRA-protected units.*
4. *There are currently uses that constitute a constraint on new development, such as churches, utilities, historic buildings, etc.*

The remaining small handful of sites were removed because of the uncertainty associated with future R3 development standards and policy.

The R3 zone was not included in the non-conforming density analysis because staff will be presenting future updates to the R3 zone that may change the nonconforming status of many sites.

- A. Has staff abandoned or forgotten about this recommendation to correct/preserve legal non-conforming multifamily structures in R3 zones that exceed the density permitted under the General Plan?

No, but that can be carried out in several different ways. For example, nonconforming buildings can be given more rights to rebuild or make structural modifications without increasing densities. In addition, this is a narrower action than the broad R3 goals and density increases that staff is seeking Council direction on at this meeting. Council direction on nonconforming sites can be addressed through this project even if the Council decides not to conduct a broad density increase in the R3 district.

- B. If this recommendation has neither been abandoned nor forgotten, what is staff proposing to do to restore the conformity of these legal non-conforming structures?

More work needs to occur before staff will have specific recommendations, but the example given in the previous question gives an idea of modifications that can be considered in the nonconforming buildings/uses section of the Mountain View City Code.

19. Can staff provide a list of standards that have been waived by developers using the State Density Bonus Law over the past several years?

Essentially most zoning development standards could be waived. Typically, we see requests for concessions and waivers to increase building height, reduce setbacks, increase floor area, parking and other similar zoning standards.

20. Does the Housing Element EIR cover the density increase proposed in the Housing Element program to upzone R2-zoned properties? If no, will this work require a full EIR, and roughly how long would that take?

The Housing Element contemplated moderate increased densities in R2, therefore changing this zoning would not require a new EIR. However, if the City Council directs the project to include significantly higher densities in R2 (such as R3-D's), a new EIR may be required.

21. Can staff provide analysis that has been done demonstrating the financial feasibility of various multifamily product types, and how inputs like development standards, replacement requirements, and parkland dedication requirements affect feasibility?

See answer to question 17(B) for analysis related to development standards and parkland dedication.

On October 10, 2023, Council held a Study Session on local replacement requirements. The report briefly discussed the interaction between local replacement requirements and the R3 Zoning District Update. Some feasibility testing was conducted by the City's displacement response economic consultant last year as part of the process. The analysis modeled different scenarios such as the level of replacement requirements (e.g., one for one replacement, 50% replacement, no replacement) and AMI's of the replacement units. The feasibility testing was not completed for the following reasons noted in the October 2023 staff report:

- Local replacement requirements and the R3 Update are two parallel but separate projects.
- Financial feasibility is highly situational, complicated, and can vary widely between projects and the inputs assumed.
- Solving for financial feasibility is not required while SB 330 is in effect; and decisions about feasibility should be made prior to the City's local replacement requirements taking effect (currently based on SB 330 requirements and its sunset date of 2030).

22. Last paragraph on page 18 of the Study Session Memo. Please explain what you mean by this. Have read it several times and still unsure.

Based on the City's Housing Element, new State laws and best practices, the City should craft development standards that can feasibly result in the General Plan density for a range of developments. For example, in R3, the current maximum FAR is 1.05. If a development is allowed 35 du/ac in the General Plan, they would be unable to build units larger than approximately 1,175 square feet (assuming 90% efficiency of habitable space), and even then, they would not be allowed any above-grade structured parking or amenity spaces. Therefore, this FAR is not large enough for a 35 du/ac project to provide larger units (typically 1,200+ square feet), amenity spaces, above-grade parking, or the flexibility to provide a less efficient lay-out if necessary.

23. What percentage of R3 lots are considered small lots that are subject to SB684?

Approximately 6% of the land in the Medium Density Residential General Plan Designation and approximately 4.5% of the land in the Medium-High Density General Plan Designation are eligible for SB 684. That averages to about 5.5% of the total R3 Zone. The attached spreadsheet provides this calculation.

24. Is Attachment 5, the Building Types Library, shows pictures of building types but it doesn't show the "form" that would be associated with each building types. Have we received that information yet? It's shown in many of their reports to other cities.

Building form consists of the building's footprint, and its overall height and massing. The photos show the overall height and massing and give some indication of the footprint. Footprint information can be provided but until standards are prepared, the possibilities vary depending on the physical context and development characteristics.

25. Thought that the end goal of our R3 item was to get a product from our consultant Opticos that is in many ways similar to the form-based code they have turned out for other cities but feel that our direction is getting vague. Is a multi-family form-based code like Opticos has turned out for other cities, our goal for this project? (Example: **Campbell Multi-family Development & Design Standards - Form-based**, Purpose: "These Multi-Family Development & Design Standards (MFDDS) set forth the standards for neighborhood design and building form, implementing the City's various area plans, and the land use designations established by the General Plan. The standards contained in this document reflect the community's vision for implementing the intent of the Campbell General Plan to facilitate housing production and specifically infill housing production, through development that reinforces the highly valued character and scale of Campbell's centers, neighborhoods, and corridors.")

Yes, if Council agrees with Goal 2 on page 9 of the Study Session memo. Campbell also has a General Plan that sets maximum dwelling units per acre in addition to the form-based code developed by Opticos. The purpose of this study session is to receive Council input on the "high-level" questions of the extent and distributions of General Plan density, which will inform the form-based districts in the R3 project.

26. How do new state density bonus laws effect the ability to follow through on form-based codes like Campbell has?

Campbell sets maximum dwelling units per acre in their General Plan in addition to adopting their form-based code. Developers may apply waivers and concessions available through State Density Bonus to form-based development standards.

27. The staff report says, "Increasing allowed densities in the R3 Zoning District may increase property values and the incentive for property owners to redevelop, which may require more funding resources to achieve the City's acquisition/preservation and community ownership goals. The City's replacement provisions would support an additional supply of affordable units and the opportunity for affected tenants to return." Does staff have any potential solutions to this problem?

There are limited strategies to respond to the fact that land values increase in response to increased densities where the property owner becomes the primary economic beneficiary of the increased density. One strategy is to evaluate options for the increased value in the land to be shared. Another strategy is to raise more funds to be able to acquire sites at increased costs. These and other strategies will be evaluated through Housing Element Program 4.3 to evaluate new revenue/funding sources for affordable housing by 2025.

28. Can the R3 Zoning District Update project implement form-based zoning that would support more building/housing types, green space and walkable/bikeable neighborhoods, similar to other cities where Opticos has worked (e.g., Campbell)?

Yes, that is still the scoped approach for this project. Once Council provides direction on the level of growth that the project should assume and the distribution of that growth in the City, the team will resume work on a form-based code for the R3 district.

Some examples of form-based code standards from Campbell are shown in examples below.

3.050 T4 Neighborhood Medium (T4N.M)



General note: the illustration above is intended to provide a brief overview of the zone and are descriptive in nature.

1. Intent	2. Sub-Zone(s)
A walkable neighborhood environment with medium footprint, moderate-intensity housing choices, supporting and within short walking distance of neighborhood-serving retail and services.	T4N.M-Open. The open sub-zone allows additional building and frontage types within the same form and character of the T4N.M zone.
The following are allowed form elements in the zone.	
House-Scale Buildings	Small Multiplexes, Townhouses,
Primarily Detached Buildings	Courtyards, Pocket Neighborhoods,
Small-to-Medium Building Footprint	and Large Multiplexes
Small-to-Medium Front Setbacks	
Small-to-Medium Side Setbacks	Porch Projecting, Porch Engaged,
Up to 3 Stories	Dooryard, Stoop, and Common Entry
	Frontage Types



General note: the illustration above is intended to provide a brief overview of the zone and are descriptive in nature.

1. Intent

A walkable neighborhood environment of large footprint, high-intensity housing choices supporting and within short walking distance of neighborhood-serving retail and services.

The following are allowed form elements in the zone.

Block-Scale Buildings

Primarily Detached Buildings

Large Building Footprint

Small Front Setbacks

Small Side Setbacks

Up to 75 feet

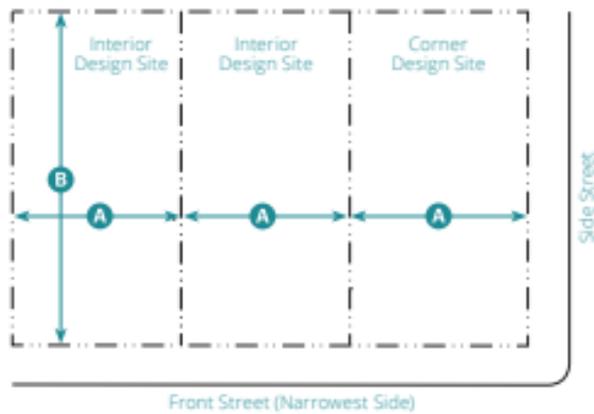
Porch Projecting, Porch Engaged,

Dooryard, Stoop, Forecourt, and

Common Entry Frontage Types

2. Sub-Zone(s)

T5N-Open. The open sub-zone allows more frontage types within the same form and character of the T5N zone.



Key

--- ROW Design Site Line

3. Building Size and Design Site Size¹

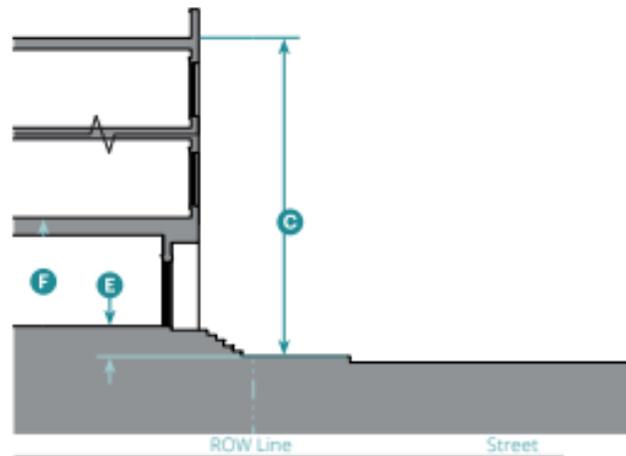
Main Body Standards

Width max. per building	No max.
Depth max. per building	No max.
On-site private or common open space	50 sf per unit min.
Lot coverage	No max.

Design Site Size Standards

Width	25' min.; no max.	A
Depth	No min; no max.	B

¹ See Table 3.020.B (Applicability of Design Site Requirements).



Key

ROW Line

4. Building Form

Height

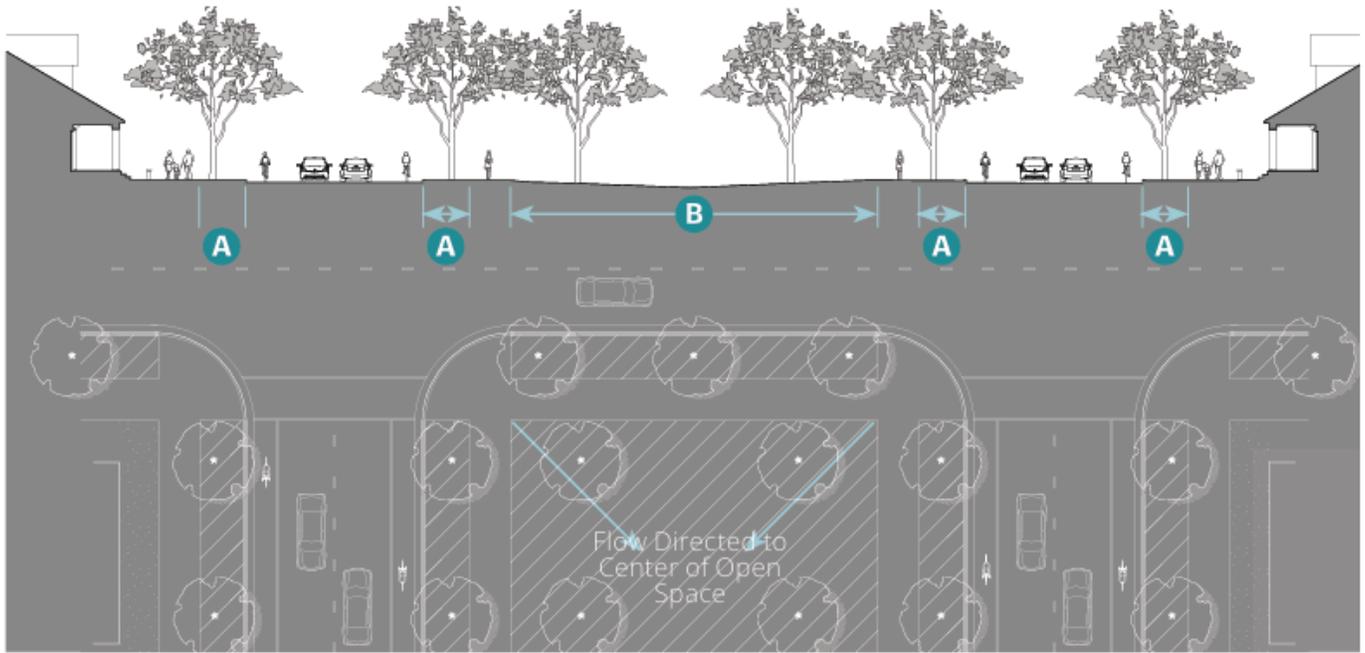
Primary Building		
To Highest Top Plate	75' max.	C
Ground Floor Finish Level		E
Residential	6" min. ²	
Non-Residential ⁴	6" max.	
Floor-to-Floor (Ground Floor)		F
Residential	12' min.	
Non-Residential ³	12' min.	

See Section 3.100 for adjacency requirements.

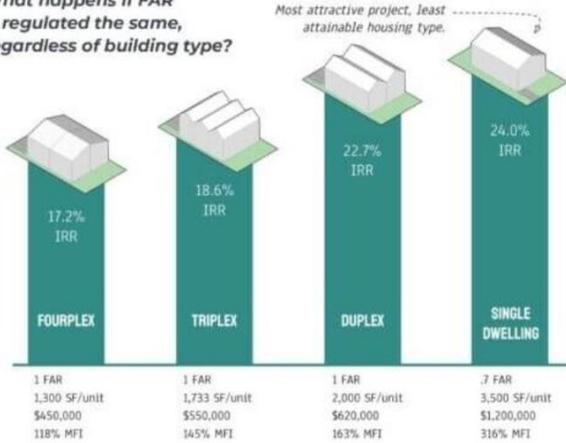
² Common entries may be set at grade in compliance with local and federal accessibility standards.

³ Allowed in T5N-Open sub-zone only.

Figure 8.020.1 Stormwater Management Diagram

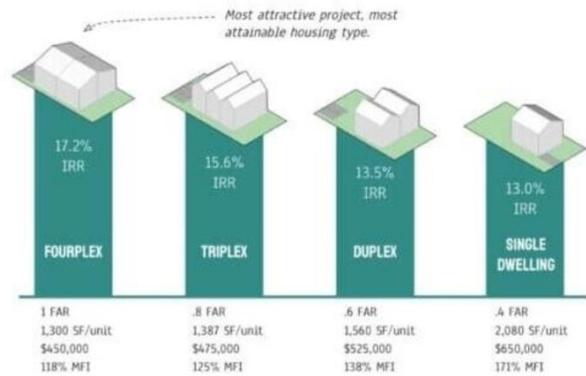


What happens if FAR is regulated the same, regardless of building type?



What happens if FAR is regulated on a sliding scale?

Source: Cascadia Partners



	General Fund Reserve	Budget Contingency Reserve Public Safety Building	Budget Contingency Reserve Other	Earned Lease Revenue Reserve	Property Management Reserve	Graham School Site Main. Reserve	Transportation Reserve	Capital Improvement Reserve	Open Space Acquisition Reserve	Strategic Property Acquisition Reserve	Child Care Commitment Reserve*	Compensated Absences	Parental Leave Reserve	Employee Loan Program Reserve	Minor Estate Trust**
6/30/23 Balance	\$ 31,375,533	12,225,057	5,008,588	4,061,265	1,577,106	615,345	10,794,830	11,182,175	3,455,956	15,559,628	262,505	8,234,366	0	0	21,933
FY24 Estimated Revenues	3,000,000	6,097,672	0	1,764,633	0	220,000	8,078,812	4,794,317	3,000,000	2,074,880	0	1,500,000	2,000,000	5,622,875	12,000
FY24 Estimated Expenditures	0	0	0	(3,622,875)	0	(250,000)	(13,336,350)	(11,713,000)	0	(60,000)	(142,994)	(2,029,415)	(1,011,518)	0	(17,700)
6/30/24 Estimated Balance	\$ 34,375,533	\$ 18,322,729	5,008,588	2,203,023	1,577,106	585,345	5,537,292	4,263,492	6,455,956	17,574,508	119,511	7,704,951	988,482	5,622,875	16,233
FY25 Estimated Revenues															
FY25 Estimated Expenditures															
6/30/25 Estimated Balance	34,375,533	18,322,729	5,008,588	2,203,023	1,577,106	585,345	5,537,292	4,263,492	6,455,956	17,574,508	119,511	7,704,951	988,482	5,622,875	16,233

See Council Policy A-11, *Financial and Budgetary Policy*, for details on each reserve.

*Child Care Commitment Reserve was established for the repayment to the Packard Foundation for the financing of the Child-Care Center. The final payment to the Packard Foundation was made in January 2016. Community Gatepath was selected as the new operator of the Child-Care Center in 2015 and will continue to make the annual payments of \$201,000. On December 6, 2016, City Council approved using up to \$100,000 per fiscal year for low-income subsidies through the initial term of the Operator Agreement with Community Gatepath. This reserve is projected to be exhausted in FY 2024-25.

**Minor Estate Trust is a trust fund that was established based on a donation in 2018. The Minor family donated \$410,235 as an endowment from the Minor Estate that allows the Library Director to spend 75% of the annual interest earned on Library materials and programs.

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

PURPOSE:

A comprehensive and consistent set of financial and budgetary policies provides a basis for sound financial planning, identifies appropriate directions for service level development, aids budgetary decision making, and serves as an overall framework to guide financial management and operations of the City of Mountain View (City).

This document incorporates existing adopted and informal policies. The formal adoption of financial policies allows for the consistent management of the City's financial resources and avoids the possibility of inconsistent or conflicting policies. These policies will establish criteria to evaluate the City's financial condition and to create a sound financial base for City operations.

A city's adoption of financial policies also promotes public confidence and increases the city's credibility in the eyes of bond rating agencies and potential investors. Such policies also provide the resources to react to potential financial emergencies in a prudent manner.

While these City Council-adopted policies will be amended periodically, the adoption of these policies will bring increased consistency to the management of the City's financial resources while establishing criteria and fiscal goals.

Policies presented here address the following topics:

1. Budget Policies
2. Revenue Policies
3. Expenditure Policies
4. Reserve Policies
5. Capital Improvement Policies
6. Cash Management and Investment Policies
7. Accounting Policies
8. Debt Management Policies
9. Risk Management Policies

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

POLICY:

1. Budget Policies

All governmental fund-type annual budgets are presented on a modified accrual basis consistent with the general purpose financial statements prepared in accordance with generally accepted accounting principles. Pursuant to Council-adopted financial and budgetary policies, budgets are approved at the fund and department level and may not be exceeded without City Council approval. Transfers and adjustments between funds, departments, or capital projects must be submitted to the City Council for approval. City Charter Section 1105 requires approval by at least five votes of the seven-member City Council to amend the budget.

Proprietary funds, which include enterprise and internal service funds, are presented on an accrual basis consistent with the basis of accounting with the exception that capital projects are appropriated for the estimated cost of the total project. These financial uses of funds are not reflected as expenses in the City's financial statements but are capitalized and depreciated in accordance with generally accepted accounting principles.

Department heads are responsible for managing expenditures within their budget and assuring funds are only expended for properly authorized City expenses. Department heads are also responsible for expending funds consistent with the goals and objectives approved by the City Council.

- a. The Adopted Budget shall serve as the annual financial plan for the City. This financial plan shall include the goals and objectives set by the City Council and the level of services determined by the City Council.
- b. A structurally balanced General Operating Fund budget will be adopted annually, whereby recurring operating expenditures shall not exceed recurring operating revenues.
- c. A midyear budget status report will be presented to the City Council annually.
- d. The recommended budget shall be prepared by City staff and submitted to the City Council prior to the budget hearing each fiscal year.

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

- e. The City Council shall adopt an annual operating budget before July 1 of each fiscal year.
- f. The Finance and Administrative Services Director shall have authority to make minor corrections in compiling the Adopted Budget.
- g. The City Manager or their designee shall have discretion for budget adjustments within a fund and within a department's operating budget.
- h. All budget adjustments between funds or departments shall be submitted to the City Council for approval.
- i. Performance and workload measures which reflect the effectiveness, efficiency, or workload of departmental operations will be included in the annual budget. The budget should include comparisons of actual performance to a target goal.
- j. The Finance and Administrative Services Director and the City Manager shall have the authority to increase appropriations up to the amounts authorized for the City Manager under Council Policy A-10 for professional or specialized agreements when outside grants, donations, or reimbursement revenues have been received to offset expenditures that were not anticipated or budgeted. If the grant, donation, or reimbursement is not within the City Manager's level of authorization, a request for an appropriation increase must be submitted to the City Council for approval (five votes required).

2. Revenue Policies

- a. The development and maintenance of diversified and reliable revenue streams will be the primary revenue policy of the City. The City will focus its efforts to optimize existing revenue sources while periodically reviewing potential new revenue sources.
- b. Revenues for the General Operating Fund will be forecast for the upcoming budget year and the four subsequent fiscal years.
- c. Revenues will be estimated conservatively using information provided by State and other governmental agencies, trending of historical information, and other relevant information.

CITY COUNCIL POLICY

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- d. Sources of revenues will be evaluated periodically to determine their applicability and relevance to City needs.
- e. Fees and charges for services will be evaluated and, if necessary, adjusted annually. The City's objective in setting fees and charges for services is to achieve a reasonable level of cost recovery for services that are not provided to, or do not benefit, the community as a whole.
- f. Periodic reviews or audits of significant revenue sources will be conducted to determine the accuracy of amounts paid and to monitor developments in the City's revenue base.

3. Expenditure Policies

- a. City services and operations will be provided in an efficient manner with the objective of delivering the highest level of service possible at the lowest level of expenditure.
- b. Expenditures for the General Operating Fund will be forecast for the upcoming budget year and the four subsequent fiscal years.
- c. Expenditures will be estimated conservatively using information provided by State and other governmental agencies, trending of historical information, and other relevant information.
- d. A good internal control structure assuring that only properly authorized expenditures are made will be maintained.
- e. Expenditures will be controlled at the fund and department level and will not exceed appropriations without City Council authorization. Appropriations lapse at the end of the fiscal year to the extent that they have not been expended or encumbered.
- f. Obligations of the City will be recognized when incurred. Encumbrances will be used for outstanding commitments. Encumbrances outstanding at year-end will be carried over to the next fiscal year and are automatically reappropriated for inclusion in the next fiscal year's budget.

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

4. Reserve Policies

The following is a list of reserves currently in place at the time these policies were adopted. The City Council has the authority to add or remove reserves as needed at their discretion. Some reserves are only needed for a short period of time. This list will be updated each time the policies are updated. Reserves that affect the financial stability and credit worthiness of the City, such as the General Fund Reserve, will be maintained to the degree financial stability and credit worthiness are unaffected to the greatest extent possible.

- a. The General Fund Reserve, to be funded at a level between 20.0% to 25.0% of General Operating Fund budgeted expenditures, net of budget savings, shall be used: (1) for City Council-approved expenditures not appropriated during the annual budget process; (2) to cover unanticipated revenue shortfalls; (3) in situations of extreme physical or financial emergency (with the approval of the City Council); (4) to generate ongoing investment earnings; and (5) as a funding source for interfund loans and other loans or advances from the General Fund as approved by the City Council. Such loans and advances should accrue interest earnings for the General Operating Fund and include principal repayment to the extent possible.
- b. The General Fund Budget Contingency Reserve shall be used to provide one-time financial resources during uncertain economic conditions. This reserve may be used for such things as the transitioning of positions to be eliminated, the phasing out of certain expenditures, smoothing of employee benefit changes, or anticipated or unanticipated revenue declines, as approved by the City Council.
- c. The General Fund Earned Lease Revenue Reserve shall be used to accumulate the rent from the ground lease of a portion of the City's Charleston East property to Google LLC (Google). Google prepaid \$30.0 million as rent for the initial approximately 52-year lease term. The intent is for this reserve to accumulate the rent, as it is earned, to fund one-time expenses of the City.
- d. The General Fund Transportation Reserve shall be used for the purpose of major priority transportation projects to mitigate traffic congestion, improve infrastructure, and meet the needs of the City, as authorized by the City Council.
- e. The General Fund Capital Improvement Reserve, to be funded with a goal of a minimum balance of \$5,000,000, shall be used for the funding of unanticipated priority capital improvement projects authorized by the City Council. To the extent

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

possible, General Operating Fund carryovers remaining from the end of the fiscal year, not designated for other reserve purposes, may be applied to this Reserve.

- f. The General Fund Open Space Acquisition Reserve shall be used for the purpose of acquiring open space to meet the needs of the City and as authorized by the City Council. Proceeds from excess City-owned properties shall fund this Reserve as directed by the City Council.
- g. The General Fund Strategic Property Acquisition Reserve shall be used for the purpose of setting aside specific funds for the City to use for the acquisition of strategic property(ies).
- h. The General Fund Property Management Reserve shall be used to provide a source of funds for obligations which could arise from the City's leasing of property, including legal services, certain responsibilities identified in land leases, environmental testing, or other costs normally incurred by a lessor.
- i. The Graham Site Maintenance Reserve shall be used to fund the maintenance obligations, per the agreement with the school district, of the Graham Sports Complex, including the playing field at Graham Middle School beneath which the City has a reservoir.
- j. The Compensated Absences Reserve shall fund the disbursements of terminated or retired employees for accrued vacation and sick leave or other accrued leave as applicable. This Reserve shall be funded at a minimum of 80.0% of the accrued liabilities of the City for compensated absences such as vacation and vested sick leave.
- k. The Equipment Replacement Reserve shall be maintained to fund the replacement of capital equipment. The financial objectives of this fund is to permit the budgeting of level annual amounts for capital equipment replacement while utilizing this fund's reserves to absorb the cash flow variations caused by the timing of asset replacements. Major categories of capital assets (e.g., vehicles, information technology equipment, Police and Fire radios, CAD/RMS system hardware and Communications Center furniture and equipment, etc.) are included in this Reserve. Appropriations for this fund will be requested in the annual budget. It is policy direction that capital assets not be replaced before the end of their useful life unless justified by operating necessity.

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SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

- l. The Workers' Compensation Self-Insurance Reserve shall be maintained at 70% confidence level for the projected liabilities as determined by an actuarial valuation to be conducted at least once every three years. This reserve may also be used for the backfill of public safety positions out on Workers' Compensation up to Two Hundred Thousand Dollars (\$200,000) annually. In addition to projected liabilities, the reserve balance shall include, at a minimum, the provision for two catastrophic losses at the City's current level of self-insured retention.
- m. The Liability Self-Insurance Reserve shall be maintained at 70% confidence level for the project liabilities as determined by an actuarial valuation to be conducted at least once every three years.
- n. The Unemployment Self-Insurance Reserve will be reviewed annually and maintained at a level adequate to meet estimated unemployment liabilities.
- o. The Employee Benefits Plan (Prescription/Vision) Reserve will be reviewed annually and maintained at a level adequate to meet estimated benefit liabilities.
- p. The Retirees' Health Insurance Program Reserve will be accounted for in accordance with Generally Accepted Accounting Principles (GAAP) which includes a periodic actuarial evaluation of the City's liability and for each fund to contribute, to the extent possible, its Annual Required Contribution (ARC). In addition, to the extent possible, payments toward the Unfunded Actuarial Accrued Liability (UAAL) shall be made. This Reserve may be held with a third-party trustee for the benefit of the retirees.
- q. The Parental Leave Reserve will be reviewed annually and maintained at a level adequate to meet estimated benefit liabilities.
- r. The Employee Loan Reserve shall be used to provide a source of funds for the employee homebuyer and relocation assistance programs administrated by Council Policy D-13.
- s. The Shoreline Regional Park Community shall maintain reserves as follows:
 - (1) General Reserve shall be maintained at 25% of operating expenditures.
 - (2) Sea Level Rise Reserve shall be incrementally increased to accumulate funds for projects identified in the most recent Shoreline Sea Level Rise Study. The

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contributed amount shall be determined annually based on the available resources, timeline of the projects, and results of the Shoreline Sea Level Rise Study.

- (3) Landfill Reserve shall be incrementally increased to accumulate funds to rebuild the landfill system based on the most recent Landfill Master Plan. The reserve shall have adequate balance to rebuild the landfill system in case of a catastrophic event.
- t. The Water Fund Reserve shall be maintained as follows:
- (1) Minimum 10% of operating budget for emergencies.
 - (2) Minimum 5% of operating budget for contingencies.
 - (3) Goal of 10% of operating budget for rate stabilization.
 - (4) Goal for capital improvements which averages the amount budgeted for annual maintenance capital improvement projects over the prior three to five fiscal years.

The purpose of the rate stabilization funds is to buffer any significant changes in revenues or expenses. Use of the rate stabilization funds is allowed to gradually or incrementally change rates in any fiscal year to lessen the impact of an otherwise significant rate change. The funds are to be adjusted in following fiscal years to meet the 10% guideline.

- u. The Wastewater Fund Reserve shall be maintained as follows:
- (1) Minimum 10% of operating budget for emergencies.
 - (2) Minimum 5% of operating budget for contingencies.
 - (3) Goal of 10% of operating budget for rate stabilization.
 - (4) Goal for capital improvements which averages the amount budgeted for annual maintenance capital improvement projects over the prior three to five fiscal years.

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The purpose of the rate stabilization funds is to buffer any significant changes in revenues or expenses. Use of the rate stabilization funds is allowed to gradually or incrementally change rates in any fiscal year to lessen the impact of an otherwise significant rate change. The funds are to be adjusted in following fiscal years to meet the 10% guideline.

- v. The Solid Waste Fund Reserve shall be maintained as follows:
 - (1) Minimum 10% of operating budget for emergencies.
 - (2) Minimum 5% of operating budget for contingencies.
 - (3) Goal of 10% of operating budget for rate stabilization.
 - (4) Required Financial Assurance Mechanisms (FAMs) if applicable.

The purpose of the rate stabilization funds is to buffer any significant changes in revenues or expenses. Use of the rate stabilization funds is allowed to gradually or incrementally change rates in any fiscal year to lessen the impact of an otherwise significant rate change. The funds are to be adjusted in following fiscal years to meet the 10% guideline.

5. Capital Improvement Policies

- a. A five-year comprehensive Capital Improvement Program (CIP), identifying proposed major construction projects, capital equipment outlays, land acquisition, and other capital improvement expenditures, and providing an analysis of the estimated funding available and necessary to fund these projects, shall be prepared biennially and presented to the City Council for approval. In the years when a five-year CIP is not prepared, capital projects for a single year will be presented to the City Council for approval.
- b. The CIP shall identify all proposed projects to be initiated during the five-year period.
- c. The first year of the CIP and single-year capital projects shall be appropriated with the annual budget. The appropriations for each project are ongoing until project completion, project cancellation, or amendment.

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- d. The first year of the CIP and single-year capital projects shall only include those projects which can reasonably be accomplished or substantially started within the fiscal year.
- e. Recurring annual projects shall be closed out at the end of the fiscal year or as soon as all related expenditures have been paid.
- f. Capital projects will be reviewed on an annual basis for amendments or potential closure/cancellation.
- g. A list of unscheduled projects (projects not included in the five-year period) will be identified in the CIP as an indication of potential future projects.
- h. Future potential ongoing operating costs associated with a project will be identified with the project in the CIP.

6. Cash Management and Investment Policies

- a. The City will follow modern cash management practices that require active revenue oversight, prompt collection, deposit, and investment of all funds and cash flow management which maximizes the amount of invested cash balanced with the timely payment of obligations.
- b. The City will invest all funds in accordance with the City Council Investment Policy B-2 (Investment Policy) based on the following criteria:
 - (1) Safety of investment.
 - (2) Maintenance of sufficient liquidity to meet cash flow needs.
 - (3) Attainment of a market rate of return consistent with the requirements of the Investment Policy.
- c. The City shall conduct all of its investment activities in accordance with the California Government Code Section 53600 and the Investment Policy.
- d. The Investment Policy shall be updated as necessary and approved by the City Council.

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- e. A complete report on the City's investment portfolio shall be presented to the City Council on a regular basis.
- f. A cash flow analysis shall be prepared on a monthly basis in order to estimate the amount of funds available for investment.

7. Accounting Policies

Governmental fund types are accounted for using the modified accrual basis of accounting. Revenues are recorded as received or accrued if they are both measurable and available to finance expenditures of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recorded when paid.

Proprietary fund types are accounted for using the accrual basis of accounting wherein revenues, unbilled or billed, are recognized in the accounting period in which they are earned, and expenses are recognized in the period liabilities are incurred. For budgetary purposes, capital projects are appropriated for the estimated cost of the total project. These financial uses of funds are not reflected as expenses in the City's financial statements but are capitalized and depreciated in accordance with generally accepted accounting principles.

The City also has various internal service funds that provide service to all major funds within the City and, in turn, charge these funds for the cost of providing services. Revenues received for providing services are noted as interfund service charges in the fund schedules of the Adopted Budget.

- a. A financial accounting system adequate to provide management information and meet reporting requirements shall be maintained.
- b. A system of effective internal controls will be maintained that assures only properly authorized expenditures, recordings of financial transactions, and accounting entries are executed.
- c. Financial reports shall be prepared and presented to the City Council on a regular basis.

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- d. The City's financial records will be audited annually by an independent accounting firm as required by the City Charter.
- e. An Annual Comprehensive Financial Report (ACFR) shall be prepared each year within six months of the close of the previous fiscal year. The ACFR will be presented to the Council Finance Committee (CFC) in accordance with Council Policy B-6.
- f. The ACFR shall be prepared in accordance with generally accepted accounting principles applicable to local governments.
- g. The "Management Letter" presented by the City's independent accounting firm will be presented, with City staff's comments if applicable, to the City Council.
- h. The City prepares a cost allocation plan to identify the costs associated with providing certain services. These indirect charges, noted as General Fund Administration on the fund schedules in the Adopted Budget, reimburse the General Operating Fund for services such as those provided by the City Manager, Human Resources, City Attorney, Payroll, Purchasing, Accounts Payable, and Information Technology. The full cost allocation plan delineates the basis of allocation by department which may include the total operating budget, the number of full-time equivalent positions per department, the number of work requests, the amount of square footage occupied, the number of items processed, the number of applicable devices, etc. The City also prepares a cost allocation plan for the Water Fund similar to the General Fund plan.

8. Debt Management Policies

These Debt Management Policies are the debt management policies for the City of Mountain View, Mountain View Shoreline Regional Park Community, City of Mountain View Capital Improvement Financing Authority, and any other entity for which the City Council acts as legislative body, and the term "City" shall refer to each of such entities.

When used in these Debt Management Policies, "debt" refers to all forms of indebtedness and financing lease obligations.

These Debt Management Policies are intended to comply with California Government Code Section 8855 (i).

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- a. Long-term borrowing will be restricted to the funding of capital improvement projects and equipment. The use of long-term borrowing for ongoing operations shall be avoided.
- b. Short-term debt may be issued to provide financing for the City's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the City may undertake lease-purchase financing for equipment.
- c. The City may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of the City. In such cases, the City shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.
- d. The term of the debt shall not exceed the expected useful life of the capital improvement project or equipment.
- e. Debt obligations will be met in a timely and efficient manner.
- f. The City will comply with all debt covenants.
- g. Good communications with bond rating agencies about its financial condition will be maintained.
- h. The City will not exceed its legal debt margin limit of 15% of assessed value of property within the City limits.
- i. Refunding techniques will be used where appropriate to allow for the restructuring of its current outstanding debt to remove or change restrictive covenants and/or to reduce annual debt service in an amount sufficient to justify the costs of the refunding/reissuance.
- j. The City will comply with the postissuance policies and procedures specified in the tax certificate for any tax-exempt debt.

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k. Types of Debt: The following types of debt are allowable under these Debt Management Policies:

- General obligation bonds.
- Bond or grant anticipation notes.
- Lease revenue bonds, certificates of participation, and lease-purchase transactions.
- Other revenue bonds and certificates of participation.
- Tax and revenue anticipation notes.
- Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes.
- Tax increment financing to the extent permitted under State law.
- Conduit financings, such as financings for affordable rental housing and qualified 501(c)(3) organizations.

The City may, from time to time, find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of these Debt Management Policies.

Debt shall be issued as fixed-rate debt unless the City makes a specific determination that a variable rate issue would be beneficial to the City in a specific circumstance.

l. Relationship of Debt to Capital Improvement Program and Budget

The City is committed to long-term capital planning. The City intends to issue debt for the purposes stated in these Debt Management Policies and to implement policy decisions incorporated in the City's capital budget and the capital improvement plan.

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The City shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the City's public purposes.

The City shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its General Fund.

m. Policy Goals Related to Planning Goals and Objectives

The City intends to issue debt for the purposes stated in these Debt Management Policies, General Plan, Precise Plans, and other planning policy documents and to implement policy decisions incorporated in the City's Capital Improvement Program and annual operating budget.

n. Internal Control Procedures

It is the policy of the City to ensure that proceeds of debt are spent only on lawful and intended uses. Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the City will submit written requisitions for such proceeds. The City will submit a requisition only after obtaining the signature of the Finance and Administrative Services Director. In those cases where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the Finance and Administrative Services Director shall retain records of all expenditures of proceeds. The Finance and Administrative Services Director shall retain records of expenditures for the period ending on the later of: (a) the final payment of the debt; and (b) the period specified in the tax certificate for tax-exempt debt.

o. Disclosure Policies and Procedures

(1) These Disclosure Policies and Procedures are intended to ensure that the City is in compliance with all applicable Federal and State securities laws.

(2) Review of Official Statements:

(a) The Finance and Administrative Services Director of the City shall review any Official Statement prepared in connection with any debt issuance by the City in order to ensure that there are no misstatements or omissions

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of material information in any sections that contain descriptions of information prepared by the City.

- (b) In connection with its review of the Official Statement, the Finance and Administrative Services Director shall consult with third parties, including outside professionals assisting the City, and all members of City staff, to the extent that the Finance and Administrative Services Director concludes they should be consulted so that the Official Statement will include all “material” information (as defined for purposes of Federal securities law).
 - (c) As part of the review process, the Finance and Administrative Services Director shall submit all Official Statements to the City Council for approval. The cover letter used by the Finance and Administrative Services Director to submit the Official Statements shall briefly summarize the responsibilities of the City Council under Federal securities laws and identify the key sections of the Official Statement.
 - (d) The approval of an Official Statement by the City Council shall be placed on the agenda as a new business matter and shall not be approved as a consent item. The City Council shall undertake such review as deemed necessary by the City Council, following consultation with the Finance and Administrative Services Director, to fulfill the City Council’s responsibilities under applicable Federal and State securities laws. In this regard, the Finance and Administrative Services Director shall consult with the City’s Disclosure Counsel to the extent the Finance and Administrative Services Director considers appropriate.
- (3) Continuing Disclosure:
- (a) Under the continuing disclosure undertakings that the City has entered into in connection with its debt offerings, the City is required each year to file annual reports with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system in accordance with such undertakings. Such annual reports are required to include certain updated financial and operating information and the City’s audited financial statements.

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- (b) The City is also required under its continuing disclosure undertakings to file notices of certain events with EMMA.
 - (c) The Finance and Administrative Services Director is responsible for establishing a system (which may involve the retention or one or more consultants) by which:
 - 1.) The City will make the annual filings required by its continuing disclosure undertakings on a complete and timely basis; and
 - 2.) The City will file notices of enumerated events on a timely basis.
 - (4) Whenever the City makes statements or releases information relating to its finances to the public that are reasonably expected to reach investors and the trading markets, the City is obligated to ensure that such statements and information are complete, true, and accurate in all material respects.
 - (5) Training:
 - (a) The Finance and Administrative Services Director shall ensure that the members of the City staff involved in the initial or continuing disclosure process and the City Council are properly trained to understand and perform their responsibilities.
 - (b) The Finance and Administrative Services Director shall arrange for disclosure training sessions conducted by the City's Disclosure Counsel. Such training sessions shall include education on these Disclosure Policies and Procedures, the City's disclosure obligations under applicable Federal and State securities laws, and the disclosure responsibilities and potential liabilities of members of the City's staff and members of the City Council. Such training sessions may be conducted using a recorded presentation.
9. Risk Management Policies
- a. The City will maintain an appropriate level of funding or insurance coverage for exposure to risks of financial loss through self-insurance, partial self-insurance, commercial insurance, or pooled insurance with other agencies, whichever form is the most cost-effective in the long term. If self-insuring, stop loss insurance or pooled

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- insurance should be acquired in order to minimize the amount of self-insured retention, or financial responsibility, at the lowest level that is cost effective. The form of insurance employed for different risks shall be periodically evaluated.
- b. City property shall be appropriately insured or self-insured to cover the City's losses through theft, destruction, fire, and other insurable perils.
 - c. All liability-type losses and claims that occur with predictable frequency and which will not have a significant adverse impact on the City's financial position shall be self-insured to an appropriate level.
 - d. An annual analysis shall be made of all insurance and self-insurance to monitor and compare costs.
 - e. The City shall be self-insured for unemployment benefits.
 - f. Workers' Compensation shall be insured or self-insured to an appropriate level and the program carried out according to State laws with the intent to care for the injured and preclude abuse to the extent allowable by law.

Revised: January 23, 2024, Resolution No. 18863

Revised: June 12, 2018, Resolution No. 18220

Revised: June 13, 2017, Resolution No. 18147

Revised: March 27, 2007, Resolution No. 17191

Effective Date: December 13, 1976, Resolution No. 11280

CNL POL

A11-546CP

Lot Size		Medium Density GP			Medium-High Density GP			Medium Density GP SB 684 @ 25				Hypothetical 30 du/ac Designation SB 684 @ 30				Medium-High Density GP SB 684 @ 35				
Sq Ft	Acre	Max Units 25 du/a	Max Units w 50% DB	Approx Acreage*	Max Units 35 du/a	Max Units w 50% DB	Approx Acreage*	Min Units 25 du/a**	Max Units 30 du/a	Max Units w 50% DB	Possible # of Units	Min Units 30 du/a**	Max Units 30 du/a	Max Units w 50% DB	Possible # of Units	Min Units 35 du/a**	Max Units 35 du/a	Max Units w 50% DB	Possible # of Units	
4,500	0.1033	2	2	1.74	3	3	0.85	0	3	3	0 - 3	0	3	3	0 - 3	0	3	3	0 - 3	
5,000	0.1148	2	2	1.53	4	8	0.87	0	3	3	0 - 3	0	3	3	0 - 3	0	3	3	0 - 3	
5,500	0.1263	3	3	2.66	4	8	0.59	0	3	3	0 - 3	0	3	3	0 - 3	0	3	3	0 - 3	
6,000	0.1377	3	3	2.38	4	8	1.05	0	4	8	0 - 8	0	4	8	0 - 8	0	4	8	0 - 8	
7,000	0.1607	4	8	7.14	5	9	1.59	0	4	8	0 - 8	0	4	8	0 - 8	0	4	8	0 - 8	
8,000	0.1837	4	8	5.11	6	11	3.30	0	5	9	0 - 9	0	5	9	0 - 9	0	5	9	0 - 9	
9,000	0.2066	5	9	5.23	7	12	1.00	0	6	10	0 - 10	0	6	10	0 - 10	0	6	10	0 - 10	
10,000	0.2296	5	9	4.35	8	14	1.29	0	6	10	0 - 10	0	6	10	0 - 10	0	6	10	0 - 10	
11,000	0.2525	6	11	3.36	8	14	1.20	0	7	10	0 - 10	0	7	10	0 - 10	0	7	10	0 - 10	
12,000	0.2755	6	11	2.62	9	15	1.04	0	8	10	0 - 10	0	8	10	0 - 10	0	8	10	0 - 10	
13,000	0.2984	7	12	1.70	10	17	0.88	0	8	10	0 - 10	0	8	10	0 - 10	0	8	10	0 - 10	
14,000	0.3214	8	14	0.91	11	18	0.61	0	9	10	0 - 10	0	9	10	0 - 10	0	9	10	0 - 10	
15,000	0.3444	8	14	1.66	12	20	0.32	0	10	10	0 - 10	0	10	10	0 - 10	0	10	10	0 - 10	
16,000	0.3673	9	15	0.70	12	20	0.36	0	10	10	0 - 10	0	10	10	0 - 10	0	10	10	0 - 10	
17,000	0.3903	9	15	1.12	13	21	0.00	0	10	10	0 - 10	0	10	10	0 - 10	0	10	10	0 - 10	
18,000	0.4132	10	17	1.22	14	23	0.81	0	10	10	0 - 10	0	10	10	0 - 10	0	10	10	0 - 10	
		Total Area Possible:			Total Area Possible:															
		% of Med. Dens. Area:			% of M-H Dens. Area:															

*Approximate acreage of parcels is less than the given row, but greater than the previous row. For example, the approximate acreage shown in Cell E4 is the acreage of parcels in the Medium Density GP designation greater than 4,500 sf but less than 5,000 sf. Only the acreage for those parcels in R3 without existing rental units and outside HOAs are counted. Much of this area could be ineligible for SB 684, for example if the existing residence(s) have had rental tenants in the last 5 years.

** SB 684 requires that the minimum number of units be the maximum General Plan density allowed on the site. Therefore, fractional units are rounded up.

"Not Possible" means it is not possible to use SB 684 for these lot sizes under the Medium or Medium-High GP Density.